



# Anti-money laundering and counter-terrorist financing measures

## **BELIZE**

### Mutual Evaluation Report

January 2025





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

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## *Executive Summary*

This report summarises the AML/CFT measures in place in Belize as at the date of the on-site visit on December 4-15, 2023. It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of Belize's AML/CFT system and provides recommendations on how the system could be strengthened.

### **Key Findings**

- a) Belize has a comprehensive technical compliance regime with some minor shortcomings to effectively combat ML/TF and PF and ensure transparency in legal persons and arrangements. This mechanism largely consists of laws, policies, SOPs and Working Groups (see Technical Compliance Annex).
- b) Competent authorities have demonstrated a good and shared understanding of the ML/TF risks affecting the jurisdiction. Similarly, private sector officials have demonstrated an awareness of the ML/TF risks affecting the jurisdiction. This understanding of risk is based on, *inter alia*, risk assessments conducted at the national level and the expertise and experience of competent authorities. Belize completed its first National Risk Assessment (NRA) in 2019 using the World Bank (WB) methodology with engagement from a wide range of competent authorities and private sector officials. Whilst the 2019 NRA was comprehensive it did not fully assess the risks associated with NPOs and legal persons. This however, forms part of the ongoing 2022 NRA which is more detailed than the first and is expected to be completed in 2024. Additionally, Belize has conducted two risk assessments on cryptocurrency/ Virtual Asset Services Providers (VASPs) resulting in the prohibition of VASPs until December 31<sup>st</sup>, 2025. Belize has established measures for non-compliance with the prohibition. Belize has an overarching national AML/CFT/CPF policy and policies at the departmental levels to effectively combat ML/TF risks identified.
- c) Belize has rendered international cooperation to foreign counterparts in a timely manner on various AML/CFT related matters including the identification, seizure and repatriation of assets. Belize received limited extradition request during the period 2018-December 15, 2023 and the authorities have taken actions in a timely manner to address the requests. However, the extradition requests received are yet to reach a conclusion, as they are pending before the Courts. All competent authorities with the exception of the CBB, FIU (supervision) and OSIPP have utilised international cooperation mechanisms. Whilst there was a notable improvement in the sharing of basic and BO information by the FSC with foreign counterparts, several instances occurred prior to Belize revising its basic and BO framework where such information was not shared due to various factors including its unavailability.
- d) The entities operating in the FI and DNFBP sectors with the exception of money changers are subject to strong licensing and registration requirements, including fit and proper checks, to ensure that criminals and their associates do not hold or have a controlling interest in those entities. The requirements for R.28 for these sectors are however met given that the technical

requirements are in place. The implementation of risk-based AML/CFT supervision however is at varying stages across all supervisory authorities, with Central Bank of Belize's (CBB) and Office of Supervisor and Pension Plan's (OSIPP) procedures for the bank, credit union and insurance sectors being the most matured. For the DNFBP sectors, risk-based supervision by the FIU and Financial Service Commission (FSC) is at a nascent stage with the recent completion of framework and policy documents. However, same still needs to be implemented across all sectors, with supervisory activities including onsite examinations and outreach training aligned with the reporting entities' ML/TF identified risk.

- e) Larger FIs and DNFBPs have demonstrated a good understanding of their AML/CFT obligations and have implemented adequate preventive measures including robust internal policies and procedures for Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD) to mitigate against identified ML/TF risks. Smaller FIs and DNFBPs have also implemented some level of preventive measures, however, deficiencies exist in their levels of compliance with some obligations. FIs and DNFBPs are aware of their obligations regarding targeted financial sanctions (TFS) and to report suspicious transactions to the FIU. However, the level of STR reporting is not reflective of the risk across some sectors.
- f) Belize has utilised a multi-pronged approach including the use of beneficial ownership (BO) Registry to ensure that basic and BO information is maintained. Accurate and up-to-date basic and BO information is available to competent authorities to some extent. Following the amendments to the legislation in 2022, companies are required to submit basic and BO information via the Online Business Registry System (OBRS). Companies were required to submit this information by December 31, 2023 (post-onsite visit). Companies that failed to comply with the requirement are prohibited from conducting any additional filing of company documents and receiving a certificate of good standing. The authorities via the 2022 ongoing NRA are in the process of completing the risk assessment of legal persons and have prepared preliminary findings. The issuance or exchange of bearer shares were prohibited in Belize. Whilst the FSC has taken action in the form of sanctions against persons for breaching the legislative requirements, limited on-site inspections have been conducted by the FSC on companies and registered agents (responsible for company formation) to ensure that they are complying with the requirements.
- g) Financial intelligence and relevant information are accessed and utilised by the FIU and the Belize Police Department (BPD) to conduct their functions (primarily the investigations of predicate offences). However, there is no evidence that the Customs and Excise Department (CED) is accessing and using financial intelligence whilst the Belize Tax Service (BTS) has only done so to limited extent. The FIU is the main repository for financial intelligence and is adequately staffed to conduct its functions and its intelligence products are generally of a good quality. Nevertheless, analytical software is needed to supplement the current human resources of the FIU to greater enhance the intelligence products produced. The FIU's analytical products that are generally provided to its investigative department and the BPD have supported the departments operational needs, especially in relation to the identification, investigations and prosecutions of predicate offences.
- h) LEAs and prosecutors have demonstrated that ML cases are identified, and perpetrators are brought to justice albeit to a limited extent. The number of ML investigations and prosecutions conducted by Belize is not commensurate with the ML risk profile of the jurisdiction and there have been no successful prosecutions within the mutual evaluation period (2018-2023 (Dec 15)). Where ML prosecutions have not been possible, the authorities have to some extent utilised

alternative measures such as cash seizures and forfeiture proceedings. Prosecutors and LEAs have received the necessary training to conduct their investigative and prosecutorial functions with the former also benefitting from mentorship in ML investigations. Nevertheless, LEAs and prosecutors can benefit from continuous mentoring to greater enhance their skill-set to ensure that complex ML cases are identified and prosecuted.

- i) The confiscation policies in place are supported by adequately trained staff. Nevertheless, LEAs and prosecutors could benefit from continuous mentorship and practical training in the area of confiscation. Competent authorities have had some successes in identifying, tracing and confiscation of assets, mainly instrumentalities suspected of being connected to the predicate offence of drug trafficking, which represents the highest ML threat and smuggling. The authorities have not confiscated any property of corresponding value. Whilst there has been some success in the confiscation of cash and BNIs not declared or falsely declared, this is not commensurate with the risk profile and context of Belize.
- j) The framework in place ensures that potential TF cases can be successfully identified, investigated, prosecuted and where not possible, disruptive measures can be utilised. The authorities have received training on TF, including scenario-based management of terrorist investigations training. Nevertheless, competent authorities, primarily, investigators and prosecutors can benefit from further TF specific training including practical exercises (similar to what was done for TFS) to enhance their skill set. The authorities have not conducted any investigations, prosecutions or utilised any disruptive measures during the review period, which is consistent with the risk profile and context of Belize.
- k) The mechanism for the implementation of TFS-TF and PF are similar in nature (with minor differences). To ensure that TFS can be implemented without delay, the authorities conducted three simulation exercises, one of which involved competent authorities, FIs and DNFBPs. The FIU's Guidance and Outreach Plan 2024 – 2026 includes a schedule of such simulation exercises aimed at reaching all FIs and DNFBPs. Whilst the authorities have not taken action against anyone on the UN Lists, or designated anyone of its own volition or received a request to designate, through the use of MOUs, the authorities have taken action to identify whether designated persons had a nexus to Belize. Further, the International Merchant Marine Registry of Belize (IMMARBE) has taken actions against vessels suspected of breaching UN sanctions against the Democratic Republic of Korea (DPRK).
- l) FIs and DNFBPs are largely aware of their TFS obligations and supervisors have taken actions including desk-based and onsite examination to ensure that they are complying with their obligations. Nevertheless, there is a need for the FIU and the FSC to conduct more onsite inspection of their licensees to ensure that they are complying with their obligations. Further, Belize can benefit from improvement by the DNFBP sector (with the exception of registered agents) to complete and submit the TFS questionnaire.
- m) The FSC (supervisor) and the FIU (former supervisor) have conducted an extensive amount of work including training and outreach to ensure that the NPO sector is aware of their obligations and best practices, including encouraging NPOs to conduct business via regulated financial channels. The FSC has established a framework to ensure that NPOs are supervised based on the level of risk. The authorities via the ongoing 2<sup>nd</sup> NRA conducted a detailed risk assessment of the NPO sector to identify the nature of the threat posed by terrorist entities to NPOs which are at risk as well as to how terrorist actors can abuse those NPOs. A draft report was completed at the time of the onsite visit and was awaiting approval. Based on the preliminary results of the

NPO risk assessment and a desk-based review of the regulatory NPO files transmitted from the FIU to the FSC, the FSC has developed a risk-based schedule for on-site inspection of NPOs and has commenced the inspection of higher risk NPOs.

## Risks and General Situation

1. Belize is a small democratic country located in Central America and is a member of the Caribbean Community (CARICOM) and the Caribbean Financial Action Task Force (CFATF). The jurisdiction measures 8,867 square miles and borders Mexico in the North and Guatemala in the West and South. As of 2022, Belize's population was 412,389, representing the smallest in Central America<sup>1</sup>. The Belizean dollar (BZD) which is Belize's official currency is pegged to the United States dollars (USD) at a rate of BZD 2 being equivalent to USD 1.
2. Belize has a small open economy which is largely driven by tourism. As of 2022, the Gross Domestic Product (GDP) was USD 2.5 Billion<sup>2</sup> with its largest trading partners being the United States of America (USA), United Kingdom (UK), China and Mexico. Like many of its CARICOM counterparts, the COVID-19 pandemic had a significant impact on Belize's economy and the implementation of anti-money laundering (AML), counter-financing of terrorism (CFT) and counter-proliferation financing (CPF) measures, as a result of measures implemented by other countries and Belize. The COVID-19 pandemic measures were largely implemented by the Government of Belize to minimise the spread of the virus and prevent loss of lives. Belize's economy and the financial sector were severely impacted due to the loss of correspondent banking relationships (de-risking) in 2015, as a result of actions taken by international banks for which the jurisdiction relied on for correspondent banking relationships.
3. Belize's ML risks are due to internal and external factors and are largely as a result of the geographical location of the jurisdiction, the diverse financial products and services offered to international customers and the transnational nature of ML and associated predicate offences. To gain a holistic understanding of the ML/TF risks affecting the jurisdiction, in 2016 competent authorities commenced the ML/TF NRA which was spearheaded by the FIU and involved participation from a wide cross-section of public and private sector officials. This NRA was completed in 2019. The NRA found the main ML threat<sup>3</sup> to be drug trafficking. Other notable ML threats included corruption and bribery, theft, tax evasion, fraud and forgery. The NRA also found that the sectors with the highest ML vulnerability were the remittance service providers (RSPs) and real estate sectors. While the trading in securities businesses sector was considered to have a medium-high level of ML vulnerability, the sector was considered as high risk for ML in the 2019 NRA.
4. Although Belize is not located in close proximity to any conflict zone this does not mean that the jurisdiction is not susceptible to TF. Cognizant of this, as part of the 2019 NRA, the risk associated with TF was assessed and found to be *medium-low*. In the assessment of the TF risk the authorities took into consideration, *inter alia*, gaps in the legislative requirements to combat TF and the TF regime was not tested.

<sup>1</sup><https://www.cia.gov/the-world-factbook/about/archives/2022/countries/belize/summaries>

<sup>2</sup><https://thedocs.worldbank.org/en/doc/e408a7e21ba62d843bdd90dc37e61b57-0500032021/related/mpo-blz.pdf>

<sup>3</sup>Includes proceeds generating crimes and cross-border flow of illicit activities.

5. Cognisant of the evolving nature of risks including ML/TF risks, in 2022, the jurisdiction led by the National Anti-Money Laundering Committee (NAMLC) and spearheaded by the FIU commenced its 2<sup>nd</sup> ML/TF NRA with the intention of determining the ML/TF threats, vulnerabilities and consequences and taking action to mitigate same. Similar to the first NRA, this involves a cross-section of public and private sector officials. This NRA is expected to be completed in 2024. Despite being in progress, the NRA is at an advanced stage and does provide some information on the ML/TF risks affecting the jurisdiction including the risk associated with legal persons and NPOs (reports for both sectors have already been drafted).

### Overall Level of Compliance and Effectiveness

6. Belize 3<sup>rd</sup> round mutual evaluation report (MER) was published on July 29, 2011. The jurisdiction was placed in Enhanced Follow Up and presented its 8<sup>th</sup> Follow-Up Report (FUR) on May 28, 2015, at the CFATF Plenary. Following on from the 3<sup>rd</sup> round MER and FURs, the jurisdiction has significantly strengthened its various AML/CFT/CPF laws and has developed effective institutional policies and procedures to, *inter alia*, combat ML/TF/PF, ensure transparency in legal persons and arrangements and render international cooperation. From an effectiveness perspective, acceptable levels of effectiveness are being achieved in some of the FATF's Immediate Outcomes (IOs), primarily, the understanding of ML/TF risks, measures to effectively identify, investigate, prosecute and disrupt TF and the implementation of Targeted Financial Sanctions (TFS)- TF and PF and domestic and international cooperation. There is nevertheless the need for further development in several areas, including the investigations, prosecution and conviction of ML, confiscation, the implementation of supervisory measures, implementation of preventive measures by FIs and DNFBPs, the use of financial intelligence and transparency of legal persons and arrangements.
7. Regarding technical compliance, Belize substantially revised its legislation including the Money Laundering Terrorist Prevention Act (MLTPA) and the Belize Companies Act (BCA) to ensure compliance with the FATF 40 Recommendations. The actions taken have led to acceptable levels of compliance for the FATF 40 Recommendations as the jurisdiction has received ratings of Compliant and Largely Compliant for the 40 Recommendations. Minor improvements are required in areas related to the NPO sector (R.8) and Transparency and Beneficial Ownership (BO) of legal persons (R.24).

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

8. Competent authorities have a shared and good understanding of the ML/TF risks that are affecting the jurisdiction. The understanding of ML/TF risks is based on several factors but predominantly the 2019 ML/TF NRA, the ongoing 2022 ML/TF NRA, two VAs (cryptocurrency) risk assessments, sectoral risk assessments and the experience and expertise of competent authorities including law enforcement authorities (LEAs), supervisors and the FIU. Both ML/TF NRAs involved the participation of a cross-section of public and private sector officials. The NRAs identified the main threats that can give rise to ML to be drug trafficking and the main areas of vulnerabilities that can be exploited by criminals which include the real estate and the RSP sectors. Although, the 2022 ML/TF NRA was ongoing at the time of the completion of the on-site visit, it was at an advanced stage and is expected to be completed in 2024. Some aspects of the report (NPO and legal person) were already drafted prior to the completion of the onsite visit. The ongoing 2022 NRA given its advanced nature was also used by competent authorities to gain an understanding of the ML/TF risks affecting the jurisdiction.
9. Belize has implemented measures, including a holistic national policy and strategy to address the ML/TF risks identified along with other policies and strategies at the level of the different

competent authorities (departmental policies). The overarching policy is the National AML/CFT/CPF Policy and Strategy (NP&S) that was first created following the completion of the National Action Plan (NAP) in 2020 and revised in 2023. This NP&S is supported by departmental policies of competent authorities such as asset recovery policies, investigations and prosecution policies and supervisory policies. Further, the authorities have taken action to mitigate the ML/TF risks identified including through the amendment of legislation. Overall, the policies and objectives of the various competent authorities are aligned with the areas that are set out in the NP&S and their respective departmental policies. Nevertheless, the assessment team found that there is a need for further implementation of the policies in an effort to achieve greater outcomes, a need to ensure that the 2022 NRA is completed, all policies updated to reflect the findings of the NRA (as is specified in the NP&S) and ensure that resources are allocated to mitigate the ML/TF risks identified.

10. Domestic cooperation and coordination is one of the strongest pillars of Belize's AML/CFT framework. The National Anti- Money Laundering Committee (NAMLC) is a statutory body, comprising of representatives from all competent authorities and is responsible for cooperation and coordination at the policy level. Cooperation and coordination at the operational level is facilitated via MOUs and the creation of taskforces and working groups such as the National Targeted Financial Sanctions Task Force (NTFSTF) and the Group of Supervisors (GoS). Private sector officials are aware of the ML/TF risks affecting the jurisdiction due to, *inter alia*, their participation and contributions in the NRAs, awareness raising sessions and the publication of the findings of the 2019 NRA by competent authorities including the FIU.

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

11. Belize has established a well-functioning FIU (hybrid) with access to a wide range of databases to conduct its functions which include operational and strategic analysis. The FIU-Investigative Department (FIU-ID) and the Belize Police Department (BPD) which are the primary law enforcement agencies (LEAs) tasked with the responsibility of investigating ML, associated predicate offences and TF have demonstrated that they are accessing and utilising financial intelligence and relevant information from various sources including the FIU which is the main repository of financial intelligence. Predominantly through the case examples, the FIU-ID and BPD have demonstrated that financial intelligence has been largely utilised to identify and investigate associated predicate offences. There is no evidence of the Customs and Excise Department (CED) accessing and using financial intelligence and relevant information whilst the Belize Tax Service (BTS) has done so to a limited extent.
12. The FIU Analytical Department (FIU-AD) is well resourced in terms of human resources and the staff trained to conduct its functions having attended a wide range of training hosted by regional and international organisations. The intelligence products developed by the FIU-AD has supported the operational needs of competent authorities, primarily the BPD and the FIU-ID to a large extent as demonstrated by the case examples provided by the authorities, some of which are reflected in the report. The assessment team nevertheless found that FIU-AD can benefit from the acquisition and use of analytical software to complement its existing human resources, thereby ensuring an intelligence product of greater quality. Most FIs and DNFBPs are complying with their obligations to submit STRs to the FIU which are generally of good quality. Nevertheless, a small number of sectors have not submitted STRs and reporting by some sectors is low despite being considered as high risk, based on the findings/preliminary findings of the NRAs. Overall, good cooperation exists

between the FIU and other competent authorities, and this is used to facilitate the exchange of information.

13. Belize has a robust regime in place to ensure that ML is identified, investigated and prosecuted. This framework consists of laws, working groups and policies within the different law enforcement and prosecutorial agencies. LEAs and prosecutors have received training and mentorship related to ML investigations and prosecution, nevertheless, the assessment team found that these agencies can benefit from continuous mentorship to ensure that higher levels of effectiveness are achieved. Although the mechanism that exists is robust, the number of ML investigations and prosecutions that have occurred during the period 2018- December 15, 2023, is not consistent with the ML risk profile of the jurisdiction. Belize has not recorded any successful prosecutions for ML, nevertheless, the authorities have utilised other criminal justice measures such as civil recovery mechanisms. The assessment team found that fundamental weaknesses exist within the regime.
14. A comprehensive mechanism consisting of, *inter alia*, laws and policies (such as the asset recovery policy) exists to ensure that confiscation is being pursued as a policy objective. The authorities have demonstrated that assets are being identified and restrained to a moderate extent. Most of the confiscation results obtained during the period 2018 - December 2023 are connected to domestic predicate offences which is commensurate with the risk profile of the jurisdiction. The authorities have seized and confiscated mainly instrumentalities, such as motor vehicles and aircrafts that are suspected to be connected to the offence of drug trafficking and smuggling. The authorities have not confiscated any property of equivalent value. The identification of false and non-declaration of cash and BNIs is done by the CED largely through the use of the declaration. The CED has had some successes in identifying and seizing cash and BNI falsely and not declared, however, the seizure and confiscation of cash is not commensurate with the risk profile and context of the jurisdiction. The assessment team found that the CED can benefit from technical resources such as K-9 to complement its human resources in the conduct of its functions.

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

15. Belize has in place a robust mechanism comprised of, *inter alia*, laws and policies and procedures which effectively criminalises TF and ensures that potential TF cases are identified and prosecuted. For the period 2018 – December 15, 2023, the authorities have not identified or prosecuted any TF cases which is in keeping with the TF risk profile (medium-low) of the jurisdiction. As a result of the absence of any prosecution, no sanctions were applied, nevertheless the sanctions in the legislation are proportionate and dissuasive. Competent authorities have not identified any cases where TF disruption measures such as civil recovery actions can be utilised. Belize’s national counter-terrorism strategy incorporates measures to investigate TF. The authorities have taken a holistic approach to combat TF with the establishment of the Financial Crimes Working Group (FCWG) and the National Targeted Financial Sanctions Task Force (NTFSTF) which comprised of law enforcement and prosecutorial authorities and the supervisor of NPOs.
16. Similar to TF, measures are in place to effectively ensure that TFS (TF/PF) is robust and ensure that TFS can be implemented without delay. The High Court of Belize and the FIU are the main competent authorities that are responsible for ensuring that TFS (TF/PF) is implemented without delay. Competent authorities including the judiciary and the Ministry of Foreign Affairs (MOFA), and the private sector (FIs and DNFBPs) are aware of their roles and responsibilities within the regime to ensure that TFS (TF/PF) can be implemented without delay. This is largely due to simulation exercises, training and guidance provided to public and private sector officials. Since



the amendments to the legislation to strengthen the implementation of TFS (TF/PF), no new persons and entities were designated by the UN in accordance with the applicable UNSCRs, therefore, the system was not directly tested in this regard. To ensure that TFS (TF/PF) can be implemented without delay, the authorities conducted a total of three simulation exercises, one of which involved cross-section of public and private sector authorities including representatives from supervisors, the FIU, FIs and DNFBPs. Similar simulations are to be conducted going forward for all FIs and DNFBPs on a risk sensitive basis in accordance with the FIU's Guidance and Outreach Plan. The NTFSTF has conducted investigations to, *inter alia*, identify assets of persons designated. This was facilitated through the use of MOUs signed with Guyana and Trinidad and Tobago. No assets were identified, seized or confiscated which is commensurate with the risk profile of the jurisdiction.

17. Most FIs and DNFBPs interviewed during the on-site visit especially the larger ones and those that are part of financial groups utilised commercial databases to screen their existing and potential customers against the different UN Lists. Supervisors, largely through the use of the TFS questionnaire, are ensuring that FIs and DNFBPs are complying with their obligations. There is nevertheless a need for more on-site inspections by supervisors (except for the CBB and OSIPP). The country can also benefit from an increased level of compliance of DNFBPs (except for registered agents (TCSPs)) to complete the questionnaire.
18. The International Merchant Marine Registry of Belize (IMMARBE) has taken action in the form of de-registration against Belizean flagged vessels that were suspected of breaching UNSCR 1718 and its successor resolutions (applicable to the Democratic Republic of North Korea (DPRK)).
19. The authorities have, *inter alia*, identified the subset of NPOs that falls within the FATF definition of NPOs, identified and assessed the nature of the threats posed by terrorist entities to NPOs through the conduct of the 2022 ongoing NRA <sup>4</sup> and provided the NPO sector with guidance. The legal regime related to NPOs was enacted in 2023 and the FSC was appointed as the Supervisor. The FSC has taken actions including provision of guidance and drafting of a supervisory plan. Given that the framework was implemented just prior to the onsite visit, the inspections of higher risk NPOs are in its early stages. NPOs are aware of their obligations and are conducting business using the formal financial systems.

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

20. FIs and DNFBPs have demonstrated a good understanding of their AML/CFT obligations. This understanding is largely based on their participation in working groups during the NRA exercises for 2019 and 2022 and the outreach and guidance provided by the Supervisors. The preventive measures are primarily enforced through the MLTPA and conforms to the FATF requirements. There is a strong level of implementation of the requirements in the larger and most important FIs and DNFBPs namely: banks, Remittance Service Providers (RSPs) and registered agents with the RSPs are considered as posing high risk for ML
21. Generally, all FIs and DNFBPs apply basic CDD measures at a minimum. Larger FIs and DNFBPs have robust CDD requirements to identify and verify the identity of customers including BO, conduct ongoing monitoring, apply EDD controls, perform PEP and sanctions screening, risk assessments and independent audits. These larger FIs and DNFBPs employ the use of screening software to enhance the efficiency of compliance processes and controls. Smaller FIs and DNFBPs

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<sup>4</sup> Despite being incomplete, the NPO working group has completed their assessment and preliminary findings have been drafted.

apply manual measures relative to the size, nature, and complexity of their business, and have not fully implemented their compliance framework.

22. FIs and DNFBPs are aware of their obligations for TFS (TF) and reporting of STRs and are aware of the implications regarding tipping off. This is primarily as a result of focused training efforts of the supervisory authorities. Whilst it was determined that the jurisdiction is low risk for TF, FIs and DNFBPs have demonstrated their preparedness for implementation of TFS. There is a low level of STR reporting across high risk DNFBPs namely: registered agents, real estate, attorneys and casinos and FIs such as trading in securities businesses. Additionally, the FIU received no reports from the DPMS and the accountants' sectors.

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

23. All AML/CFT supervisors have a good understanding of Belize's ML/TF risks at the national level due to their participation in the 2019 NRA, their ongoing participation in the ongoing 2<sup>nd</sup> NRA, and their co-operation and communication through the Group of Supervisors. At the sectoral and institutional levels understanding of ML/TF risk varies due to incomplete risk assessments. CBB has completed institutional risk assessments on banks and credit unions and conducted a sectoral assessment of RSPs, while OSIPP has completed assessments on all its insurers. As a result, there is room for enhancing supervisors understanding of the ML/TF risks of entities and sectors, particularly those of a higher risk such as trading in securities businesses, registered agents and real estate.
24. There are robust licensing and registration requirements to prevent criminals from holding significant interests in FIs and DNFBPs. The mandatory requirement to renew licenses or registration by all supervisors ensures continuous monitoring. There exist strong market entry controls for all required sectors apart from money changers, which is unsupervised for AML/CFT obligations. Further, whilst there are strong licensing and or registration requirements with fit and proper measures for private pensions along with investment restrictions, this sector is not supervised for other AML/CFT obligations. However, the pensions sector in Belize provides retirement benefits to employees where contributions are made by an employer or by way of deduction from an employee's wages and the scheme rules do not permit the assignment of a member's interest under the scheme.
25. AML/CFT risk-based supervision is at an early stage of implementation across all supervisors, with the CBB's and OSIPP's supervision of banks and credit unions and insurance companies being the most advanced. Supervisors regularly publish guidance and notices and communicate with entities via formal and informal channels regarding their AML/CFT obligations. However, the frequency of on-site inspections and outreach training conducted by the FIU and FSC require major improvement. The FIU and FSC need to employ more resources to effectively supervise their reporting entities as outlined in their respective, recently drafted, risk-based guidance and outreach and examination plans.
26. There exists a wide range of supervisory sanctions to impose on reporting entities by Supervisors. Remedial actions mainly in the form of directives were issued by the CBB and OSIPP for AML breaches against FIs. The CBB and OSIPP have also issued cease and desist letters to FIs operating without a license. Further, the CBB has placed a credit union under administration. Alternatively, the FIU and FSC have taken remedial action mainly in the form of warning notices and cease and desist orders on FIs and registered agents. Collectively, Supervisors have applied limited monetary penalties, with four penalties totalling USD34,500 issued during the period under review.

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

27. The legislative mechanism to ensure the transparency and the maintenance of basic and BO information is robust with minor deficiencies. Various legislative requirements make provision for the establishment of legal persons and arrangements. Belize has adopted a multi-pronged approach to ensure that BO information is maintained. BO information is maintained by the Registrar of Companies which has oversight of the main types of legal persons and international trusts created in accordance with the Belize Companies Act, Limited Liability Partnership Act, Limited Liability Companies Act, Foundation Act and the Trust Act. Largely through the conduct of the ongoing 2022 NRA, the authorities assessed the ML/TF risks associated with legal persons created in the country. The 2019 NRA did assess the ML/TF risk associated with legal persons created in the country but on a lesser scale.
28. The authorities, including the FSC, have taken actions largely through legislative amendments to prevent the misuse of legal persons and arrangements. This include strengthening the legislative regime to ensure, *inter alia*, the prohibition of bearer shares, actions to address the use of nominee shareholders and directors and the maintenance of accurate and up-to-date basic and BO information.
29. Competent authorities including the FIU and LEAs have timely access to accurate, adequate and up-to-date basic and BO information to a large extent. However, prior to the amendment of the legislation in 2022, challenges existed relative to the accessing of accurate, adequate and up-to-date basic and BO information in a timely manner as in some instances the information did not exist. The FSC has taken actions against legal persons for breaches to the legislation. The sanctions applied were effective, proportionate and dissuasive. The number of sanctions applied by the FSC is limited and may not be indicative of the number of breaches committed, given the lack of inspections conducted by the FSC on companies and registered agents to ensure that they are compliant with the requirements.

***International cooperation (Chapter 8; IO.2; R.36–40)***

30. Belize has a comprehensive legal framework supported by policies and procedures including SOPs to provide and seek international cooperation for ML, associated predicate offences and TF. The Attorney General Chambers (AGC) is the designated competent authority for all MLA requests including extradition requests. The AGC has in place a case management system which, *inter alia*, records all incoming mutual legal assistance (MLAs) and extradition requests and tracks their progress in a timely manner including actioning the request and ensuring that requests are responded to promptly. Calendar reminders are set to ensure that certain actions are carried out by a specified date. Belize has processed and responded to 256 MLA requests during the review period.
31. Feedback provided by international counterparts to whom Belize rendered international cooperation demonstrates that information requested was provided in a timely manner and was of good quality. The AGC has had good cause to refuse requests for assistance. This was done due to the requests containing insufficient information and some of the requests were for assistance in civil proceedings and not criminal in nature as required by the legislation under which such request was being made. During the review period (2018 - December 15, 2023) a total of three extradition requests were received, in which two of the extradition requests are pending before the courts. Although the authorities have made very limited use of MLAs to request information, most competent authorities have utilised other forms of cooperation including MOUs, INTERPOL and the Egmont Group to request information from their foreign counterparts relative to ML and associated predicate offences.

32. Belize has demonstrated that it is accessing and sharing basic and BO information with its foreign counterparts. Nevertheless, during the period 2018-2021, a significant number of requests were not processed given the unavailability of the information as a result of deficiencies that existed in the basic and BO legislative framework. Following the amendments to the legislation in 2022 to address these challenges, improvements were noted in the regime.

### Priority Actions

- a) Belize should continue its progress of finalising and approving the 2022 NRA and take all other ancillary measures including:
  - updating the National Policy and Strategy based on the ML/TF risks identified;
  - taking measures to mitigate the ML/TF risks identified;
  - ensuring the private sector is aware of the findings of the risk assessment; and
  - allocating adequate resources based on the risks identified.
- b) All supervisory authorities should ensure risk-based AML/CFT supervision, is fully implemented across all FIs and DNFBPs. This includes completing sectoral and institutional risk assessments, which are fundamental to an effective AML/CFT supervisory regime, conducting examinations and outreach, providing guidance and delivering training. These measures should be commensurate with their identified ML/TF risks and the AML/CFT risk-based strategy of each supervisor.
- c) Supervisors should increase supervision efforts to guide FIs and DNFBPs with a view towards improving the areas of low compliance, particularly in the smaller FI and DNFBP sectors, to ensure that all sectors are implementing the applicable preventive measures to an acceptable standard. These efforts could include targeted training, sector specific guidance and outreach and increased examinations using the risk-based approach to test the effectiveness of the compliance framework and timely feedback.
- d) FSC and FIU should conduct a gap analysis relative to their AML staff, the number of reporting entities supervised and their AML supervisory strategy. This will ensure they are adequately resourced to carry out the necessary supervisory activities, including onsite and offsite examinations based on the identified ML/TF risks of their reporting entities and within the prescribed frequency and intensity. Additionally, the CBB and OSIPP should ensure that the money changers and pension sectors are adequately supervised for their AML/CFT obligations, where applicable.
- e) The FSC should ensure that companies continue their re-registration process and submit accurate basic and BO information. Further, the FSC should ensure that registered agents and companies are complying with their obligations by conducting inspections and where breaches are identified, sanctions are applied. Belize should ensure that the risk assessment on legal person is finalised,

approved, and any necessary risk mitigation measures are implemented based on the findings of the risk assessment.

- f) In order to attain a better degree of efficacy, the FIU and the BPD are urged to continuously use financial intelligence and relevant information during their operations. When applicable, the CED and the BTS should utilise financial intelligence and relevant information to conduct their functions and duties. The FIU should be provided with the necessary analytical software to complement its existing human resources as this would be beneficial to greater enhance the quality of its analytical products.
- g) Belize should ensure that ML investigations and prosecutions are commensurate with ML risk profile of the jurisdiction. Additionally, LEAs and prosecutors should continue to be provided with mentorship to ensure that ML cases are effectively identified and prosecuted. Further, the authorities should continue to implement and utilise the policies and groups such as the FCWG and ensure that the objectives of these policies are achieved to a greater extent.
- h) Belize should ensure that confiscation of property of correspondent value, proceeds of crime and cash and BNIs not declared or falsely declared (where identified) are confiscated as a policy objective and commensurate with the ML risk profile of the jurisdiction. The CED should be provided with additional resources such as K-9 to assist in the conduct of its functions, primarily in the identification of cash and BNIs that have not been declared or falsely declared.
- i) Belize should continue to take effective actions to address the risks identified in the NPO risk assessment. The FSC should continue to ensure that focused, proportionate and risk-based measures are applied to NPOs based on risk including the level of monitoring.

## Effectiveness & Technical Compliance Ratings

**Table 1. Effectiveness Ratings**

IO.1	IO.2	IO.3	IO.4	IO.5	IO.6	IO.7	IO.8	IO.9	IO.10	IO.11
SE	SE	ME	ME	ME	ME	LE	ME	SE	SE	SE

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

**Table 2. Technical Compliance Ratings**

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

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

## *MUTUAL EVALUATION REPORT*

### **Preface**

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

This evaluation was based on the 2012 FATF Recommendations and was prepared using the 2013 Methodology. The evaluation was based on information provided by the country, and information obtained by the evaluation team during its on-site visit to the country from December 4 to 15, 2023.

The evaluation was conducted by an assessment team consisting of:

- Mrs. Anita Bain, The Bahamas- Central Bank of The Bahamas (Financial Expert);
- Mrs. Simone Sargeant-Ottley, Saint Kitts and Nevis- Financial Services Regulatory Commission (Financial Expert);
- Ms. Toyin Salako, The Cayman Islands- Office of the Director of Public Prosecution (Legal Expert); and
- Mr. Jovarni Browne, Saint Vincent and the Grenadines- FIU (Law Enforcement Expert),

with support from Mr. Pedro Harry, Law Enforcement Advisor (Mission Leader) and Ms. Keisha Fraser, Financial Advisor (Co-Mission Leader) of the CFATF Secretariat.

The report was reviewed by Ms. Vyana Sharma (Trinidad and Tobago), Ms. Inger Hainsley- Bennett (Jamaica), Ms. Kisha Sutherland (Regional Security System- Asset Recovery Unit), Ms. Nazerke Zhampeiiis (EAG Secretariat) and the FATF Secretariat.

Belize previously underwent a FATF Mutual Evaluation in 2011, conducted in accordance with the 2004 FATF Methodology. The [2011 evaluation](#) has been published and is available on the CFATF website.

That Mutual Evaluation concluded that the country was compliant with two Recommendations; largely compliant with 9; partially compliant with 21; and non-compliant with 17. Belize was rated partially compliant and non-compliant for 14 of the 16 Key and Core Recommendations.

Belize was placed into enhanced follow-up following the adoption of its 2011 evaluation given the ratings that were achieved for the key and core Recommendations and was required to report at every CFATF Plenary. Belize first reported back to the CFATF Plenary on November 23, 2011 when it presented its [First Follow-up Report](#) and finally on May 28, 2015 when it presented its [Eighth Follow-up Report](#). Belize was requested to apply to exit the enhanced follow-up process following the presentation of its Seventh Follow-up Report having addressed the deficiencies in the Key and Core Recommendations to the level of LC.

## Chapter 1. ML/TF RISKS AND CONTEXT

33. Belize is located in Central America and is bordered by Mexico in the North and Guatemala to the West and South. The country is 8,867 square miles and has the smallest population in Central America with, 412,387 inhabitants (as of 2022)<sup>5</sup>. The official language of Belize is English with Spanish being the other dominant language. The official currency of Belize is the Belizean dollar (BZD) which is pegged to the United States dollar (USD) at a rate of BZD 2 to USD 1. Belize is a democratic country and has a history of free and fair elections.
34. Belize is a parliamentary democracy and constitutional monarchy which recognises King Charles III as the Head of State who is represented by a Governor General<sup>6</sup>. Belize gained its independence on September 21, 1981, from Great Britain. Executive power resides with the Prime Minister who is the head of the Cabinet of Ministers. The National Assembly is the legislature or Parliament of Belize and consist of two Houses: the Senate (Upper House) and the House of Representatives. The House of Representatives consists of 31 representatives, who are elected under the provisions of the Representation of the People's Act, during general elections which are constitutionally due every five years. The Senate is comprised of 13 members who are nominated by the government, opposition, unions, churches and NGOs and are appointed by the Governor General<sup>7</sup>, with only 6 nominated by the government. One of the main functions of the National Assembly is to make laws which are debated in both houses and assented to by the Governor General.
35. Belize is one of the 39 States and Associate Members that are considered as Small Islands Developing States (SIDS) by the United Nation (UN). Belize has one of the smallest economies in Central America with a Gross Domestic Product (GDP) of USD2.5 billion with growth of 8.7 % in 2022<sup>8</sup>. The World Bank estimates that growth will slow to 4.5% in 2023 and 3.5% in 2024, as retail activities and tourist arrivals are expected to reach pre-pandemic (COVID-19) levels. The USA, United Kingdom, China and Mexico are Belize's major trading partners. Like many of its regional counterparts in the Caribbean Community (CARICOM), Belize's economy is vulnerable to external factors such as climate change, disasters, financial including issues relative to correspondent banking (de-risking) and health related issues such as the COVID-19 pandemic. In 2015, Belize and the financial sector were significantly impacted by withdrawal of correspondent banking relationships by international banks<sup>9</sup>. This has significantly impacted the way in which the financial sector, especially banks operate in the jurisdiction.
36. Belize is a common law jurisdiction, and its judicial system is independent and autonomous. The administration of the Court is directed by the Chief Justice. In 2010, Belize became a member of the Caribbean Court of Justice (CCJ) located in Trinidad and Tobago which is its final appellate court. Belize is a member of several regional and international organisations including the Caribbean Community (CARICOM), the Caribbean Financial Action Task Force (CFATF), Organisation of American States (OAS), Organisation of Africa, Caribbean and Pacific States (OACPS) and the World Trade Organisation (WTO).

<sup>5</sup> <https://www.cia.gov/the-world-factbook/about/archives/2022/countries/belize/summaries>

<sup>6</sup> <https://www.commonwealthgovernance.org/countries/americas/belize/constitution/>

<sup>7</sup> <https://www.nationalassembly.gov.bz/national-assembly/>

<sup>8</sup> <https://thedocs.worldbank.org/en/doc/e408a7e21ba62d843bdd90dc37e61b57-0500032021/related/mpo-blz.pdf>

<sup>9</sup> <https://publications.iadb.org/en/assessing-impact-de-risking-remittances-and-trade-finance-belize>



37. The COVID-19 pandemic did not only affect the economy of Belize but also its AML/CFT framework, including supervision, the implementation of preventive measures, operational measures, including STRs analysis, the investigations of ML and TF and the implementation of TFS requirements. The impact was due to the actions taken by the Government of Belize including social distancing, work from home, national “lockdown” (April 2020) and re-allocation of resources to effectively mitigate the impact of the pandemic including loss of lives. The assessment team took into consideration the impact of the pandemic on Belize’s AML/CFT/CPF framework in assessing Belize’s level of effectiveness with the FATF Immediate Outcomes (IOs) in various Chapters of the MER.

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

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

38. The Government of Belize and institutions such as the Belize Police Department (BPD) with support from regional and international counterparts such as the USA continue to take action to reduce crime, including narcotics trafficking and violent crimes. This is evident, as in 2023, the jurisdiction recorded its lowest homicide rate since 2005. Nevertheless, given its geographical location, Belize like many Central American and Caribbean countries continue to grapple with the issue of crime, including narcotics trafficking and other offences which are cross-border in nature.
39. Belize’s ML threats are internal and external in nature. The threats are largely due to its geographical location, given its close proximity to Mexico and other Central American countries with easy access into the USA and emanates largely from drug trafficking. In 2019, the main proceeds generating offences were drug trafficking, corruption and bribery, theft, tax evasion, fraud and forgery<sup>10</sup>. Belize offers a diverse range of financial products and services including international banking, trust and company formation and securities to non-Belizean nationals, which can be exploited by criminals and therefore makes the jurisdiction vulnerable to ML.
40. The threat of TF and terrorism to the jurisdiction is minimal, given the geographical location of the jurisdiction, the lack of known terrorist groups that are operating within or has nexus to it and given that the jurisdiction is not a financial centre despite offering a wide range of financial products and services to nationals and non-nationals of Belize. In 2019, the vulnerability of TF was deemed to be greater than the threat of TF due to deficiencies that existed in the legislation in relation to the criminalising of TF, implementation of TFS–TF and the oversight of NPOs. However, in 2022/2023, Belize addressed the existing deficiencies which represented vulnerabilities through amendments of legislation, therefore minimising the TF vulnerabilities.

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

41. Belize’s first NRA was completed in 2019 and involved a cross-section of competent authorities and private sector officials including representatives from FIs, DNFBPs and NPOs. The 2019 NRA is the primary source of the authorities’ understanding of ML/TF risk in the jurisdiction. The jurisdiction via the Financial Services Commission (FSC) recruited a reputable private sector agency with expertise in Virtual Assets (VAs) and Virtual Asset Services Providers (VASPs) to undertake two crypto-currency risk assessments that were completed in 2021 and 2022. Belize commenced its 2<sup>nd</sup> NRA in 2022 which is expected to be completed by 2024 and was at an advance stage at the time of the on-site visit. It is a more comprehensive NRA and like the first NRA involves the participation of public and private sector officials. The preliminary findings of this

<sup>10</sup> Based on the findings of the 2019 NRA.

ongoing NRA, which is at an advanced stage, also facilitated the authorities' level of understanding of the ML/TF risks in the jurisdiction.

42. The 2019 NRA highlighted, *inter alia*, the main ML threats and vulnerabilities and the level of the TF risk. The national ML threat was assessed as “*medium*” with drug trafficking representing the highest threat. The national ML vulnerability was assessed as “*medium-high*” with remittance services providers (RSP/MVTS) and the real estate sector considered as the most vulnerable for ML. Regarding the TF risk, it was assessed as “*medium-low*” largely due to the mechanisms not being tested and the absence/deficiencies of legislation.
43. The ongoing 2022 NRA builds upon the findings of the first and is more comprehensive. Despite being in progress, it provides some insight to competent authorities on the nature of the ML/TF risks affecting the jurisdiction and changes to the ML/TF risks identified in the 2019 ML/TF NRA. The 2019 NRA and the preliminary findings of the ongoing 2022 NRA are the primary sources of the authorities understanding of ML/TF risks in the jurisdiction.
44. The 2021 crypto-currency risk assessment commissioned by the FSC identified, *inter alia*, the various exchanges that were suspected of operating in Belize<sup>11</sup> and the level of the risk (high, medium and low) associated with those exchanges.
45. In deciding the areas to prioritise for increase focus, the assessment team reviewed materials submitted by Belize including its ML/TF risk assessments, and information from credible open sources, such as reports from credible international organisations. The assessment team focused on the following areas which were highest areas of risks and vulnerabilities. Some of the areas were highlighted in the NRA in some instances.
  - a) ***ML from foreign predicate offences***: In considering this area, the assessment team specifically focused on proceeds from the predicate offences of drug trafficking, tax evasion and fraud. The assessment team focused on, *inter alia*, (i) how well and the extent to which authorities understand and are mitigating the risk of proceeds emanating from foreign predicate offences, specifically drug trafficking, tax evasion and fraud and how these proceeds are potentially laundered in Belize; (ii) how well and the extent to which the authorities are identifying, investigating and prosecuting ML activities that have nexus to foreign predicate offences; (iii) how well and the extent authorities are utilising financial intelligence; (iv) how well and the extent to which the authorities are engaging in domestic cooperation and coordination; (v) how well and the extent to which competent authorities are using confiscation and provisional measures to identify, trace, freeze and seize proceeds, instrumentalities and property of equivalent value that have a nexus to foreign predicate offences; and (vi) how well and the extent to which the authorities are seeking and rendering international cooperation.
  - b) ***Physical cross-border movement of cash and Bearer Negotiable Instruments (BNI)/ Cash Smuggling***: The assessment team focused on (i) how well and the extent to which the authorities are aware of the ML/TF risks associated with the physical cross-border movement of cash and BNIs (beyond false declarations and disclosure process) and cash smuggling; (ii) whether and the extent to which the authorities have implemented measures to mitigate the risk associated with the physical cross-border movement of cash and BNIs and cash smuggling; (iii) how well and the extent to which authorities are utilising financial intelligence; (iv) how well and the extent to which authorities are engaging in domestic cooperation and coordination; and (v) whether

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<sup>11</sup> Whilst the risk assessment identified exchanges in operating in Belize in 2021, in 2023 through legislative amendments, the jurisdiction prohibited the operation of VASPs and have taken actions to identify VASPs that are operating illegally in the jurisdiction.

competent authorities are properly resourced and trained to detect the physical cross-border movement of cash and BNIs and cash smuggling. Focus was also given to the extent to which the authorities were (i) identifying, seizing and confiscating the physical cross-border movement of cash and BNIs that have been falsely or not declared, including cash and BNIs that have a nexus to ML, associated predicate offences and TF and cash smuggled, including via unauthorised borders; (ii) conducting parallel financial investigations to identify, *inter alia*, potential cases of ML from such cases; (iii) seeking and rendering international cooperation; and (iv) applying effective, proportionate and dissuasive sanctions relative to falsely, not declared or undisclosed cash and BNIs.

- c) **Prevention of ML/TF through the real estate sector:** The assessment team focused on, *inter alia*, (i) the extent to which the recent amendments have been effectively implemented by competent authorities and the private sector; (ii) the extent to which supervisors are implementing effective risk-based supervision; and (iii) the extent to which entities operating in the sector are complying with their AML/CFT obligations (preventive measures), including but not limited to CDD requirements and filing of STRs.
- d) **Misuse of Corporate vehicles and the availability of BO Information:** The assessment team focused on, *inter alia*, (i) the extent to which the requirements in the laws have been implemented and complied with by competent authorities, legal persons and arrangements and registered agents (TCSPs), given the recent amendments; (ii) the authorities' understanding of how legal persons and arrangements created in Belize are or can be misused for ML/TF and the measures implemented to mitigate the risks identified; (iii) the extent to which accurate and up-to-date basic and BO information is available in a timely manner; (iv) the extent to which the authorities are identifying and investigating ML cases that are facilitated through the use of legal persons and arrangements; (v) the extent to which competent authorities are rapidly providing international cooperation in relation to basic and BO information and monitoring the quality of the assistance provided; (vi) the extent to which legal persons and arrangements and registered agents (TCSPs) are aware and complying with their AML/CFT obligations (including identification of BO); (vii) the extent to which supervisors have implemented risk-based supervision of registered agents (TCSPs) and (viii) the extent to which supervisors are identifying breaches and applying effective, proportionate and dissuasive sanctions to legal persons and arrangements and registered agents (TCSPs) given the recent amendments.
- e) **Prevention of ML/TF in the international financial sector:** The assessment team focused on, *inter alia*, (i) Supervisors' understanding of ML/TF risk and the implementation of risk mitigation measures; (ii) the extent to which the requirements in the law have been implemented by competent authorities and the private sector, given the recency of the amendments in some instances; (iii) the level of effectiveness of the risk-based supervision measures; (iv) the implementation of preventive measures by the sector including CDD measures for dealing with non-face to face customers; and (v) the level of effectiveness and the extent to which competent authorities are rendering and seeking international cooperation.
- f) **Prevention of ML/TF in the Money Value Transfer Services (MVTS) (also known as Remittance Service Providers-RSPs) and domestic banking sectors:** The assessment team focused on, *inter alia*, (i) the extent to which the requirements in the laws have been implemented by competent authorities and private sector, given the recency of the amendments in some instances; (ii) the level of understanding of ML/TF risks by supervisors and the entities supervised and the implementation of risk mitigation measures; (iii) the sectors' understanding of their AML/CFT obligations including implementation of preventive measures (for example, CDD,

EDD and reporting requirements); and (iv) the extent to which supervisors have implemented the application of risk-based supervision relative to the sectors.

46. The primary areas that were identified for lower risk and warranted reduced focus were *pension funds* and the *domestic insurance sector* on the basis of the risk and materiality.

## 1.2 Materiality

47. Belize is a small, open economy with a shallow financial market that is vulnerable to natural disasters and other external shocks. In addition to providing a conducive environment for foreign investment, this fixed-exchange regime has helped maintain low and stable inflation, averaging 1.8% over the last 30 years. However, in 2022, the consumer price index (CPI) increased to an above-normal high of 6.3%, driven primarily by external factors. Like many similar economies in the region, Belize has become increasingly dependent on tourism as the leading foreign exchange industry. In 2022, the tourism sector provided the largest source of foreign exchange, generating 40.5% of total foreign exchange earnings.
48. The services sector, for example, restaurant and tours plays a crucial role in Belize's economy, accounting for more than three-fifths of the country's real GDP (USD2.5 billion in 2022) and providing employment to around 60.0% of the population. By comparison, the agriculture and manufacturing sectors accounted for 9.1% and 7.0% respectively, of real GDP in 2022.
49. Financial services account for nearly 9.0% of GDP, with contributions from registered agents included in this share, captured under the auxiliary financial activities' services sub-item. In 2022, the value added of auxiliary financial industries amounted to 0.1% of real GDP. The FSC collected USD6.5 million in fees from registered agents in 2022, equivalent to 0.4% of total foreign inflows and 0.2% of nominal GDP. The banking sector (both domestic and international banks) which is the largest of the financial sector has a combine asset size of over USD2.346 billion and is equivalent to 78.66% of Belize's GDP.
50. Like many Caribbean countries, Money Value Transfer Services (MVTs) also known as remittance service providers (RSPs) is an important sector to Belize's economy as it facilitates the remittance of finance by Belizean and other non-nationals into and out of Belize despite the number and total asset size of the sector. The sector is comprised of four entities with an asset size of USD 3 million. Remittance in Belize increased to USD140.10 million in 2022 from USD133 Million in 2021<sup>12</sup>. The main destinations for remitting cash are China and the USA and the main country from which cash is received is the USA. These monies are generally for family maintenance.

## 1.3 Structural Elements

51. Structural elements such as political and institutional stability, the rule of law, an independent and functioning judiciary and high-level political commitment which are all fundamental to the effective implementation of the FATF requirements are present in Belize. This is evident from the actions taken by the Government of Belize including the establishment of independent institutions such as the FIU, measures implemented to ensure that there is an independent and functional judicial system and the enactment of AML/CFT laws and other ancillary legislation. The predicate offences of corruption and bribery were considered as "*medium-high*" risk for ML in the 2019 NRA, and this was taken into consideration by the assessment team in the analysis of the effective implementation of AML/CFT/CPF measures.

<sup>12</sup> <https://tradingeconomics.com/belize/remittances>

## 1.4 Background and Other Contextual Factors

52. Belize has comprehensive AML/CFT/CPF measures in place to effectively prevent, and combat ML/TF/PF. Belize amended most of its AML/CFT/CPF laws including the Money Laundering and Terrorism (Prevention) Act (MLTPA) during the period 2021-2023. The CBB, FSC and OSIPP are the most mature and sophisticated AML/CFT supervisors given that they have a history of conducting supervision.
53. Similar to other Caribbean and Central American countries, Belize's population relies significantly on cash to conduct business. However, Belize has a good degree of financial inclusion with more than half of its adult population having access to financial products and services. Financial inclusion is a vital component of the CBB's work and significant efforts have been undertaken by the authorities to foster financial inclusion. In 2019, the jurisdiction published its "*National Financial Inclusion Strategy 2019-2022*". The purpose of the report was to, *inter alia*, provide a framework to "identify barriers, gaps and opportunities in financial inclusion and to provide a corresponding and concrete action plan to achieve a shared vision of an inclusive financial system in Belize<sup>13</sup>." The report highlighted the aim of the jurisdiction to increase the portion of its adult population who own deposit or transaction accounts from 66% in 2019 (as measured by the national Financial Inclusion Survey) to 80% in 2022 as a target and measure of progress towards this shared vision of financial inclusion. As of 2023, there was an increase of 70% of adults with access to deposit or transactions at FIs. The minor delay of achieving the 80% target that is set out in the National Financial Inclusion Strategy was due to the impact of the COVID-19 pandemic.
54. The CBB in November 2023, published "*Simplified CDD Guidance Notes*" to, *inter alia*, assist banks, credit unions, moneylenders and payment services providers to enable individuals especially low income, unserved and underserved to access products and services offered by regulated institutions taking into consideration the risk- based approach.
55. The Government of Belize has demonstrated a high-level political commitment to address AML/CFT requirements and this is evident via several positive outcomes achieved including amendments of legislations and the recruitment and allocation of additional resources to combat ML/TF/PF to ensure compliance with the FATF requirements, thereby ensuring that Belize and the global financial system is protected.
56. The four AML/CFT supervisors are the CBB, FSC, OSIPP and the FIU. The CBB, OSIPP and the FSC are responsible for supervising entities within the financial sector and have a more mature and sophisticated regulatory framework than the FIU given their history of conducting supervision. The FIU is responsible for AML/CFT supervision of the DNFBP sector except for registered agents which are supervised by the FSC.

### 1.4.1 AML/CFT strategy

57. Belize through the National Anti- Money Laundering Committee (NAMLC) developed its first AML/CFT/CPF Policy and Strategy (NP&S) following the creation and implementation of National Action Plan (NAP) in 2020. In February 2023, the NP&S was updated and approved by the Cabinet of Ministers. The purpose of the NP&S is to, *inter alia*, mitigate the ML/TF/PF risks. The NP&S is Belize's overarching AML/CFT/CPF policy and contains the key strategies to be followed by all competent authorities to ensure that the policy is effectively maintained and desired

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<sup>13</sup> National Financial Inclusion Strategy : Extracted from page 9: <https://www.centralbank.org.bz/about-the-bank/strategic-initiatives/programs-and-initiatives>.

objectives are achieved. It also describes the institutional arrangements to effectively implement the AML/CFT/CPF framework.

58. The NP&S contains 11 thematic chapters which focuses on different subject areas, including achieving the objectives of the policy via (a) legislative and regulatory framework and (b) effective implementation of legal and regulatory framework via risk-based supervision, compliance by reporting entities, taking the profit out of crime, domestic and international cooperation, TFS and NPOs. The NP&S is required to be reviewed annually or following changes to the global AML/CFT/CPF Standards and global and domestic risk landscapes. The policy is binding on all competent authorities.
59. At the departmental levels, competent authorities including the FIU, LEAs, prosecutors and supervisors have developed and implemented AML/CFT/CPF policies to, *inter alia*, effectively combat ML/TF/PF and ensure adequate domestic cooperation and co-ordination. Further, the authorities have in place joint teams including the Financial Crime Working Group (FCWG), Group of Supervisors (GoS) and the National Targeted Financial Sanction Task Force (NTFSTF) to effectively combat ML/TF/PF as part of its national strategy.

#### 1.4.2 Legal & institutional framework

60. Belize's AML/CFT/CPF legal framework is characterised by the following core enactments which were updated in 2022/2023. These include:

**Table 1.1: Key Legislation and Purpose**

Name of Legislation <sup>14</sup>	Purpose
The MLTPA	Provides for, <i>inter alia</i> , the criminalisation of ML/TF/PF; confiscation and provisional measures, implementation of TFS-TF and PF; supervision and implementation of preventive measures and elements of international cooperation.
The Belize Companies Act	Provides for company formation and ensures transparency, including maintenance of basic and BO information.
The Extradition Act	Facilitates extradition.
Civil Asset Recovery and Unexplained Wealth Act	Provides for the recovery of assets via civil recovery measures (non-conviction-based confiscation).
Mutual Administrative Assistance on Tax Matters Act	Provides for cooperation and exchange of information between Belize and other foreign counterparts on matters relative to taxation.
NPO Act	Provides for the registration and oversight of NPOs.
The Criminal Code	Criminalises various types of predicate offences.
Caribbean Treaty on MLA in Serious Criminal Matters	Provides for MLA between Belize and CARICOM member states.
Mutual Legal Assistance in Criminal Matters (Belize/USA) Act	Provides for MLA between Belize and the USA
Mutual Legal Assistance and International Cooperation Act	Provides for MLA between Belize and all international counterparts

<sup>14</sup> The list is non-exhaustive.

61. The following entities are Belize's main competent authorities responsible for combatting ML/TF/PF and facilitating collaboration and cooperation with private sector entities.

- a) **The National Anti- Money Laundering Committee (NAMLC):** The NAMLC was created by s.77B of the MLTPA. The NAMLC is comprised of a wide cross-section of competent authorities including the FIU, BPD, CBB, FSC, OSIPP, CED, Belize Tax Service (BTS), Director of Public Prosecution (DPP) and Ministry of Foreign Affairs, Foreign Trade and Immigration, (MFAFTI). The functions of the NAMLC include advising the Minister (of Finance) on matters related to the prevention and detection of ML/TF/PF and the development of national plan of action on effective mechanism to facilitate co-ordination; advising the Minister in the development of policies to combat ML/TF/PF; and co-ordinating actions to assess the risk of ML/TF/PF for the country and keeping the assessment up to date.
- b) **The FIU:** The Belize FIU has multiple functions besides its core functions that are required under R.29. It plays a central role in Belize operational framework to effectively combat ML/TF/PF. The FIU is a creature of statute and was established by s.3 of the FIU Act in 2002. Pursuant to s. 7 (1) and (8) of the FIU Act, the FIU is charged with the responsibility of investigating financial crimes including ML. The FIU is also responsible for the tracing and identification of property for confiscation purposes. The Unit also prosecutes financial crimes, including ML, at the Magistrates Court, as well as the High Court, based on a fiat obtained from the DPP. Other functions of the FIU are the supervision of DNFBPs (except for registered agents (TCSPs)) and the competent authority responsible for the implementation of TFS-TF and PF.
- c) **The BPD:** The BPD was created by the Police Act and is mandated by s.4 of the Act to protect life and property, maintain law and order, and prevent and detect crime, apprehension, and prosecution of offenders. The BPD is tasked with the responsibility of investigating various predicate offences including drug trafficking, corruption, human trafficking, theft and fraud. The BPD is also charged with the responsibility of the tracing and identification of assets for confiscation purposes.
- d) **The CED:** The CED is the gatekeeper of Belize's national borders and ports of entries including land, sea and air. Because of its strategic position, the CED plays an important role in combating ML/TF and PF through the identification, interdiction and forfeiture of illicit currency and BNIs which criminals may try to transport across borders in an attempt to launder their proceeds of crime or finance their criminal activities. The CED is the lead agency responsible for enforcing the requirements of R.32 and core issue 8.3 in IO.8 related to the cross-border movement of cash and BNIs.
- e) **The BTS:** The BTS is responsible for investigating and prosecuting the predicate offence of tax evasion, and other tax offences. Also, BTS assists in the sharing of information domestically and internationally for investigative purposes of tax offences and other financial crimes.
- f) **ODPP:** The ODPP is constitutionally charged with the responsibility to prosecute all types of criminal offences. The ODPP and the FIU share a joint role in the area of prosecuting ML and other financial crimes. The ODPP is the authority responsible for the restraining and confiscation of assets in accordance with the MLTPA.
- g) **The Ministry of Foreign Affairs, Trade and Immigration (MFAFTI):** The MFAFTI acts as an intermediary between Belize and the global community, including the UN, providing a

unique vantage point to stay informed about bilateral, regional, and international cooperation. This network of missions and embassies abroad facilitates cooperation between the FIU and the United Nations Security Council (UNSC) to ensure effective and timely implementation of the various United Nations Security Council Resolutions (UNSCRs) relative to TFS-TF and TFS-PF. The Department of Immigration & Border Management Services (“Immigration”) under the Ministry is responsible for the management of the migration of persons into and out of Belize and plays a key role in detecting, preventing and investigating migrant smuggling.

- h) **The Attorney General’s Ministry- International Legal Affairs Unit (AG-ILA):** The AG-ILA is tasked to advise the Government of Belize and associated agencies on legal matters that have international law components, both private and public. The Attorney General Chambers (AGC) functions also include acting as the competent authority responsible for executing MLA and extradition requests and review of international legal instruments.
- i) **The CBB:** The CBB is the chief governance authority responsible for licensing, registering, regulating and supervising banks, credit unions, payment service providers (including RSPs) and e-wallets), payment systems operators, moneylenders (including pawnbrokers), and other FIs operating in Belize pursuant to different legislations including the MLTPA. As a supervisory authority under the MLTPA, the CBB is responsible for monitoring compliance by Central Bank-regulated FIs with their AML/CFT/CPF obligations.
- j) **The FSC:** The FSC is the statutory body established in Belize to regulate and supervise non-bank financial services entities licensed or registered pursuant to the FSCA, No.8 of 2023 and the Securities Industry Act, 2021, including registered agents (TCSPs), securities and mutual funds. The FSC supervises its licensees to ensure that they are properly implementing measures to prevent ML/TF/PF, and cooperates and where necessary coordinates and exchanges information with domestic and international authorities to combat ML/TF/PF. The FSC is also responsible for the registration and oversight of NPOs and legal persons and arrangements.
- k) **OSIPP:** OSIPP is responsible for the supervision of the insurance and private pensions sectors pursuant to the Insurance Act, Act No. 30 of 2023 and Private Pensions Act, Cap 30.01. Pursuant to the MLTPA, OSIPP is charged with the responsibility of preventing ML/TF/PF by, *inter alia*, conducting risk-based supervision of the sectors under its portfolio.

### 1.4.3 Financial sector, DNFBPs and VASPs

62. This section provides a general description and information related to the size and make-up of the FI, VASP and DNFBP sectors in Belize. The assessment team considered that not all of the sectors are of equal importance, given the specific risks and context of Belize’s system. The level and types of ML/TF risks affecting different reporting entities varies, as do the ML/TF risks facing particular sectors.
63. In ranking the different sectors (levels of importance), the assessment team took into consideration (i) the institutions’ levels of operation relative to Belize’s context including contribution to GDP, products and services offered, and customer base; (ii) the level of ML/TF risks associated with the sector; and (iii) materiality. The rankings were utilised by the assessment team to form the basis of their conclusions, (having considered the strengths and deficiencies that exist within the framework) at various Chapters of the report, most notably, Chapters 5 (IO 4) and Chapter 6 (IO 3).



## FIs

**Table 1.2: Financial Sector type, number of entities and weighting**

Sector	Sub-category	No of registered entities as of December 15 2023	Sector Weighting	Supervisor
Banks	Domestic	4	Most Important	CBB
	International	3	Most Important	CBB
Trading in Securities Businesses	International	22 <sup>15</sup>	Most Important	FSC
Remittance Service Providers		4	Most Important	CBB
Credit Unions		8	Important	CBB
International Payment Processing Services		3	Moderately Important	FSC
Money Transmission Services (International)		2 <sup>16</sup>	Moderately Important	FSC
Moneylenders	Domestic	48	Moderately Important	CBB
	International	1 <sup>17</sup>	Moderately Important	FSC
Private Pension Funds		23	Least Important	OSIPP
Payment Services Providers		3	Least Important	CBB
Trading in Foreign Exchange <sup>18</sup>		0	Least Important	FSC
Administrator of Mutual Funds		1 <sup>19</sup>	Least Important	FSC
Money Changers		40	Least Important <sup>20</sup>	CBB
Insurance Companies		12 <sup>21</sup>	Least Important	OSIPP

64. Banks, trading in securities businesses and RSP/MVTS were weighted as most important by the assessment team based on the following factors.

65. **The Banking Sector:** The banking sector was weighted most important taking into consideration the factors mentioned at paragraph 63. The banking sector is broken down into two sub-categories- (i) domestic banks and (ii) international banks. The banking sector provides services to Belizean and non-Belizean clients and offers various services including wire transfers. Therefore, the banking sector is interconnected with the global financial system. The banking sector is the most material sector of the

<sup>15</sup> The authorities advised that one entity will be exiting the market as of the end of 2023.

<sup>16</sup> The authorities advised that one entity will be exiting the market as of the end of 2023.

<sup>17</sup> The authorities advised that one entity will be exiting the market as of the end of 2023.

<sup>18</sup> The sole licensee exited the market in 2023.

<sup>19</sup> The authorities advised that one entity will be exiting the market as of the end of 2023.

<sup>20</sup> The money changers sector was rated as high in the 2019 NRA, however, a 2023 review conducted by the CBB revealed that the sector was not material and did not pose a significant ML risk to the country. Based on this information the sector is considered to be least important.

<sup>21</sup> Of the 12 insurance companies there are 3 domestic insurance companies, 2 composite insurance companies and 1 international insurance company that provides life insurance services.

financial sector. The asset size of the domestic banking sector is USD2.309 billion, and the international banking sector is USD204 million.

66. **Trading in Securities Businesses:** The trading in securities businesses' sector was weighted most important based on risk and materiality. From the standpoint of ML/TF risks, the 2019 NRA risk-rated the sector as high. From a materiality perspective, the sector has an asset size of USD1 billion (second to the banking sector), is engaged in cross-border activities and conducts business with non-face to face customers.
67. **Remittance Services Providers (RSPs also known as MVTS):** Although the number of RSPs operating in the jurisdiction is not significant, the assessment team weighted this sector as most important given the relative ease in which RSPs facilitates the cross-border movement of cash globally. Similar to the banking system, RSPs are interconnected to the global financial system and therefore represent an important sector. There are four remittance services providers licensed to operate in the jurisdiction. The asset size of the sector is USD3.201 million. The sector was considered high risk based on the findings of the 2019 NRA.
68. **Credit Unions** were weighted as important based on the asset size of the sector (materiality) and the importance of the sector to Belizean nationals and citizens including those abroad. The asset size of the credit union sector at the time of the on-site visit was USD655 million. Credit Unions are not engaged in cross boarder wire transfer, do not offer complex financial products and services (mainly deposits and loans) and correspondent banking relationship and are therefore not directly interconnected with the global financial system.
69. **International Payment Processing Services, Money Transmission Services (International) and Moneylenders** were weighted moderately important largely based on the level or risk and materiality of the sectors. Accordingly, they were rated 'medium high' in the 2019 NRA. Regarding the payment processing sector, it is comprised of three entities with an asset size of USD959 million. There are two entities involved in money transmission services, which offers services to non-Belizean nationals, including non-face to face customers. The estimated asset size of the sector is USD6.865 million. The Moneylenders' sector is comprised of 48 entities, most of which are small scale operators who provide lending services to citizens. The asset size of the sector is USD33.7 million.
70. **Private Pension Funds, Insurance Companies, Payment Services Providers, Foreign Exchange Traders and Mutual Funds** were weighted least important. The Insurance sector was considered as medium- low risk based on the findings of the 2019 ML/TF NRA. Pension plans are employment linked, where members of the plans are composed of employers and employees of the same entity and there are legal limitations for unlocking upon a member's termination, resignation or the wind-up of a pension plan. The asset size of the sector is USD48 million. For the insurance sector, it is comprised of 13 entities (12 domestic and 1 international) with a combined asset size of USD218 million. Despite being an important sector with a nexus to the global financial system, the customer base is largely Belizean nationals and the products and services offered are not complex and attractive to ML/TF. The products and services offered by the sector involve life insurance policies. Prior to the on-site visit, the mutual fund sector comprised of one entity (administrator) with an asset size of USD101million. The assessment team was informed that whilst there is a license in place to conduct mutual funds activities, no such activities were being undertaken and the license will be surrendered in January 2024 (post on-site visit). The sole foreign exchange trader exited the market in 2023.

#### **VASPs:**

71. Based on the actions taken by the authorities to identify any VASPs operating in the jurisdiction (see analysis in R.15), and the absence of any evidence of VASPs operating in Belize as presented by the

authorities, the assessment team agreed with the conclusion that VASPs could be considered a least important sector. Further, the operation of VASPs is prohibited until December 31, 2025, by virtue of s.81 (3) of the FSCA.

#### DNFBPs:

**Table 1.3: DNFBP type, number of entities and weighting**

DNFBP Sector Type	No of Entities (as of December 15, 2023)	Sector Weighting	Supervisor
Registered Agents	102 <sup>22</sup>	Most Important	FSC
Real Estate	253 <sup>23</sup>	Most Important	FIU
Attorneys at law and other independent legal professionals	92	Important	FIU
Casinos	8	Important	FIU
Accountants	24	Least Important	FIU
Dealers in Precious Metals and Stones (DPMS)	45	Least Important	FIU

72. **The real estate and registered agents' sectors** were weighted most important within the DNFBPs sector. In arriving at this weighting, the assessment team took into consideration the factors of risk, context and materiality. The 2019 NRA rated the sectors high risk and medium-high risk respectively. The **real estate sector** comprised of 253 registered entities at the time of the completion of the on-site visit and had an asset size of approximately USD70 million. Despite not being directly interconnected to the global financial system, the sector is important to the Belizean economy and provides access to non-Belizean nationals to obtain real estate in Belize. The registered agents sector was considered as *medium-high* risk based on the findings of the 2019 NRA. The asset size of the sector is USD321 million. The sector is important to Belize and is indirectly connected with the global financial system given that registered agents act as professional intermediaries for the formation of legal persons and arrangements.

73. **Casinos and Attorneys at law and other independent legal professionals** were weighted by the assessment team as important based on the factors cited in paragraph 63. The attorneys at law and other independent legal professionals similar to registered agents act as intermediaries and facilitate transactions such as the purchasing of real estate. The asset size of the sector is relatively small (USD10.5 million). Nevertheless, the sector is considered as *high risk* for ML based on the findings of the 2019 NRA. Casinos were considered to be *medium-high* risk based on the findings of the 2019 NRA. The sector comprised of eight entities with an asset size of USD14 million.

74. **Accountants and DPMS** were weighted least important considering, *inter alia*, their asset size and risk for ML/TF. The accounting sector is comprised of 24 entities and has an asset size of USD5 million. The sector was considered as *medium-high* risk based on the findings in the 2019 ML/TF NRA. DPMS sector comprised of mainly small-scale operators (often family owned and operated

<sup>22</sup> The authorities advised that 6 registered agents were exiting the market in 2023.

<sup>23</sup> The total number of entities operating in the sector may be greater given that registration of the entities within the sector was on-going at the time of the completion of the on-site visit.

businesses). The sector consists of 45 entities with an asset size of USD7.5 million. The sector was considered as *medium-low* risk based on the findings of the 2019 NRA.

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

75. The MLTPA is the main legislation that sets out the preventive measures for all reporting entities (FIs and DNFBPs). The MLTPA and other legislation do not exempt any of the identified activities

listed in the FATF Glossary (FIs, DNFBPs and VASPs are covered)<sup>24</sup>. The MLTPA makes provision for the application of simplified due diligence (SDD) in circumstances where lower risk exists and enhanced due diligence (EDD) in circumstances where higher risk exists.

76. Belize has also applied some AML/CFT/CPF requirements to other sectors which are outside the scope of the FATF Recommendations as they do not meet the definition of FIs, DNFBPs and VASPs in the FATF Glossary. Accordingly, motor vehicle dealers and entities operating in Free Trade Zones (FTZ) were not assessed in Chapters 5 and 6 of the report although they are required to comply with AML/CFT/CPF obligations.

#### 1.4.5. Legal persons and arrangements

77. Legal persons and arrangements are permitted in Belize and can be formed in accordance with various legislation, primarily the Belize Companies Act (BCA); Limited Liability Partnership Act (LLPA); Limited Liability Companies Act (LLCA); Foundation Act (FA); and the Trust Act. Companies are required to adhere to the legislation and register with the Belize Companies and Corporate Affairs Registry (BCCAR) via the Online Business Registry System (OBRS). Companies registered agents and the FSC via the BCCAR are required to maintain basic and BO information (see Chapter 7).

**Table 1.4: Number, types and characteristics of legal persons registered in Belize.**

Types	No (as of June 2023)	Percentage of total companies	Characteristics <sup>25</sup>
Belize Companies	203,106 (as of June 2023) <sup>26</sup>	98.4	A legal vehicle that may be incorporated by share capital or guarantee with limited liability. These include private, public and foreign companies.
LLPs	62	0.03	A legal vehicle for partnership. Each partner has limited personal liability for debts or claims of the partnership.
LLCs	1921	0.93	A legal vehicle owned by the members.
Foundations	408	0.2	A legal vehicle where, <i>inter alia</i> , the founder or any person who has contributed to the foundation otherwise for full consideration is not a resident of Belize, none of the beneficiaries are residents of Belize and the foundation endowment does not include land situated in Belize.
Credit Unions	8		Deposit taking FIs that are membership owned and lend monies to members based on shares deposit.
Building Societies	0		An FI that collects deposits from its member-owners to on-lend for mortgage financing to member-owners.

**Table 1.5: Number, types and Characteristics of Legal Arrangements in Belize<sup>27</sup>.**

Types	No (as of June 2023)	Characteristics <sup>28</sup>
Trust	3,281	A legal vehicle that provides for asset protection.
Domestic Trust	12	

<sup>25</sup> <https://bccar.bz/services/>

<sup>28</sup> <https://bccar.bz/services/>

### ***1.4.5 Supervisory arrangements***

78. The CBB, FSC, OSIPP and FIU are the supervisors of FIs, VASPs<sup>29</sup> and DNFBPs in Belize. The mandate, basic powers and responsibilities of the supervisors are set out in various legislation including the MLTPA, the Domestic Bank and Financial Institution Act (DBFIA), FSCA, the Credit Union Act, the Insurance Act and the Private Pensions Act. These legislations were revised in 2023 to ensure that Belize is sufficiently compliant with the FATF requirements.
79. The FSC is the supervisory/oversight authority responsible for legal persons and arrangements (international trusts) and NPOs based on the provisions that are set out in the different legislation including the Companies and NPO Acts. Prior to the enactment of the NPO Act, 2023, NPOs were supervised by the FIU.

### ***1.4.6 International cooperation***

80. Given Belize's geographical location and the diverse financial products and services offered, the jurisdiction is exposed to cross-border ML risks and the risk associated with other transnational crimes such as drug trafficking, fraud and tax evasion. International cooperation therefore is a key component in the fight against ML/TF and PF for Belize. In assessing its ML/TF risks in the 2019 NRA, Belize took into consideration the threat of foreign predicate offences posed to the jurisdiction. The USA, Europe (in particular Russia) and other Central American countries including Mexico are some of the main jurisdictions from which the threats are derived.
81. International cooperation can be rendered using formal and other forms of cooperation mechanisms by all competent authorities including the Attorney General's Chambers (central authority), FIU, BPD, FSC, OSIPP, CED and the CBB. International cooperation is rendered via different legislation including the Mutual Legal Assistance and International Cooperation Act (MLAICA), Caribbean Treaty on MLA in Serious Matters Act, MLA in Criminal Matters Act (Belize/USA Treaty) and the Extradition Act (see analysis in R.37 to 39). Other forms of international cooperation are rendered via different legislative requirements that govern the operations of the different competent authorities and MOUs, a framework that is robust in nature (see analysis in R.40).
82. Belize is a member of several regional and international organisations which permits competent authorities to exchange information. These organisations include the Egmont Group of FIUs, INTERPOL, Caribbean Customs and Law Enforcement Council (CCLEC) and the Asset Recovery Inter-Agency Network for the Caribbean (ARIN-CARIB). Belize also has liaison officers that are strategically positioned within taskforces located within its region to facilitate the rapid exchange of information relative to ML and other transnational crimes including in a real-time manner.

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<sup>26</sup> The figure represented in the table was provided by Belize prior to the onsite visit. Subsequent to the onsite visit, Belizean authorities advised that as of December 2023, a total of 28,937 active companies were registered with the BCCAR, as companies were struck-off for failing to comply with the re-registration requirements within the deadline based on the mandate given to the FSC by the Cabinet of Ministers so as to comply with the amendments to the BCA. The authorities advised that a 22,524 Belize Companies with foreign ownership and 6,413 with fully Belizean ownership existed in the jurisdiction (see Chapter 7 for more detail).

<sup>27</sup> Trusts are the only types of legal arrangements that are permitted to register and operate in Belize.

<sup>28</sup> <https://bccar.bz/services/>

<sup>29</sup> There is a moratorium on the operation of VASPs until December 31, 2025 (see analysis in c.15.3/R.15).

## Chapter 2. NATIONAL AML/CFT POLICIES AND COORDINATION

### 2.1 Key Findings and Recommended Actions

#### Key findings

- a) Competent authorities have demonstrated a good and shared understanding of the ML/TF risks in Belize. The authorities understanding of risk is based on, *inter alia*, their participation in and findings of the 2019 ML/TF NRA, participation in and preliminary findings of the ongoing 2022 ML/TF NRA (which was at an advanced stage at the time of the on-site visit), findings of the crypto-currency risk assessments, sectoral risk assessments, FIU strategic analysis and based on their operational expertise such as the BPD and the FIU as LEAs.
- b) Belize completed its first ML/TF NRA in 2019. Although the risk assessment was robust it did not comprehensively consider the extent to which NPOs are at risk of TF. Additionally, the risk assessment also did not fully consider the risk associated with legal persons but did consider the risk related to the unavailability of basic and BO information in a timely manner. In 2022, Belize commenced its 2<sup>nd</sup> ML/TF NRA which builds upon the findings of the first. Discussions held with both competent authorities and private sector officials and documentations provided showed that the ongoing 2<sup>nd</sup> NRA is more robust and detailed than the first and considered the risk that is associated with legal persons and the extent to which NPOs can be misused for TF purposes. The ongoing 2<sup>nd</sup> NRA is expected to be completed by 2024<sup>30</sup>. Preliminary findings on the risk associated with legal persons and the extent to which NPOs can be abused have been drafted and was pending approval at the time of the completion of the on-site visit.
- c) In 2022, Belize developed and implemented its National Policy and Strategy (NP&S) which was revised in 2023. The NP&S, which was approved by the Cabinet of Ministers, is binding on all competent authorities and seeks to mitigate and manage the ML/TF risks identified from the 2019 NRA and identified emerging risks. From the 2019 NRA, an Action Plan was developed and was incorporated in the NP&S. To further mitigate the ML/TF risks, the authorities created and implemented different working groups including the National Targeted Financial Sanctions Task Force (NTFSTF); the Group of Supervisors (GoS); Policy and Legislative Drafting Working Group (P&LDWG) and the Financial Crime Working Group (FCWG). The implementation of the National Action Plan (NAP) is monitored by the National Anti- Money Laundering Committee (NAMLC) which is tasked with the responsibility of ensuring implementation of the NP&S.
- d) To ensure that their policies and objectives are aligned to address the ML/TF risks identified and based on the requirements of the NP&S, competent authorities have, *inter alia*, developed departmental policies and implemented policies and procedures. Whilst

<sup>30</sup> The 2022 NRA was completed post the on-site.

there have been some successes in the policies and procedures implemented, improvements are needed in areas such as investigations and prosecution of ML offences (IO.7), risk-based supervision (IO.3) and confiscation (IO.8) to ensure that objectives are achieved.

- e) Cooperation and co-ordination are the strongest pillars of Belize AML/CFT/CPF framework at both the policy and operational levels and were found to be positive. The NAMLC is active in its operation and is responsible for cooperation at the strategic level. Cooperation and co-ordination are facilitated via the use of MOUs and the working groups and taskforce mentioned in KF (c) which were also found to be active.
- f) All FIs and DNFBPs are required to implement AML/CFT/CPF measures and there are no exemptions. FIs and DNFBPs are required to apply EDD in higher risk situations and may apply SDD in lower risk situations.
- g) Private sectors are aware of the ML/TF risks affecting the jurisdiction. The level of awareness is based on, *inter alia*, their participation and the publication of the findings of the 2019 ML/TF NRA, participation in the 2022 ongoing NRA and training and outreach provided by competent authorities to the different sectors.

## Recommended Actions

Belize should in accordance with its National Policy and Strategy

- a) Continue its progress of finalising the 2<sup>nd</sup> NRA (including the legal person risk assessment) which commenced in 2022 and take the following ancillary actions;
  - i. Update the NP&S based on the NRA's findings;
  - ii. Update the National Action Plan based on the findings of the NRA;
  - iii. Ensure that there is broad and shared understanding and awareness of the ML/TF risks identified by competent authorities and public and private sector; and
  - iv. Ensure that competent authorities' policies and objectives are updated and implemented based on the findings of the NRA and are geared towards mitigating the risks identified in the NRA.
- b) Continue its progress towards completions of the action items, especially the areas of high priorities identified in the existing NAP within the deadlines allocated.

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

## 2.2. Immediate Outcome 1 (Risk, Policy and Coordination)

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

84. Belize's authorities have demonstrated a good and shared understanding of the ML/TF risks affecting the jurisdiction. The assessment team reached this conclusion based on, review of the published



public version of the completed 2019 NRA and other documentations provided by the jurisdictions, including draft copies of the summaries of the NPO and legal persons' risk assessments' findings, crypto currency risk assessments and typologies. The assessment team's findings are also based on interviews conducted with competent authorities during the on-site visit including the FIU, LEAs and supervisors.

85. Competent authorities' understanding of the ML/TF risks affecting the jurisdiction is based on, *inter alia*, (i) findings and participation in the 2019 ML/TF NRA, participation in the 2022 ongoing NRA and the preliminary findings emanating from the reports related to NPOs and legal persons and (ii) competent authorities' expertise and functions, for example, the FIU through the conduct of strategic analysis and the Belize Police Department (BPD) based on its investigations of proceeds generating crime (see Box 2.1). The FIU's strategic analysis products, risk assessments conducted of FIs and DNFBPs, expertise of competent authorities all contributed to the overall understanding of the ML/TF risks by competent authorities as the foregoing information was also used in the NRAs. Detailed analysis relative to the risk assessments and other factors that contributed to the authorities' understanding of risk can be found in the analysis below. Overall, the assessment team found the risk assessments and the ongoing 2<sup>nd</sup> risk assessment to be robust, the methodology used to be sound and the findings (including preliminary findings) reasonable. The 2019 and 2022 NRAs were supported by the Cabinet of Ministers of Belize and is a representation of high-level political commitment.

**Box 2.1: Factors contributing to competent authorities' understanding of ML/TF risks.**

- i. 2019 ML/TF risk assessment.
- ii. 2022 ML/TF risk assessment (ongoing).
- iii. Risk assessment and typologies of legal persons (draft findings).
- iv. NPO risk assessment (draft findings).
- v. FIU Strategic analysis products (see IO.6).
- vi. Risk assessments conducted by some FIs and DNFBPs.
- vii. Expertise and experience of competent authorities given their operational experience.
- viii. Publication from reputable organisations.
- ix. Risk assessment of some FIs including the RSP sector.

**2019 ML/TF NRA**

86. Belize commenced its first NRA using the World Bank risk assessment methodology in December 2016 and considered data for the period 2010 – 2016. The NRA was finalised in 2019. The objective of the NRA was to, *inter alia*, identify and understand the main sources, trigger points and methods of ML in Belize, identify and better understand the threats and vulnerabilities for ML/TF across the various sectors, evaluate weaknesses in institutional systems, mitigate ML/TF risks, develop risk-based policies and action and to allocate resources based on the level of the risk. The 2019 NRA was led by the NAMLC and involved a wide range of competent authorities, including the FIU, which was also the coordinator, supervisors, LEAs and the ODPP along with various other public sector authorities and private sector entities, with the exception of private pension administrators which were in the initial stage of registration. The private sector's participation in the 2019 NRA

involved attendance at focus group meetings, interviews, provision of information via questionnaires in key areas and the provision of feedback on the preliminary findings of the assessment prior to it being finalised. Based on the result of extensive data collection, analysis, focus group meetings, interviews with key stakeholders together with discussions and debates within the seven established working groups, the NRA assessed the ML risk to Belize as *medium-high* and the TF risk as *medium-low*.

87. For the 2019 NRA, the authorities relied on various sources of information including data and statistics, publications by international organisations including FATF Guidance and qualitative data such as case studies. Challenges based on how statistics were recorded at that time, difficulties in retrieving data, unavailable data due to some sectors being unregulated and the unavailability of human resources due to competing operational priorities balanced against completing the NRA were experienced during the conduct of the 2019 NRA. The challenges contributed to the delay of the completion and approval of the NRA. Some of these challenges were addressed by using publicly available information, extrapolating available data, reliance on competent authorities operational experience and expertise and the compilation of statistics based on raw data and case studies involving suspected ML, associated predicate offences and TF, where appropriate. Based on the foregoing, the assessment team did not find that the challenges experienced negatively impacted the quality of the NRA and the authorities' understanding of the ML/TF risks but in some instances contributed to the quality of the NRA.
88. The 2019 NRA assessed the threats (for example, proceeds generating crimes<sup>31</sup>, cross-border flow of illicit financing and active terrorist groups) and vulnerabilities (for example, the types of financial products that can be misused by money launderers and terrorist financiers and the strength and weaknesses of the regulatory environment and level of compliance). The 2019 NRA considered 25 offences that were predicate offences for ML and took into consideration the domestic and foreign factors such as the prevalence of the offences, financial flows generated, data on international cooperation such as MLA, Egmont and INTERPOL requests in assessing the risk associated to the offences. As part of the 2019 NRA, the authorities' risk-rated the different threats and vulnerabilities using a risk matrix which ranged from high to low.
89. The 2019 NRA highlighted some of the different means in which suspected proceeds are laundered in the jurisdiction. For example, (i) through the analysis of STRs received by the FIU, the financial system was suspected of being used to a minimal extent by cocaine traffickers and local support arrangements; (ii) the financial system and other asset holdings along with institutions in third countries were suspected of being used by persons engaged in corruption and bribery; and (iii) the real estate sector was susceptible to being abused by persons engaged in fraud (see also Box 3.6 in Chapter 3).
90. Tables 2.1 and 2.2 below, provide some information on the areas of highest risk and vulnerability. The illicit trafficking in narcotic drugs and psychotropic was considered as the highest ML threat. This threat was considered based on several factors including Belize's geographical location representing a vulnerability as a transshipment point for drugs emanating from South America to the USA. Bribery and corruption offences were assessed as a *medium-high* threat and took into consideration the proceeds from the offence committed abroad which may present linkages to ML in Belize. The offences of theft, tax evasion, fraud and forgery were all assessed as *medium* threat. The remaining predicate generating offences were assessed as *medium low* or *low* (see Table 2.1 below).

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<sup>31</sup> Focusing on the FATF 21 designated categories of offences (see FATF Glossary).

**Table 2.1: Main offences that generate proceeds of crime in Belize.**

No	Predicate Offence	ML Threat Risk	Source
1	Drug trafficking	High	Foreign and domestic
2	Corruption and bribery	Medium-high	Foreign and domestic
3	Theft	Medium	Domestic
4	Tax Evasion	Medium	Foreign and domestic
5	Fraud	Medium	Foreign and domestic
6	Forgery	Medium	Foreign and domestic
7	Robbery	Medium-low	domestic
8	Smuggling of goods	Medium-low	Foreign and domestic
9	Failure to declare currency	Medium-low	Foreign and domestic

91. The main vulnerabilities within the FI and DNFBP sectors were assessed in the 2019 NRA with some of the findings reflected in Table 2.2. The assessment found that there was an elevated level of vulnerability and threat associated with FIs particularly remittance service providers (RSPs/MVTS) and trading in securities businesses. RSPs' overall high-risk rating was based on, *inter alia*, the frequency of transactions and the cross-border nature of the business and the measures to mitigate against the risks namely supervision and the quality of the AML compliance required strengthening. The findings of the vulnerability that existed within the trading in securities businesses' sector was based on the size and nature of the products and services provided together with the need to enhance STR monitoring and reporting, AML knowledge of staff and effective supervision. The real estate sector is the highest revenue sector among the DNFBPs and was therefore considered as one of the most vulnerable sectors. Attorneys at law and notaries were assessed to have high ML risks given, *inter alia*, their importance to society and the requirement of their service in several other sectors.

**Table 2.2: Vulnerabilities rating (The list is not exhaustive)**

No	Sector	Threat	Vulnerability	ML risk rating
1	Remittance Service Providers	High	High	High
2	International Securities	High	Medium-high	High
3	International Banks	Medium-high	Medium	Medium-high
4	Domestic Banks	Medium	Medium	Medium
5	Credit Unions	Medium	Medium-high	Medium-high
6	International Insurance	Low	Medium	Medium-low
7	Domestic Insurance	Low	Medium-low	Medium-low
	DNFBPs			
1	Real Estate	High	High	High
2	Attorneys at law	High	Medium-high	High
3	Registered Agents (TCSPs)	Medium-high	Medium-high	Medium-high
4	Casinos	Medium-high	Medium-high	Medium-high

92. To gain a holistic understanding of the ML/TF risks in the jurisdiction, the 2019 ML/TF risk assessment also assessed the risk of ML/TF in the motor vehicle dealership sector and the businesses operating in the free zone, given that they are avenues that may be used by criminals to launder their illicit proceeds. Both sectors were assessed as presenting a high ML risk.

93. Although the 2019 NRA addressed all the threats and a wide range of vulnerabilities, the ML/TF vulnerability associated with mutual funds was not addressed. This deficiency was considered minor by the assessment team, given that there was only one mutual fund administrator in the jurisdiction (see Chapter 1 of the MER) and thus not a material sector. While the 2019 NRA did not comprehensively address the ML/TF risks associated with legal persons created in the country, it did assess the risk associated with registered agents (TCSPs) (which are required to form legal persons and incorporate legal persons owned by non-Belizean) and the availability of BO information. Further, the 2019 NRA did not comprehensively address the nature and threat posed by terrorist entities to NPOs which are at risk as well as how terrorist actors can abuse those NPOs. Whilst this was considered as a minor deficiency in the 2019 NRA, the authorities have addressed these gaps in the ongoing 2022 NRA and the draft findings on the NPO risk assessment (see para 101).
94. In assessing the TF vulnerability as part of the 2019 ML/TF NRA, the authorities considered Belize's legal and regulatory framework to combat TF including measures to implement TFS-TF without delay, domestic and regional efforts to combat TF, the capacity of the authorities to detect, investigate and prosecute TF offences, the TF measures being untested and the strengths and weaknesses in the NPO sector. The TF vulnerability was assessed as *medium-low* when compared to the TF threat which was assessed as *low*. The TF threat assessment also considered factors such as the absence of any intelligence reports of domestic or foreign terrorists and organisations operating within and targeting Belize, as well as requests by other jurisdictions for information from Belize, STRs, absence of acts of terrorism and the absence of any reports of Belize being a target jurisdiction for recruitment and training of persons to commits acts of terrorism.

#### ***Crypto-currency (VASPs) risk assessments***

95. In 2023, through legislative requirements, Belize prohibited VASPs activity until December 31, 2025 (see analysis in R.15). Although, this action was taken in 2023, as early as 2019 the jurisdiction via the FSC (formerly known as the International Financial Services Commission "IFSC") through public notification advised the public of, *inter alia*, the risk associated with conducting business with VASPs and VAs and the actions taken by the FSC including communicating to its licensees to cease and desist from making misrepresentations that they are authorised to conduct VAs services<sup>32</sup>. Two risk assessments were conducted by a reputable private sector firm with expertise in the operations of VAs and VASPs commissioned by the FSC. The two risk assessments form the basis for the authorities' understanding of ML/TF risks in the sector. The risk assessments identify the risks associated with various types of VAs and VASPs that were operating in the jurisdiction at the time of the risk assessment and the regulatory landscape in Belize to address the FATF requirements that are applicable to VASPs.
96. The risks assessments conducted were detailed and covered, *inter alia*, the historical risk levels of VASPs operating in the jurisdiction, risk trading, transactional counts and percentages through an examination of the entities direct and transactional data. In conducting the risk assessments, the world's largest cryptocurrency exchanges were assessed to establish benchmarking metrics against which VAs and VASPs activity in Belize can be compared. The risk assessments provided a summary of the key risk dimensions, overview of the risk assessments (including risk rating of (high, medium, low etc) of the VASPs operating in the jurisdiction, general overview of the exchange and the risk profile of each of the entities assessed.

<sup>32</sup> <https://www.belizefsc.org.bz/public-statement-virtual-currency-cryptocurrency/>

## 2022 ML/TF NRA

97. Belize commenced its 2<sup>nd</sup> NRA in 2022, using the updated World Bank Methodology. This was in keeping with the NP&S which mandated that an NRA should be conducted at least every five years. The 2022 NRA was launched in July 2022 and initially considered data up to 2021. Given competing operational obligations and other priorities, such as preparation for Belize's Mutual Evaluation, the updated NRA did not conclude before the end of 2023, as the authorities had originally scheduled. In January 2024, based on the recommendations from the different working groups, a decision was taken to expand the data set to include 2022 and 2023 data. The risk assessment is at an advanced stage<sup>33</sup> and the authorities expressed commitment to finalise it by the third quarter of 2024. The authorities advised that as of November 2023, 90% of the work was completed, and the process of drafting the report had commenced. The assessment team was provided with a comprehensive overview of the process and the preliminary findings of the 2022 ongoing NRA by competent authorities. Similar to the 2019 NRA, the ongoing 2022 NRA involves participation from a wide cross-section of public (all competent authorities) and private sector officials and is led by the NAMLC and co-ordinated by the FIU with the support and sanction of the Cabinet of Ministers. The sanctioning and support of the NRA is a demonstration of the highest level of political commitment within the Belizean Government to ensure that ML/TF risks are understood and addressed.
98. Although the 2022 NRA was on-going, based on discussions held with competent authorities and private sector officials, the assessment team found that the process is sufficiently advanced to provide competent authorities with a good understanding of ML/TF risks, allows competent authorities to identify the types and levels of different ML threats and vulnerabilities and significantly builds upon the findings of the 2019 NRA. The preliminary finding from the on-going 2022 NRA shows that in some instances there have been some changes to the risk rating for various predicate offences and vulnerabilities in comparison to the 2019 NRA (see Table 2.3 below). In determining the level of risk, like the first NRA, competent authorities advised that both domestic and foreign sources of information were considered. The preliminary findings demonstrate that ML/TF risks evolve over time. The authorities advised that changes in the findings and risk levels were due to the mitigation and management measures taken by the jurisdiction to address the ML/TF risks identified in the 2019 NRA. For example, enactment and amendments to legislation (see analysis in 2.2.2 below).
99. Based on discussions held with competent authorities and private sector officials, the assessment team found that the process was rigorous and much broader in scope than the first NRA. For example, the new methodology includes an enhancement to the TF threat assessment as well as stand-alone modules for addressing areas of increased focus by the FATF (e.g. legal persons and arrangements risk assessments and NPO TF risk assessments). Additionally, through discussions held with competent authorities and private sector officials, the assessment team found that in comparison to the first NRA, the risk assessment was equally well resourced with an increase in participation from both public and private sector officials. The commitment of the private sector to the process was also exemplified by the NPO TF Abuse Working Group being co-chaired by a representative from an NPO.

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<sup>33</sup> The NRA process consisted of three stages: (1) preparation (2) Assessment (3) Finalisation. The assessment process involved, *inter alia*, analysis and evaluation of the risks and documentation of the results. At the time of the on-site the most important stage of assessment was completed by the jurisdiction and the authorities were in the process of documenting the findings.

100. Competent authorities advised that the change in the risk associated with drug trafficking from the first NRA and the ongoing 2<sup>nd</sup> NRA, which represented the highest risk for ML, was attributed to most of the large shipments of drugs that arrived in the jurisdiction via plane occurring along the borders with neighbouring jurisdictions. Following which these shipments are carried across the border into neighbouring jurisdictions with Belizean collaborators playing a minimal role. Based on the foregoing, the conclusion was drawn by the authorities that this had a minimal impact on Belize's financial system. Besides the foregoing, the authorities also arrived at the conclusion based on, *inter alia*, the absence of financial intelligence and relevant information on suspected traffickers, following requests from the BPD and a reduction in the number of suspected drug plane landings.

**Table 2.3: Comparative ratings between the first and second NRAs**

ML Predicate	1 <sup>st</sup> NRA	2 <sup>nd</sup> NRA	Source	Direction
Drug Trafficking	High	Medium-high	Foreign and domestic	↓
Corruption and bribery	Medium-high	Medium-high	Foreign and domestic	↔
Theft	Medium	Low	Domestic	↓
Tax Evasion	Medium	Medium-low	Foreign and domestic	↓
Fraud	Medium	Medium	Foreign and domestic	↔
Forgery	Medium	Medium	Foreign and domestic	↔
Robbery	Medium-Low	Low	Domestic	↓
Smuggling of goods	Medium-low	Medium-low	Foreign and domestic	↔
Failure to declare	Medium-low	Medium-low	Foreign and domestic	↔

101. In comparison to the 2019 NRA, the ongoing 2022 NRA was conducted using the updated World Bank Methodology and is more robust as it addresses the ML/TF risks associated with legal persons created in Belize and the threats posed by terrorist entities to NPOs which are at risk, as well as how terrorist actors can abuse NPOs. In October 2023, the NPO Working Group prepared the second draft of the NPO TF risk assessment which was shared with the assessment team. The preliminary report found, *inter alia*, there was no intelligence or evidence suggesting that NPOs or their affiliates are associated with terrorist organisation and operating as sham NPOs or diverting funds. Further information on the preliminary findings from the NPO risk assessment can be found in Chapter 4 where this was assessed by the assessment team in more detail.
102. Regarding the risk associated with legal persons a copy of the report was presented to and reviewed by the assessment team. The draft legal persons' risk assessment relied on, *inter alia*, credible open sources and qualitative information such as case examples and requests received by the authorities from foreign jurisdictions. The preliminary findings shows that the risk of ML/TF abuse of legal persons include the use of fake identification by criminals to establish legal persons, the use of legal persons to hide their criminal proceeds and the use of professionals such as registered agents. Further information on the preliminary findings from the legal persons' risk assessment can be found in Chapter 7 where this was assessed by the assessment team in more detail.
103. The assessment team was advised that the preliminary findings of the TF risk assessment for the ongoing 2<sup>nd</sup> NRA determined that terrorism and TF risk remain as *medium-low*. The TF risk assessment builds upon the findings of the 2019 NRA and considered the potential risk posed by Foreign Terrorist Fighters (FTF) emanating from some Caribbean countries and the risk posed to the region. During the period under review (2018- December 15, 2023) there were no TF investigations and no intelligence reports to suggest that domestic or international terrorist organisations or persons were operating or had a nexus to Belize. Further, there were no intelligence

reports to suggest Belizean nationals were being targeted for recruitment or recruited for terrorist activities.

104. Although the 2022 NRA was ongoing at the time of the on-site visit, the assessment team took into consideration that it does provide competent authorities with a good level of the understanding of the ML/TF risks based on the interviews conducted, given that it was in an advanced stage and two reports (NPO and legal persons) were drafted and preliminary findings were shared with the assessment team. Whilst some weighting was given to the 2022 ongoing NRA, the assessment team gave more weight to the findings of the 2019 NRA and the crypto-currency risk assessments given that assessment was on-going and at an advance stage at the time of the on-site visit.

***Other Measures used by competent authorities to understand ML/TF risks:***

105. As noted above in Box 2.1, the authorities understanding of the ML/TF risks (threats and vulnerabilities) is not solely based on the findings of the 2019 NRA and the ongoing 2022 NRA. Based on discussions held with the competent authorities who are all members of the NRA Working Group and sub-working group, the assessment team found that competent authorities demonstrated a good and shared understanding of the ML/TF risks which was evident by their operational activities. For example, specialised units such as the Anti-Narcotics Unit within the BPD demonstrated an understanding of the threat posed by narcotics trafficking through joint operations (See Box 3.2) and the use of collaborative platforms including FCWG. Similarly, the FIU based on their operational and strategic analysis demonstrated an understanding of the ML/TF risks including emerging risks. Understanding of ML/TF risks by different competent authorities is also based on the strategic analysis products produced by the FIU (see analysis in IO6). For example, trends and typologies reports produced and disseminated by the FIU during the time of the COVID-19 pandemic assisted the authorities in gaining an understanding of the risk associated with phishing. Competent authorities' understanding of ML/TF risks based on experience and strategic analysis conducted, formed part of the 2019 and on-going 2022 NRAs given that these competent authorities were an integral part of the process and provided data and other relevant information as part of the discussions.

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

106. Following the completion of the 2019 ML/TF NRA and the 2020 NAP, Belize developed and implemented a NP&S in 2022. The NP&S was revised in 2023 by the NAMLC to capture the changes in risk and the AML/CFT landscape. The key drivers of the NP&S are the findings of the 2019 NRA and the emerging risk faced by the jurisdiction outside of the timeframe of the NRA, including those identified during the COVID-19 pandemic. The NP&S which was approved by the Cabinet of Ministers is binding on all national authorities and addressed the risks identified in the 2019 NRA and any emerging risks. Given that the policy was approved by the Cabinet of Ministers, the assessment team considered this to be an indication of the jurisdiction commitment at the highest level to combat ML/TF/PP.
107. The NP&S focused on eight broad thematic areas (i) understanding of national and sectoral risk by way of the NRA; (ii) timely implementation of action plans developed from the results of NRAs; (iii) strengthening of intelligence gathering, investigations, prosecutions, asset forfeiture and judicial capacity; (iv) strengthening cooperation, collaboration and information sharing among relevant public sector agencies; (v) maintenance of mutual cooperation, support and information sharing arrangements with foreign counterparts; (vi) increase awareness and involvement with the private sector and the general population in combatting financial crimes and sanctions evasions; (vii) implementation of a risk-based approach to AML/CFT/CPF at the policy and operational level; and (viii) ensuring that all relevant legislation are AML/CFT/CPF focused. These thematic areas

were also identified in the NAP as high priority action areas. As demonstrated in the various chapters of this report, competent authorities have acted in alignment with these thematic areas. For example, the jurisdiction has implemented a written AML/CFT policy and strategy, undertaken AML/CFT risk assessments, increased collaboration and cooperation between investigators and prosecutors harmonised company legislation with global standards on BO, improving administration of justice by, *inter alia*, providing training to judges on AML/CFT and asset recovery and amended the legislation to ensure criminal penalties for ML are proportionate and dissuasive. All the foregoing being high priority areas in the NP&S.

108. Additionally, the assessment team found that Belize has implemented most of the thematic areas identified largely via legislative provision and establishments of working groups and taskforces. Further, the jurisdiction incorporated the NAP that was developed following the first NRA into the NP&S which is binding on the competent authorities with the intention of addressing the second thematic area. To facilitate domestic cooperation and collaboration and intelligence gathering and investigations, several working groups and taskforces were established including the NTFSTF, FCWG and the GoS consistent with thematic areas *iii* and *iv* referred to in the paragraph above. Belize also significantly strengthened its AML/CFT legislative framework through the amendments of laws and development of policies such as SOPs which addressed thematic area *viii*. The NP&S was shared with all competent authorities, thereby ensuring that they are aware and understand its requirements. The NAMLC consistently monitors the implementation of the NAP and the NP&S through presentation of reports which is a standing item on the NAMLC meetings' agenda.
109. The NP&S underpins the policies and strategies that are to be implemented by competent authorities and stake holders. The NP&S is required to be reviewed once annually based on the requirements of s.10 of the NP&S. In keeping with this requirement, the NP&S was updated in February 2023 to include policy and strategy on CPF. This update was triggered by the Policy and Legislative Drafting Working Group (P&LDWG), a sub-committee of the NAMLC whose mandate is to identify legislative gaps in Belize's national AML/CFT framework, monitor changes to the FATF Standards and update policies suited for Belize's context.

#### ***The National Action Plan (NAP)***

110. The NAP which is directly incorporated into the NP&S is a dynamic document that was first adopted in 2020 following the completion of the 2019 NRA and was revised in 2023, taking into consideration the preliminary findings of the on-going 2022 NRA. Therefore, following amendments to the NP&S, amendments were made to the NAP. The 2023 NAP identifies, *inter alia*, high and medium priority action areas, the competent authority responsible for implementation of specific action areas and timelines for implementation of the actions. Examples of some of the high priority areas include proper data collection, allocation of additional investigative resources to the FIU and legislative amendments to, *inter alia*, ensure that sanctions for ML offences are proportionate and dissuasive. Examples of addressing some of these high priority areas include the strengthening of the MLTPA to increase the sanctions for ML and recruitment of additional financial investigators to the FIU. Whilst there has been some progress in the areas of high priority, some of the action items that requires attention were pending but are within the deadline for completion in 2025. The implementation of the actions is being monitored by the NAMLC.

#### ***Departmental Policies and Working Groups to address ML/TF risks***

111. Competent authorities have developed policies and strategies which are in line with the NP&S to, *inter alia*, identify areas of high risk, address areas of concern and to strengthen the AML/CFT framework thereby mitigating threats and vulnerabilities. The assessment team considered these



policies given their importance to ensuring that ML/TF risks are managed and mitigated. Examples of these policies and scope are illustrated in Table 2.4.

**Table 2.4: Examples of policies of competent authorities to address ML/TF risks.**

Name of Agency	Title of document	Scope of Policy
BPD	Asset Recovery Policy	The BPD Asset Recovery Policy outlines that the use of these tools is an operational priority of the BPD, particularly in relation to the higher-risk predicates identified through the NRA process. The policy correlates to NP&S sections 5.2.4 and 5.2.5. NAP Priority: Other Actions (as resources allow).
BPD	SOP on parallel financial investigations	This SOP aims to provide clear instructions for the BPD to engage in parallel investigations with the FIU regarding cases that bear connections to ML, associated predicate offences and TF offences. It is designed to assist BPD investigators in conducting joint investigations with the financial crimes investigators of the FIU, and in collaboration with the ODPP. The BPD highlights the policy approach of the BPD to ensure that parallel financial investigations are undertaken, which is consistent with the NP&S section 5.2.4 at page 22. NAP Priority: High.
FIU	SOP for investigations	This SOP provides detailed guidance to officers of the FIU on conducting parallel ML and TF investigations and undertaking financial investigations in support of other LEAs. This is also consistent with the NP&S section 5.2.4 at page 22. NAP Priority: High.
FIU	FIU Policy for Prosecution of ML/TF Offences	This policy document provides detailed guidance to officers of the FIU re prioritising prosecutions, coordination with the ODPP, considerations to be taken into account in the exercise of prosecutorial discretion in providing charging advice, procedural considerations, considerations re TF, determining the mode of trial, and sentencing considerations. This aligns with NP&S section 4 at pages 16 – 17 and section 5.2.5 at pages 22 -24. NAP Priority: High.
FIU	FIU SOPs for Analysis Department	These SOPs set out procedures and considerations for taking a risk-based approach to prioritising and analysing STRs and other sources of information and generating intelligence reports. This aligns with NP&S section 5 page 18 and fn. 13. NAP Priority: Medium.
CBB	Five-year strategic plan	The strategic plan includes upgrading the compliance unit’s structure to a department, reaffirming CBB’s commitment to addressing ML/TF/PF risks within Belize’s jurisdiction. This aligns with NP&S section 3.1 page 13.
FSC	Strategic plan 2020-2023	The strategic framework set out in the Strategic Plan outlines five thematic areas including Legal, Regulatory & Compliance. Objectives include strengthening the FSC’s regulatory functions and supervisory practices to prevent possible financial criminality. The strategy for achieving these objectives includes revisions to the legislative framework; enhancing supervision and enforcement processes; supporting NAMLC’s AML/CFT strategies. This aligns with NP&S section 3.1 page 13 and section 4 pages 16 – 17.
OSIPP	2020 Annual Report	Highlights the importance of AML/CFT supervision to protecting the integrity of the insurance sector. This aligns with NP&S section 3.1 page 13.
ODPP	ODPP Protocol	Provides for, <i>inter alia</i> , ensuring that prosecutions are prioritised in line with the country’s threat, risk profile and AML/CFT policies.

112. Further to the policies mentioned above (Table 2.4), the Parliament of Belize enacted and amended several pieces of legislation to address ML/TF risks that were identified in the 2019 NRA. These legislative changes include, (i) amendments to the MLTPA to address, *inter alia*, CDD requirements by reporting entities such as the real estate sector; (ii) amendments to the FSCA to address, *inter alia*, VAs and VASPs; (iii) amendments to the Belize Companies Act (BCA), Limited Liability Companies Act (LLCA), Limited Liability Partnerships Act (LLPAs) and the Foundation Act (FA) and the Trust Act to, *inter alia*, address vulnerabilities related to the transparency of legal persons and arrangements including maintenance of basic and BO information; (v) repealing and replacing the Insurance Act to, *inter alia*, conduct risk-based supervision and sector specific regulations; and (v) enactment of the NPO Act to address vulnerabilities and gaps relative to NPOs that fall within the FATF definition of NPOs, especially those that are considered as higher risk. Whilst these enactments were also intended to address the FATF requirements, the amendments also addressed vulnerabilities such as weakness in legislative framework that were identified in the NRAs. For example, the availability of the BO information, strengthening the TF legislation and legislative gaps identified by competent authorities based on their operational experience.
113. Besides the legislative amendments, Belize has also taken actions to ensure that motor vehicle dealers and the entities operating in Free Trade Zone (FTZ) which were assessed in the 2019 NRA and considered as areas of high vulnerabilities are subject to AML/CFT requirements (including implementation of preventive measures and reporting requirements).

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

114. The Belizean legal framework does not include any exemptions for FIs and DNFBPs in their applications of AML/CFT measures. Belize has not granted any national level exemptions from AML/CFT requirements, and all FIs and DNFBPs are required to implement AML/CFT measures. There are provisions in place for enhanced and simplified measures to be adopted by FIs and DNFBPs based on an assessment of ML/TF risks, including a simplified due diligence guidance created for its licensees by the CBB. Enhanced Due Diligence (EDD) must be undertaken by FIs and DNFBPs where a higher risk is identified. For example, transactions involving PEPs. In addition to FATF mandated high risk areas, FIs are required to apply EDD and enhanced ongoing monitoring on motor vehicle dealers and entities operating in the FTZ, both of which were identified as high-risk sectors in the 2019 NRA.
115. FIs and DNFBPs are not required to apply the full scope of CDD measures in circumstances where after assessment of the risk, the reporting entity has reasonable grounds for believing that there is low risk of ML/TF that is consistent with Belize's risk assessment; and the reporting entity has no suspicion of ML/TF. For example, as part of the ongoing 2<sup>nd</sup> NRA, an assessment of risk relating to electronic money products was conducted and it was determined as low risk based on product features as well as customer, delivery channel and geographic risk. The CBB upon granting approval for a bank to license electronic money products, relied in part on this assessment to ensure that CDD for the tier one products is adequate to identify customers. The CDD information includes customer name, address, date of birth and nationality. This information is required to be verified with valid identification documents. Electronic money was identified as low risk given the key product features such as customer risk (primarily established by FIs to foster financial inclusion with customers only having access to one wallet per service provider), delivery channel risks (loading of wallet is restricted to banks and authorised agents, with transaction threshold of USD700-USD1250 monthly, which is subjected to ongoing monitoring) and geographical risk (the currency is only in Belizean dollars and only allows for domestic transactions).

### 2.2.4 Objectives and activities of competent authorities

116. Competent authorities are required to ensure that their objectives and activities are aligned with the ML/TF risks identified in the jurisdiction and the areas set out by the NP&S (which represents the overarching AML/CFT/CPF policy in Belize). To ensure their objectives and activities are commensurate with the NP&S and to mitigate the ML/TF risks identified in the jurisdiction, some agencies have created departmental policies and procedures (see Table 2.4 above). These policies and procedures are designed to guide the objectives and activities of the various competent authorities. For brevity, the objectives and activities of some of the main competent authorities are outlined below. In-depth detail related to the objectives and activities of competent authorities is captured in Chapters 3-8 of this report.

#### Supervisors:

117. Supervisors have aligned their objectives and activities with the NP&S and the ML/TF risks identified by taking actions to enhance their risk-based supervision framework including the update of their policies and procedures, risk-matrices, on-site inspection, desk-based reviews and enhancing their human resources capacity. An example of risk-based supervision is demonstrated with the creation of a Compliance Department by CBB which focuses on managing ML/TF risks within the sectors it supervises. Further CBB conducted thematic reviews on licensed moneylenders which is a sector that was identified as *medium-high* risk in the 2019 NRA to ensure that their compliance programs were in line with the MLTPA. Supervisors were provided with technical assistance by the CFATF through the 11<sup>th</sup> European Development Fund (EDF) to strengthen their supervisory framework. All supervisory authorities also received technical assistance from the World Bank in 2023 to ensure effective risk-based supervision is implemented and more strengthened. Some of the actions taken by the Office of the Supervisor of Insurance and Private Pensions (OSIPP) include the establishment of a compliance unit to specifically manage risk-based supervision and updating of its action plan based on the NP&S and changes to the MLTPA.
118. The Financial Services Commission (FSC) has, *inter alia*, restructured its compliance department, increasing the number of staff from four to 11, four of which are assigned directly to AML/CFT supervision and aligned its 2020-2023 strategic plan with the NP&S. At the time of the onsite visit, eight of the 11 positions within the FSC Supervisory department were filled. Some of the actions taken by the CBB as part of its supervisory framework include, the development and implementation of the *CBB supervisory approach strategy for managing ML/TF risks* which addresses the CBB's approach to risk-based supervision. All supervisors have provided targeted training and outreach to their licensees as part of their objectives and activities. Additionally recognising the vulnerability associated with timely access to basic and BO information, the FSC has implemented a BO registry to address this particular deficiency.
119. Another example of the actions and objectives of competent authorities geared towards mitigating and managing the ML/TF risks, is to require motor vehicle dealers and entities operating in the FTZ to report transactions to the FIU. The authorities have ensured that motor vehicles dealers that were considered to be high-risk are subjected to the FATF requirements that are applicable to DNFBPs with the FIU tasked with the responsibility of conducting AML/CFT/CPF supervision of the sector. The sector has been subjected to several on-site and desk-based inspections by the FIU. The FTZ business sector was considered as high level of vulnerability for ML given their geographical location and cash intensive nature of the businesses.
120. Further, based on the findings of the crypto-currency risk assessments which detailed the ML/TF risks associated with VASPs, the Government of Belize, through an amendment to the FSCA, took the decision to prohibit the operation of VASPs in the jurisdiction until December 2025.

121. Despite the actions taken by supervisors, the risk-based supervision mechanism that is designed to, *inter alia*, mitigate and manage the ML/TF risks requires further development. This was considered to have a minor impact on core issue 1.4 and was appropriately weighted and treated according to the relevant section of the report (see IO.3- Chapter 6 of the MER).

**LEAs and Prosecutors:**

122. LEAs, specifically the FIU and the BPD, have developed several policies as part of their objectives and activities which are aligned with the NP&S to mitigate the ML/TF risks (see Table 2.4 above). As part of the policies and procedures, working groups and a taskforce were also created (see Table 2.5). Whilst policies and procedures are in place to identify, investigate and prosecute ML cases commensurate with risk as part of the objectives and activities of LEAs and prosecutors, the assessment team found that ML investigations and prosecutions are not commensurate with the risk profile of the jurisdiction (see analysis in IO.7). The assessment team found that this is due in part to the recent implementation of most of the policies and the need for additional resources by some competent authorities such as the Customs and Excise Department (CED). The assessment team notes that overtime, should these policies remain in place and are properly implemented with the provision of additional resources, more outcomes will be achieved and as such sees this as a minor deficiency for the purposes of core issue 1.4. This deficiency was appropriately weighted in Chapter 3 of the report. Despite the foregoing, LEAs and prosecutors have demonstrated that there is a shared effort including through the FCWG to utilise financial intelligence and relevant information to combat associated predicate offences and ML and recover the proceeds of crime (see case examples referenced in IOs 6 and 7).
123. The FIU (R.29 functions) have implemented measures to ensure that STRs are prioritised and analysed based on the ML/TF risks in the jurisdiction. The FIU is part of the various working groups and taskforces and therefore ensures that the financial intelligence and relevant information it provides give some level of support to the operational needs of competent authorities primarily LEAs. Strategic analysis products are based on risk including emerging risk, for example, strategic analysis products undertaken during the COVID-19 pandemic. To ensure that the FIs and DNFBPs are aware of their reporting obligations, the FIU has provided sector specific guidelines to facilitate the identification and reporting of quality STRs in a timely manner. Further, the unit recruited additional legal officers to support its operations (including investigations and prosecutions). The FIU has demonstrated that its actions and activities are aligned to address and mitigate the ML/TF risks identified.
124. The ODPP recognised the importance of pursuing parallel financial investigation and has developed a policy by ensuring that financial crime cases and predicate offences such as drug trafficking where the suspect may have benefited are brought to the attention of the FIU. All crown counsels within the ODPP are aware of this policy (see analysis in IO.8).
125. Although some positive actions were taken by operational agencies including the use of alternative measures in respect of higher risk predicates, the assessment team found that further implementation was needed given the limited positive outcomes achieved related to ML investigations and prosecutions. This issue along with the deficiencies were addressed and appropriately weighted in Chapter 3 (IO.7) of the MER where they are required to be addressed. These were considered to have only a minor impact on the analysis of this core issue (1.4) considering Belize has implemented mitigating measures including addressing the legislative gaps and the formation of taskforces.

***Formation of the Working Groups and Task Force:***

126. The formation of the FCWG, NTFSTF, GoS and the P&LDWG were all created and implemented to ensure that resources are effectively managed and utilised to ensure that competent authorities' activities and objectives are achieved, including the management and mitigation of ML/TF risks (see Table 2.5 below). The creation of these working groups and taskforce also allows competent authorities to ensure that there are shared objectives to address ML/TF/PF and the recovery of assets. Further information on the impact of these working groups and taskforce are referenced in the various chapters of the MER, for example, the work of the GoS and NTFSTF in ensuring that TFS is being implemented without delay (see Chapter 4) and the FCWG in ensuring that there is parallel financial investigations, ML cases are prioritised and financial intelligence is accessed in real time (see Chapter 3).

**Table 2.5: NAMLC Sub-Committees and other Task Forces with date established.**

Name of Groups (NAMLC- Sub- committees / Taskforce)	Date established
FCWG	Established in October 2017 and became operational on 23 January 2018.
GoS	Functioning informally since early 2016, and was formalized via the signing of an MOU on 23 October 2020
P&LDWG	Established in July 2022 and became operational on 12 August 2022.
NTFSTF	Functioning since 17 January 2023, and formally established with the amendments to the MLTPA which came into force on 21 July 2023.

### **2.2.5 National coordination and cooperation**

127. Co-ordination and cooperation at the domestic level represents one of the strongest pillars of Belize' AML/CFT/CPF framework and is one of the thematic areas of the NP&S. The assessment team found that strong synergies exist between the different competent authorities to ensure that domestic co-ordination and cooperation are being achieved at both the policy and operational levels. Further, given the small size of the jurisdiction and the construct of entities such as the FIU, where investigators from the BPD are assigned to the FIU to conduct financial investigations, the assessment team found that co-ordination and cooperation was largely achieved without any impediments.
128. Cooperation and co-ordination at the policy level is facilitated via NAMLC, a statutory body comprising of all the different competent authorities and chaired by the FIU. The functions of the NAMLC include advising the Minister of Finance on policies to effectively combat ML/TF and PF. Information presented to the assessment team shows that the NAMLC is an active body. Some of the activities undertaken by the NAMLC include work on the NRA, review of legislation and implementation of plans and procedures to combat ML such as discussions surrounding the establishment of an asset recovery forum within the FCWG. Activities in NAMLC are approved at meetings or during the Round Robin process (see Box 2.2).

### **Box 2.2: NAMLC decision-making process**

After the completion and approval of the 2019 NRA and the 2020 NAP, the NAMLC prepared to take actions to disseminate the results of the assessment and information on the planned risk mitigating actions to stakeholders and the public in general. The FIU as NAMLC Chair spearheaded the development of a dissemination strategy which required the approval of the committee. The draft strategy was completed in mid-December 2020 and included a timeline for activities to commence in the second week of January 2021.

On December 16, 2020 NAMLC met and discussed a draft dissemination strategy which was later finalised and put to NAMLC for approval via the round robin process on December 18, 2020. The NAMLC Chair then advised members via email on December 24, 2020, that the resolution for adoption of the strategy was approved via the round robin process and preparations for the dissemination activities were to commence.

129. At the operational level, cooperation and co-ordination is facilitated without any impediments. Mechanisms such as MOUs (for example, MOUs between the FIU, Belize BTS, BPD and CED) have been established by various competent authorities to finalise the exchange of information. Further, through the creation of the various working groups and taskforces including the FCWG, GoS and the P&LDWG, cooperation and co-ordination is facilitated with no impediments. Evidence was presented to the assessment team to demonstrate that the working groups are functional and are represented in various Chapters of the MER including Chapter 3 (IOs.6 and 7- FCWG) and Chapters 5 and (IOs.4 and 3, respectively- GoS).
130. The NAMLC also has responsibility to ensure that PF is addressed at the policy level and the work of the NAMLC to address issues was demonstrated to the assessment team through the strengthening of legislation and updating the NP&S to cover PF. At the operational level, the NTFSTF is responsible for ensuring that there is cooperation and coordination for effective implementation of measures to combat PF and this was demonstrated to the assessment team through the actions that have been taken by that group and other competent authorities (see Chapter 4- IO.11).

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

131. The private sector demonstrated a comprehensive awareness of the ML/TF risks in the jurisdiction. Private sector representatives effectively communicated the findings of the 2019 NRA especially the areas that represents the highest threat and vulnerabilities. In addition, to private sector's participation in the NRAs (2019 and the ongoing 2022) through interviews, as working group members, focus group meetings and responding to surveys and questionnaires, to ensure that the private sector was aware of the ML/TF risks identified, Belize developed an NRA Results and Action Plan Dissemination Strategy which was approved by the NAMLC in December 2020. The dissemination strategy included conducting virtual sector specific outreach sessions, which were also attended by members of relevant sector associations (e.g. real estates), dissemination and publication of the public version of the NRA on the websites of competent authorities. Further, CBB which supervised the largest entities within the financial sector, as well as the OSIPP conducted training and outreach

in forums such as the compliance officers' meetings where the findings of the 2019 NRA were shared. Competent authorities such as the CBB and OSIPP have also shared the preliminary findings of the ongoing 2022 NRA with their licensees through industry meetings with compliance officers, to ensure that they have an awareness of the ML/TF risks identified.

## Overall Conclusion on IO.1

132. Competent authorities and the private sector share a good understanding of the jurisdiction's ML/TF risks. The understanding of the risks is based on the completed 2019 NRA, the sectoral risk assessments, the results thus far analysed from the ongoing 2022 NRA which is near completion and the experience and expertise of competent authorities. The risks associated with legal persons was only considered to a limited extent in the 2019 NRA. The 2022 ongoing NRA includes a standalone risk assessment of legal persons
133. From the 2020 NAP, Belize developed and implemented a national policy and strategy to mitigate the risks and vulnerabilities identified. The national policy was revised in 2023 to capture the changes in risk and the AML/CFT landscape, which subsequently resulted in the revision of the national action plan.
134. Competent authorities have developed objectives and policies in line with the national strategy and policy, and have undertaken activities outline in the national action plan which has been directly incorporated into the NP&S.
135. Belize has demonstrated that there is a high level of positive cooperation and coordination at the strategic, policy and operational levels among competent authorities as well as with the private sector to address the jurisdiction's ML/TF risks and PF, including using inter-agency task forces and working groups as well as public-private sector committees.
136. Whilst there is a good and shared understanding of the ML/TF risks, the assessment team nevertheless found that there is a need to finalise the 2022 NRA and take other relevant measures such as updating the NP&S and for competent authorities to ensure that priority areas identified in the NAP are completed within the relevant period. Additionally, the assessment team found that there is a greater need for competent authorities to ensure that their objectives and activities are achieving expected outcomes, especially in the area of ML investigations and prosecutions and the implementation of risk-based supervision by some supervisors.
137. The assessment team appropriately considered and weighted deficiencies identified and noted that moderate improvement is needed, given the substantial amount of work undertaken by the authorities and the fundamental aspects of the Immediate Outcome are achieved, namely, the assessment, identification and understanding of ML/TF risks, implementation of actions to mitigate identified risks and domestic cooperation and coordination.

**Belize is rated as having a substantial level of effectiveness for IO.1.**

## Chapter 3. LEGAL SYSTEM AND OPERATIONAL ISSUES

### 3.1 Key Findings and Recommended Actions

#### Key Findings

##### *Immediate Outcome 6: Use of financial intelligence and relevant information*

- a) Belize has established a well-functioning FIU (hybrid) which complies with the FATF requirements as outlined in R.29. The FIU has access to a wide range of databases to conduct its functions. The FIU has demonstrated that it is accessing and utilising financial intelligence and relevant information to an extensive degree in the conduct of its functions including analysis of STRs, rendering international cooperation, the investigations of predicate offences, ML identification and investigations and to a limited extent in the identification, tracing and confiscation of assets. Financial intelligence and relevant information are also accessed and utilised by the Belize Police Department (BPD) primarily to conduct investigations into predicate offences and to a limited extent by the Belize Tax Service (BTS). There is no evidence that the Customs and Excise Department (CED) accesses and uses financial intelligence and relevant information to conduct its functions.
- b) The FIU is the competent authority that is charged with the responsibility of receiving STRs which are mainly submitted electronically and in a timely manner. Most FIs and DNFBPs are complying with the obligation to submit STRs. No STRs were received from sectors such as, DPMS, accountants and money changers during the period under review. Further, there is a low level of STR reporting by some sectors such as the real estate sector which is considered as high risk. The assessment team found that the STRs filed with the FIU were generally of good quality and most of the reports were suspected to be connected to the predicate offence of fraud. The FIU has continuously provided feedback and guidance to reporting entities which have contributed to the good quality of the STRs received.
- c) The FIU has demonstrated that it is producing both operational and strategic analysis products which are of good quality. To conduct its analysis, analysts at the FIU are accessing a wide range of databases including law enforcement and financial databases to conduct their functions. The analytical department is well-resourced (human resource), and the analysts are well-trained to conduct their functions. The analytical department can nevertheless benefit from analytical software to complement its existing human resource to enhance the quality of its analytical products. The assessment team however weighted this deficiency as minor.
- d) The FIU's analysis and disseminations have assisted competent authorities, primarily the FIU- Investigative Department (FIU-ID) and the BPD which are the largest users of its products to a large extent including in the triggering of investigations into predicate offences. To ensure that its analysis and dissemination supports the operational needs of competent authorities, the FIU, *inter alia*, prioritised its analysis and facilitates team meetings between the analysts and its stakeholders. Further, through the creation of the Financial Crimes Working Group (FCWG) and the National Targeted Financial Sanctions



Task Force (NTFSTF) of which the FIU plays a leading role and other LEAs are members, the FIU ensures that its analysis supports the operational needs of competent authorities. Disseminations have been largely used to trigger investigations. There is nevertheless a need for competent authorities (LEAs) to provide feedback to the FIU on its disseminations as this will assist analysts in identifying potential gaps in their analysis.

- e) Cooperation is one of the strengths of Belize's AML/CFT system. Cooperation and the exchange of financial intelligence are done without any impediments within the system. This is made possible given, *inter alia*, the size of the jurisdiction, the structure of the FIU (consists also of police officers who are members of the BPD), the establishment of the different working groups including those mentioned in KF (d). Financial intelligence is disseminated using safe and secured channels such as encrypted emails. Whilst financial intelligence and relevant information is also disseminated in an informal/real-time manner and was considered to be effective, the maintenance of comprehensive statistics pertaining to the access and use of financial intelligence and relevant information should be maintained by competent authorities.

***Immediate Outcome 7: ML identification, investigation, prosecution and conviction***

- a) Belize has a robust legislative mechanism in place which effectively criminalises the offence of ML in accordance with the requirements of the Vienna and Palermo Conventions. In addition, there are adequate sanctions available to deter and penalise ML offenders. LEAs and other competent authorities are cognisant of their roles and responsibilities and possess adequate powers to investigate various types of ML offences (as highlighted in R.3, 30 and 31) and have demonstrated the capacity to do so. Nevertheless, they can nevertheless benefit from continued mentorship to assist in conducting ML investigations.
- b) Belize has a wide range of mechanisms to ensure that ML cases are properly identified. These mechanisms include the conduct of parallel financial investigations, dissemination of intelligence reports by the FIU following an STR analysis and interactions between members of the FCWG. The mechanisms are supported by documented policies which have been implemented and include official policies of the BPD and the FIU. The establishment and operationalising of the FCWG within Belize serves as a useful mechanism for LEAs to effectively identify and investigate ML. Although it is evident that some priority is given to the offence of ML by LEAs, the number of ML investigations conducted is not commensurate with the risk profile of Belize.
- c) The constitutionally assigned authority for prosecuting all criminal offenses, including ML resides with the Office of the Director of Public Prosecution (ODPP). However, the FIU, in cooperation with the ODPP, prosecutes ML cases through Attorneys at the FIU. Investigators and prosecutors work closely from the on-set of ML investigations, given the construct of the FIU. The ODPP/FIU prosecutors and the judiciary are equipped with the relevant training and have processes in place to give priority to ML cases to ensure effective prosecution. Despite the robust policies and procedures that exist to prioritise and prosecute ML cases, these have not translated into successful ML prosecution at the time of the on-site visit which is not in keeping with the ML risk and context of the jurisdiction.
- d) The sanctions in place for the offence of ML are proportionate and dissuasive from a technical compliance standpoint, however, no sanctions were applied given the absence

of a successful prosecution. Therefore, the assessment team was unable to determine the effectiveness, proportionality and dissuasiveness of sanctions from an effectiveness standpoint.

- e) Belize has shown they are investigating and prosecuting several forms of ML cases, including self-laundering, stand-alone, and third-party cases to a limited extent. There are no instances of ML investigations involving foreign predicate offences. Investigations carried out involved natural persons with instances of connections to legal persons. However, all prosecutions were associated with natural persons.
- f) Where competent authorities are unable to prosecute for ML, they have implemented alternative measures such as civil recovery.

#### ***Immediate Outcome 8: Confiscation***

- a) Belize's legislation to address confiscation and other provisional measures is robust. Coupled with the legislative framework, LEAs and prosecutors have in place robust policies to facilitate the tracing, identification and confiscation of proceeds, instrumentalities, and property of equivalent value. However, some of these policies were implemented just prior to the on-site visit and have yet to achieve the full desired effect. Given that some of these policies were recently implemented, confiscation is not pursued as a policy objective in all instances.
- b) Belize has demonstrated to a moderate extent that it is seizing and confiscating proceeds and instrumentalities involving domestic predicate offences, particularly in cases involving suspected drug trafficking which represents its highest risk and smuggling. This was demonstrated via the statistics and case examples provided to the assessment team. However, based on the information provided, unlike instrumentalities, the tracing, identification and confiscation of proceeds derived from criminal conduct have been achieved to a limited extent whilst confiscation of property of correspondent value was non-existent. These were considered by the assessment team as major deficiencies.
- c) The CED which is the competent authority for detecting and confiscating currency and BNI, utilised various measures such as a customs declaration form and intelligence to identify travellers transporting currency and BNIs not declared. Whilst there have been some successes in detecting and confiscating currency and BNIs falsely and undeclared, this is being done to a limited extent and not in line with the risk profile and context of the jurisdiction. This was considered by the assessment team as a major deficiency. The assessment team found that the CED can benefit from additional resources such as K-9 to effectively detect cash and BNIs that have been falsely and not declared.

## Recommended Actions

### *Immediate Outcome 6:*

- a) The FIU and the BPD should continue to consistently utilise financial intelligence and relevant information in the conduct of their functions, thereby ensuring that higher levels of effectiveness can be achieved. There is a need for the CED to access financial intelligence and relevant information and the BTS to access and utilise financial intelligence and relevant information to a greater degree in the conduct of their functions.
- b) Although the analytical department of the FIU has adequate human resources, the FIU should be provided with the relevant analytical software to complement its existing human resource to support its analysis, thereby ensuring that the analytical product is of a higher quality.
- c) In addition to the mechanisms currently utilised, LEAs and other competent authorities should utilise the FIU's feedback form to provide written feedback to the FIU on the quality and importance of its dissemination. This mechanism will enhance the FIU's ability to identify strengths and potential deficiencies in its analytical products and remedy same.
- d) The FIU working in conjunction with the respective AML/CFT supervisors should ensure that accountants, DPMS and money changers are complying with their obligations by identifying and reporting STRs in circumstances where suspicious activities are identified. Further, the FIU working in conjunction with supervisors should ensure that sectors that are most at risk are identifying and reporting STRs based on the level of their risk and the identified risk (especially regarding higher risk offences).
- e) Despite the effectiveness of the informal sharing mechanism, competent authorities should ensure that comprehensive statistics pertaining to the access and use of financial intelligence and relevant information are maintained to ensure the demonstration of a more effective regime.
- f) The FIU and the BPD have demonstrated that they are accessing a wide range of databases to obtain financial information and relevant information, especially information from FIs. Nevertheless, there is a need for the FIU and other LEAs, including the BPD, to access information from a wide range of DNFBPs especially the entities that are most material and higher risk.

### *Immediate Outcome 7*

- a) LEAs should ensure that the identification and investigations of the various types of ML cases are commensurate with the risk profile of the jurisdiction.
- b) The BPD should ensure that policies and SOPs regarding parallel financial investigations are effectively implemented by ensuring that its members are aware of the policy particularly those within the specialised unit and provide them with the necessary training and guidance on same. This should be done in conjunction with the FIU that has responsibility for the investigation of ML.
- c) LEAs should improve the utilisation of the investigative tools, such as production orders and search warrants to effectively conduct ML investigations.
- d) Belize should continue to provide training and support for investigators and prosecutors to compound existing concepts and introduce emerging topics to assist in the effective and efficient identification of ML investigations and prosecutions of all types of ML cases. Further, the authorities should continue to provide mentorship to investigators.

- e) Cognisant of the fact that ML prosecution hinges on investigations and evidence, measures should be taken by Belize to ensure there is a greater number of ML prosecutions, and that this is commensurate with the risk profile of the jurisdiction.
- f) LEAs are encouraged to continue the implementation of the existing measures and ensure that greater outcomes are achieved. The work of the FCWG should continue and be sustained.

### ***Immediate Outcome 8***

- a) Belize should continue to take actions to ensure the effective implementation of measures such as the BPD asset recovery policy. This can be done through measures such as training, to ensure that confiscation of proceeds and instrumentalities of crime, is pursued to a substantial extent as a policy objective and ensuring that a culture of pursuing confiscation exists among the different LEAs and prosecutorial authorities.
- b) Similar to the confiscation of instrumentalities used in drug trafficking, the authorities should take action to ensure that competent authorities are tracing, identifying, seizing, and confiscating proceeds and property of equivalent value (in circumstances where they are identified) in a manner that is commensurate with the ML risk profile of the jurisdiction.
- c) LEAs, prosecutors and the judiciary should be provided with more practical training related to confiscation. Further, continued mentorship in confiscation should be provided to enhance the capabilities of investigators and prosecutors.
- d) The CED should be provided with adequate resources including technical resources such as K-9 and technology to complement existing human resources to effectively conduct its functions including the detection of falsely or not declared currency and BNIs. Additionally, training and outreach on the content of the CED SOP on the cross-border transportation of currency should be provided to members of the CED especially officers that are stationed at borders.
- e) The CED working along with the other LEAs should ensure that currency and BNIs falsely or not declared are identified, seized and confiscated in a manner that is commensurate with the risk profile of the jurisdiction and effective, proportionate and dissuasive sanctions are applied in such cases.

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

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

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

139. The assessment team found that the FIU and the BPD which are the main investigative bodies for financial crimes (including ML/TF), predicate offences and the tracing and identification of assets, are accessing and using financial intelligence during the conduct of their functions, especially in the investigations of predicate offences. Case examples presented to the assessment team including those referenced in the report at IOs.6, 7 and 8 show that financial intelligence and other information have been used to investigate predicate offences such as drug trafficking, fraud, theft and tax evasion which were considered as high and medium ML risk in the 2019 NRA. Besides the use of

financial intelligence to conduct investigations and to trace and identify assets for confiscation, the FIU and the BPD, primarily the former have accessed and utilised financial intelligence to identify new targets and render international cooperation including through spontaneous disseminations. The assessment team's findings are based on, *inter alia*, information provided by the jurisdiction including qualitative (case examples), quantitative data and interviews conducted during the onsite visit.

140. In comparison to the FIU and the BPD, the Customs and Excise Department (CED) which is responsible for investigating offences under the Customs legislation including smuggling goods (not inclusive of cash which is investigated by the FIU) which was rated as medium-low ML risk in the 2019 NRA did not access and utilise financial intelligence and relevant information<sup>34</sup>. The Belize Tax Service (BTS) which also has a lesser investigative role and is responsible for investigating tax evasion which was rated as medium ML risk in the 2019 NRA accessed and utilised financial intelligence to a limited extent. These deficiencies were considered and weighted appropriately by the assessment team. Despite the lack and limited direct use of financial intelligence and relevant information by the foregoing competent authorities, both agencies have been engaged in investigations with the FIU and the BPD through the Financial Crime Working Group (FCWG) of which they are members (see Box 3.2, for example).
141. The Belize FIU is a hybrid unit. Besides its core functions as required pursuant to R.29, the FIU is also responsible for conducting financial investigations including ML/TF in accordance with the Money Laundering Prevention Act (MLTPA), prosecution of ML/TF in conjunction with the ODP, identification, tracing and confiscation of assets and the supervision of DNFBPs. This section (IO.6) of the report focuses on the roles of the FIU that have a nexus to the use of financial intelligence and relevant information. Taking into consideration context (the structure of the FIU), the assessment team found that the Unit is the largest repository of financial intelligence/information and the foremost user of that intelligence, followed by the BPD.
142. The FIU has access to a wide range of financial and relevant information from several databases supported legislatively through the FIU Act and the MLTPA (highlighted in R.29.3). These databases include financial, law enforcement and commercial databases and are accessible directly and indirectly. Financial intelligence and relevant information can be accessed directly and indirectly from the FIU's database by LEAs, the FIU investigative department (FIU-ID) and other competent authorities. The FIU's database contains useful information such as STRs and information shared with domestic and foreign counterparts including spontaneous disseminations and cash and BNI declarations. There are several local, regional and international MOUs negotiated between the FIU and other competent authorities to facilitate the exchange of information. The list of databases to which the FIU has access to are reflected in the table below (non-exhaustive).

**Table 3.1: List of databases (non-exhaustive)**

Source	Type of information (non-exhaustive)
FIs and DNFBPs	Customer information, transaction records, basic and BO information and transaction history
FIU database	STR information, spontaneous disseminations, information shared with the FIU, currency declaration
BPD	Criminal records, intelligence and incident reports

<sup>34</sup> The CED nevertheless utilised international cooperation information including MLA to request information from foreign counterparts. See Chapter 8 of the MER.

Customs and Excise Department (CED)	Import and Export information
Belize Tax Service	Income tax information, business tax information and general sales tax information
Supervisors	Licensee information
Belize Companies and Corporate Affairs/FSC	Information on legal persons and arrangements including basic and BO information
Immigration Department	Passport and visa information and travel information
Ministry of Natural Resources	Property information
Belize vital statistics	Birth, death and marriage information
Belize Social Security	Social security information
Belize Port Authority	Vessel information
International Merchant Marine Registry of Belize	Ship registered under Belizean flag

### *The FIU*

143. Given the type of FIU that exists in Belize, the staff is diverse and is made up of analysts, prosecutors and investigators. All members of staff are housed in the same building with clear lines of separation. For example, the analysts are housed separately from the financial investigators. Despite the clear lines of separation, the assessment team found that there are no impediments within the system that prevents the sharing of financial intelligence and relevant information. Given the size of the office, the assessment team found that financial intelligence and relevant information is generally accessed and shared in an “informal manner” such as during the discussion of cases and via the different working groups including the Financial Crimes Working Group (FCWG) and the National Targeted Financial Sanctions Task Force (NTFSTF) of which the FIU and the BPD are members. Given the foregoing, the data reflected in this report may underrepresent the extent to which the FIU-ID, BPD and other LEAs are accessing and using financial intelligence. In the absence of the data, the assessment team placed significant weighting on the case examples provided and discussions held with the authorities. The assessment team did not consider this as a deficiency, given that the sharing of information in a real time manner (informal settings) was found to be effective, efficient and contributed positively to the process of accessing and using financial intelligence and relevant information.
144. The FIU’s Analytical Department (FIU-AD) primary role is the analysis of STRs and other information to determine whether a criminal offence has been committed and to ensure that its analysis supports the operational needs of competent authorities including the FIU-ID and BPD. Financial information obtained by the FIU, largely via its analytical department is converted to intelligence. The staff of FIU-ID and FIU-AD have received a significant amount of training related to the use of financial intelligence and relevant information. Financial and relevant information is generally obtained from FIs and registered agents via directors' letters. As demonstrated in the tables below, the FIU has requested a significant amount of financial information/intelligence and relevant information utilising the directors’ letters. Such letters were used to obtain information to facilitate, *inter alia*, the conduct of operational analysis, render international cooperation and to investigate suspected ML and associated predicate offences. The NTFSTF, through the FIU, has also accessed and used financial information/intelligence and relevant information in conducting TFS-TF investigations. (See IO.10 and Boxes 4.4 and 4.5).

**Table 3.2: Director’s Letters obtained to conduct operational analysis of STRs.**

Agencies	2018	2019	2020	2021	2022
FIs	560	520	325	390	462

DNFBPs (other independent legal professional)	0	0	0	2	0
Government Agencies	33	58	35	102	167
<b>Total</b>	<b>593</b>	<b>578</b>	<b>360</b>	<b>494</b>	<b>629</b>

**Table 3.3: Director’s letter based on request received by the FIU for information by other competent authorities.**

<b>Agencies</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
FIs	225	160	189	299	318
DNFBPs/Other FIs <sup>35</sup>	0	0	0	21	0
Registered Agents	42	32	55	71	49
Government Agencies	30	28	57	78	86
<b>Total</b>	<b>327</b>	<b>220</b>	<b>301</b>	<b>469</b>	<b>453</b>

145. The information provided in Tables 3.2 and 3.3 shows that the FIU has effectively made use of the directors’ letter to obtain financial and relevant information from FIs (including moneylenders) and DNFBPs including registered agents (including basic and BO information) and is evidence of the agency accessing financial information for itself and different competent authorities. Most of the requests for financial information which were accessed during the period 2018-2022 were utilised to conduct operational analysis of STRs. Most of the requests were made to FIs primarily the credit unions and banks with some requests to money remittance services providers. The assessment team found that there were limited requests being made to DNFBPs with the exception of registered agents. As seen in Table 3.3, the number of requests for information from the FIU from the various competent authorities significantly increased as of 2020.

<sup>35</sup> These entities that are registered as moneylenders and jewellers.

### Box 3.1: Use of financial intelligence and relevant information

**Competent authorities involved:** BPD and the FIU

**Impact on FATF Immediate Outcomes:**

- 6: Use of financial Intelligence
- 7: ML identification, investigation and prosecution

In 2020, the BPD requested the assistance of the FIU to obtain, inter alia, information from a financial institution on Person A regarding a forgery/theft case. The FIU requested, via a director's letter, that a search be conducted of their system to ascertain whether any transactions were conducted for or on behalf of Person A. The FI then provided Person A's account numbers, statement, status, signatories and balances. The FIU's investigators proceeded to obtain the evidence through a Chain of Custody Form along with the necessary witness statements. The information provided by the FI, along with witness statements and evidence was disseminated to the BPD on August 3, 2020.

**Outcome:** With the financial intelligence and evidence disseminated by the FIU, Person A pled guilty to four counts of theft on August 14, 2020, and was charged a fine on each count.

### Box 3.2: Use of financial intelligence and relevant information

**Competent authorities involved:** BPD, FIU, CBB, CED and BTS

**Impact on FATF Immediate Outcomes:**

- 6: Use of financial Intelligence
- 7: ML identification, investigation and prosecution

A joint operation was conducted by members of the BPD- Anti-Narcotics Unit, Financial Intelligent Unit, Customs and Excise Department, and Belize Tax Service Department. A search, which was led by ANU personnel, was conducted on the premises of a business establishment located in Corozal Town. During the search however, a total of USD74,500.00, \$1,698,500.00 Mexican Pesos, and \$5.50 Belize Dollars were found on the premises along with various notebooks with names and amounts suspected to be ledgers of a moneylending business. Subsequently, the owner of the establishment was charged with "Carrying on moneylending business in Belize without holding a valid moneylenders license granted by the Registrar of Moneylenders." The cash was handed over to the FIU and a cash detention order was obtained. A further cash detention order was obtained (subsequent to the first detention order) until the conclusion of the case at the magistrate court. The FIU initiated a parallel ML investigation.

**Outcome:** The matter was concluded at a Magistrate court. ML charges were not laid due to insufficient link to ML and the cash was later returned to the establishment's owner.



146. Besides the director's letters, the FIU-ID also utilised Production Orders (investigative tools) and search warrants to obtain financial intelligence and relevant information in the conduct of its function (investigation of ML). A total of seven production orders and one search warrant were obtained during the relevant period (see analysis in IO.7).

**The BPD:**

147. The BPD has a good working relationship with the FIU. This relationship is due to, *inter alia*, the size of the jurisdiction and the fact that investigators working at the FIU are also members of the BPD. This framework facilitates communication and sharing of information without any impediments. This finding was supported based on discussions held with the BPD and FIU and the qualitative and quantitative data provided, as referenced in this report. The assessment team was advised that given the relationship that exists between the FIU and the BPD, financial intelligence and relevant information are often shared via telephone and meetings between the FIU staff and staff from other specialised units within the BPD such as the Anti-Narcotics Unit and the Major Crime Unit. Given the nature of the relationship that exists between the FIU and the BPD and the manner in which information is shared, for example, via case meetings, data on the number of requests for information made to the FIU is not always maintained. As noted previously, this was not considered by the assessment team to be a major deficiency, given that the assessment is not a "statistical exercise" and the process of sharing information in an "informal manner" facilitates the sharing of information in a timely manner and outcomes such as investigations were achieved. Further, the BPD is a member of the FCWG, which was established in 2017 and became operational in 2018. This taskforce allows the investigators of the BPD to request real-time information including financial intelligence and other relevant information from the FIU, thereby also resulting in the lack of data in some instances which was not considered as a deficiency by the assessment team.
148. Staff of the BPD, particularly the specialised units such as the Anti-Narcotics and Major Crimes Unit demonstrated via interviews conducted and the case examples provided, the importance and use of financial intelligence and relevant information to their functions. This was also demonstrated through the development and implementation of different SOPs which incorporate the importance of financial intelligence, such as the SOPs on parallel financial investigations. The BPD has also assigned focal points (senior officers) in the various districts and stations in Belize who are responsible for liaison with the FIU. The commitment to use and access financial intelligence and relevant information was expressed by the Heads of specialised departments of the BPD and the Deputy Commissioner of Police, interviewed.
149. The BPD has demonstrated that it is accessing and using financial intelligence and relevant information to conduct its functions, primarily in the investigations of associated predicate offences including drug trafficking and fraud which were considered to be high and medium risk in the 2019 NRA, respectively. As demonstrated in Table 3.4, below, the BPD has made a total of 84 requests for information from the FIU. The assessment team considered the number of requests made by the BPD to be satisfactory taking into consideration that whilst the BPD is an important LEA it is generally not responsible for the investigations of financial crimes including ML as this remit lies with the FIU-ID. Further, as noted previously, the information provided in the table underrepresents the BPD's access and use of financial intelligence given that the information is often shared in an "informal manner" and not recorded. As demonstrated in the case examples provided to the assessment team which are referenced in the report (see IOs 6, 7 and 8), the BPD has sourced and used financial intelligence in the investigations of various offences including fraud, drug trafficking and theft.

150. Information provided by the FIU to the assessment team during the onsite visit also showed that the Anti-Narcotics Unit of BPD is provided with information on suspected narcotics traffickers (see Box 3.10). This includes information related to assets owned by such individuals. This process enhances the discussions within the FCWG where the potential targets are discussed. Outside the meeting of the FCWG, meetings are generally held between the investigators from the Anti-Narcotics Unit and the analysts from the FIU to proactively identify potential assets of known/suspected traffickers. The BPD utilises the aforementioned intelligence to further develop ongoing investigations, initiate new investigations and assist in the planning of tactical operations. The assessment team commends the authorities for undertaking this initiative and found same to be useful.

**Table 3.4: Requests for financial and relevant information by the BPD and other competent authorities.**

Competent authority	Years/No. of Requests					Purpose of request
	2018	2019	2020	2021	2022	
BPD	14	9	22	18	21	Account information and activities and movable and immovable assets for investigative purposes
Belize Tax Service	0	0	0	1	3	Account holder details and activities for audit and tax purposes
Belize Coast Guard	0	0	0	1	0	Account holder and activities
Treasury Department	0	0	2	0	0	Account holder and activities
Auditor General	0	0	1	0	0	Account holder and activities
OSIPP	0	0	1	0	0	Account holder and activities
<b>Total</b>	<b>14</b>	<b>9</b>	<b>26</b>	<b>20</b>	<b>24</b>	

#### *Other competent authorities*

151. The BTS and the CED are aware of the importance of the work of the FIU and the use of financial intelligence to their functions. Both agencies share a close working relationship with the FIU. The BTS has accessed financial intelligence and relevant information from the FIU to a limited extent. However, there is no evidence of the CED accessing and using financial intelligence. Given the roles and functions of the BTS and the CED, the assessment team found this to be a moderate deficiency as it is commensurate with the risk and context of Belize. The CED upon seizing currency and BNIs refer such cases to the FIU for investigation, thereby limiting their use of financial intelligence in that aspect. The BTS and the FIU have worked on several of the FIU's major cases, some of which are referenced throughout the report (see case examples 3.3 and 3.4). Intelligence-led collaboration with BPD has also led to BTS leveraging its statutory power, resulting in forfeitures of suspected proceeds of crime. Through the provision of qualitative data (case examples), information was provided to the assessment team to demonstrate that some supervisors primarily the CBB and the OSIPP are accessing and using financial intelligence in the conduct of their functions, primarily fit and proper checks. Financial intelligence is used by sector supervisors at a tactical level to support the preparation for onsite inspection of reporting entities. Prior to an onsite visit, supervisors request STR information regarding the reporting entity under inspection

from the FIU which helps them to understand/ identify ML/TF concerns. The supervisors also rely on analysis on trends, patterns and typologies from the FIU when conducting their supervisory functions.

### 3.2.2 STRs received and requested by competent authorities

152. The FIU is the competent authority responsible for the receipt of STRs and has provided guidance to reporting entities pertaining to the identification (including indicators) and reporting of STRs including TF-related STRs (see R.34). The process of submitting STRs to the FIU is primarily facilitated via an e-filing system and supported by physical submissions delivered by hand. There is no requirement for there to be mandatory e-filing, however, approximately 95%<sup>36</sup> of STRs submitted were done via the e-filing system with the remainder delivered by hand or via email. Delivery by hand or email is generally done by smaller DNFBPs which do not have access to the system. The system was introduced while it was still in the development stage, and during this stage, there was a transition. Nevertheless, the system is consistently being expanded and new users are being added. Most of the STRs that were submitted were filed by the FIs with approximately 60% submitted by banks and credit unions which are the largest sectors (see Table 3.5 below). The information represented in the table below shows that sectors such as the accountants and money changers have not submitted STRs. The real estate sector, which is considered to be high risk, has submitted low levels of STRs for the period under review. The treatment of this deficiency was considered and weighted more heavily in Chapter 5 (IO.4) of the MER.

#### *STRs received by the FIU.*

153. For the period 2018 to 2022, there was a total of 1334 STRs filed with the FIU related to suspicion of ML and other associated predicate offences. This is highlighted in Table 3.5 below. Domestic banks rated as medium ML risk, credit unions, rated to have medium-high ML risk and remittance service providers (RSPs/MVTS), rated to have high ML risk accounted for 35%, 32% and 13% of reports submitted, respectively. The assessment team found this to be in line with the ML/TF risks and materiality of the sectors. The information also shows that a significant number of reports were also submitted by international banks despite the consistent decline in STRs from 2020 to 2022 by the sector. The jurisdiction indicated that this was in line with a reduction in the number of international banks as well as a decline in business across the sector due to the loss of correspondent banking relationships.

**Table 3.5: STRs submitted by FIs and DNFBPs.**

Sector	2018	2019	2020	2021	2022	Total
<b>FIs</b>						
Domestic Banks	71	117	126	74	79	467
International Banks	30	34	27	20	5	116
Credit Unions	72	72	72	127	83	426
Remittance Services	45	42	30	33	28	178
Insurance	8	8	3	6	12	37
Moneylenders	0	2	0	2	3	7

<sup>36</sup> Following the completion of the on-site visit, the authorities advised that the FIU has achieved universal registration of all reporting entities on its electronic platform.

Trading in Securities Businesses	0	0	0	2	0	2
<b>DNFBPs</b>						
Other Independent Legal Professionals	0	0	1	7	4	12
Real Estate Agents	0	0	5	4	3	12
Registered Agents	21	16	12	10	9	68
Attorneys	4	0	3	1	0	8
Casinos	0	1	0	0	0	1
<b>Total</b>	<b>251</b>	<b>292</b>	<b>279</b>	<b>286</b>	<b>226</b>	

154. Upon receipt of an STR, the FIU-AD conducts an initial analysis of the STR to determine the course of action to be taken, and to identify and prioritise for operational analysis. The analysts within the FIU-AD are guided by the procedures for conducting operational analysis which are outlined in the “FIU’s SOP for the Analytical Department.” This process includes a scoring framework for workflow prioritisation. STRs received are assessed against a scoring matrix that rates the impact, feasibility, risk, frequency, validity and timeliness as detailed in the SOP. The score is assessed along with whether the matter has any links to, or is indicative of ML/TF or whether the matter reveals any obvious criminality. STRs that are suspected of having a nexus to TF are given the utmost priority. The senior analyst who is the head of the FIU-AD reviews all STRs received daily and makes a determination on whether such matters should be brought to the attention of the Director of the FIU. Meetings are held between the director and the senior analyst at least twice weekly or more frequently as the need arises to consider the preliminary scoring of the STR as proposed by the senior analyst. All STRs that have been risk-rated as “high” or “moderate” are assigned by the senior analyst to an analyst while some are disseminated to the investigative department of the FIU or other competent authorities.
155. The STRs that were received during the review period primarily relate to fraud, activity outside of the customer profile, unwillingness to declare source of funds and structuring (see Table 3.6 below). No STRs submitted were linked to TF which is commensurate with the risk profile of the jurisdiction.

**Table 3.6: Suspected offences/ activities linked to STR.**

Suspected offence/ activity	Percentage
Fraud	25
Activity Outside Customers’ Profile	12
Unauthorised currency exchange	11
Unwilling to declare the source of funds	11
Structuring	9
Large cash transaction	9
ML	6
Tax evasion	4

Drug Trafficking	3
Failure to disclose KYC information	3
Operating without a license	1
Embezzlement	1
Other	6

156. The assessment team was advised by the FIU that the STRs filed by reporting entities were generally of good quality. This is largely due to the training and guidance provided by the FIU including the issuance of the “*STR Instructional Notes*” guidance to FIs and DNFBPs and the feedback provided by the FIU to reporting entities. This document, *inter alia*, aids reporting entities in identifying suspicions (based on sector-specific indicators) and reporting STRs (see analysis in R.34). To further improve the quality of STRs, in December 2020, the FIU implemented the practice of providing feedback to reporting entities on a quarterly basis regarding the quality of the STRs filed in the recently concluded quarter. Each STR is addressed and where applicable suggested improvements are provided related to rectifying highlighted deficiencies and providing greater quality submissions. The assessment team requested and reviewed a quantity of the STRs during the on-site visit and found them to be of good quality. The STRs contained, *inter alia*, all identification information on the subject, account and transaction information (where applicable), history of the transactions conducted by the subject and other third parties and the reporting entity’s reason for submitting the STR (reason(s) for suspicion).

#### **Feedback:**

157. The quarterly letters provide feedback on the quality of the submissions and highlighted any deficiencies found. Where the need arises, suggestions are made to the reporting entity on how to, *inter alia*, address the deficiencies and/or improve the clarity and quality of the submission. Given the good working relationship between the FIU and the reporting entities, feedback is also provided via telephone calls or by follow-up in urgent cases to the Money Laundering Compliance Officer (MLCO) where there is a need to correct the deficiencies and re-submit the STR. The FIU and the entities interviewed, recognised the importance of the feedback in enhancing the quality of the STRs they filed with the FIU.

#### **Reports submitted by Supervisors.**

158. During the period 2018-2022, a total of 20 reports of possible suspicious activities were submitted to the FIU by the FIU’s Compliance Department, CBB and OSIPP. These reports are submitted following inspections completed by the different supervisors. These STRs are submitted in accordance with s.21 (2) (c) of the MLTPA.

#### **Currency Declaration, International Currency Reports and Free Zone Transaction Reports**

159. Currency declarations (collected by the CED), international currency reports and free zone transaction reports (submitted by entities within the Free Trade Zone (FTZ)) are submitted to the FIU. There are no legislative requirements for businesses in the FTZ. These businesses nevertheless choose to furnish these reports as best practice. The number of reports received from these entities are illustrated in Table 3.7. These reports are analysed and where relevant incorporated into the analysis conducted by the FIU.

**Table 3.7: No. of currency declarations and Free Zone Transactions Reports**

Year	Types of reports/No. of reports		
	Currency declaration	International Currency Declaration	Free Zone Transaction Reports
2018	12	179	3
2019	12	235	1
2020	12	93	1
2021	12	247	1
2022	12	237	3
<b>Total</b>	<b>48</b>	<b>991</b>	<b>9</b>

### 3.2.3 Operational needs supported by FIU analysis and dissemination

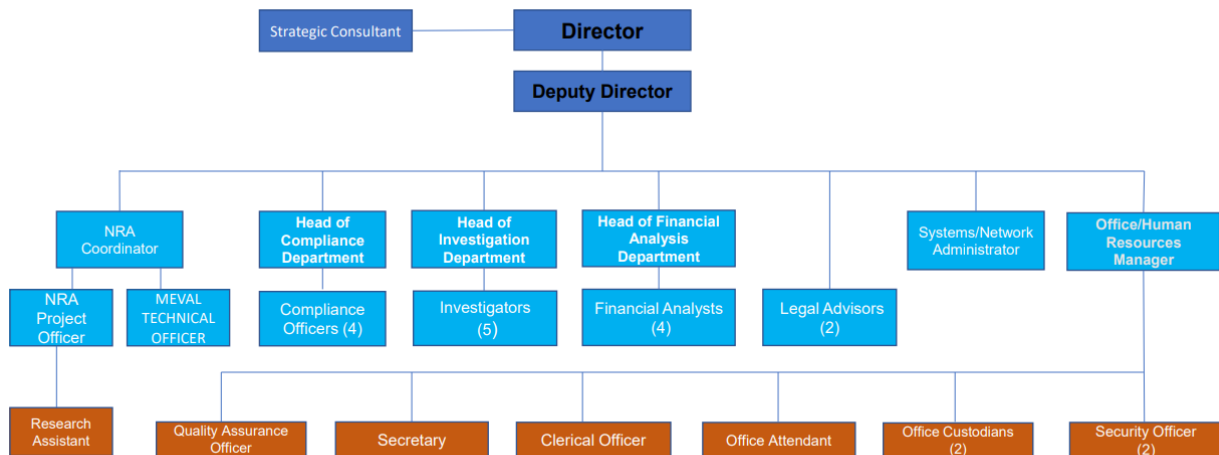
#### Introduction

160. The assessment team found that the FIU's analysis and dissemination support the operational needs of the FIU-ID and the BPD to a large extent, particularly with the triggering of potential ML cases, associated predicate offences and the tracing and identification of assets but with some moderate improvements needed to the system. The findings of the assessment team are based on discussions held with competent authorities, mainly the LEAs and the FIU as well as qualitative and quantitative data which are reflected in IOs 6,7 and 8. The findings of the assessment team are detailed in this section of the report. Given that no evidence was presented to the assessment team on direct disseminations (outside of their role in the FCWG) to the other LEAs (BTS and the CED), the assessment team could not have effectively assessed the extent to which the FIU's analysis support those agencies operational needs.
161. The FIU is an independent and autonomous organisation with the Director having sole authority regarding analysis and dissemination (see analysis in R.29). The FIU conducts both operational and strategic analysis as part of its core functions. Operational analyses are conducted to, *inter alia*, identify specific targets and possible proceeds of crime. Following the conduct of operational analysis, the FIU disseminates its analytical products (intelligence reports) to various competent authorities including the BPD and the FIU-ID. Intelligence reports are also generated from requests from LEAs and other competent authorities to the FIU for financial and relevant information and analysis as was demonstrated to the assessment team by the authorities. The strategic analysis conducted by the FIU is designed to, *inter alia*, identify ML/TF patterns and trends. The results of the strategic analysis were disseminated to various competent authorities and in some instances to the private sector.
162. To ensure that its analysis and disseminations support the operational needs of competent authorities, analysts at the FIU work closely with the investigators from specialised units within the BPD such as the Anti-Narcotics Unit and the Major Crime Unit. Further, the creation of the FCWG, the NTFTF and the Group of Supervisors (GOS) are avenues to ensure that the FIU's analysis and disseminations support the operational needs of competent authorities. As demonstrated in the case examples provided, some of which are referenced in the report, the FCWG of which the FIU is a member has investigated several ML and associated predicate offences. The hybrid nature of the FIU facilitates direct communication between the analysts and investigators and directly contributes to the FIU analysis and disseminations supporting the operational needs of the FIU-ID.

**FIU (Analytical Department) Staffing**

163. The FIU is adequately staffed with a complement of 35 persons, five of whom are analysts in the FIU-AD (see figure 6.1 below). The Director of the FIU has administrative control of the Unit and has the ultimate responsibility for matters related to analysis and dissemination. The senior analyst, who is the head of the FIU-AD works closely with the Director on matters related to analysis and dissemination. The FIU-AD is supported by the FIU’s legal advisors, the systems administrator, quality assurance officers and the investigators (limited to responding to requests for financial intelligence from the BPD). The analysts at the FIU are qualified in the areas of accounting, tax and auditing and have received extensive training from various fields including operational and strategic analysis by several regional and international organisations including the CFATF/European Union, the Egmont Group of FIUs and the US Department of Treasury (FinCEN). Data on the number of trainings attended by analysts and other staff members of the FIU was presented to the assessment team. This information was reviewed and formed the basis of the assessment team’s findings that the analysts are adequately trained.
164. Despite the adequacy of human resource and the staff being well-trained, the assessment team found that the FIU-AD can benefit from analytical software to complement the existing human resource as this will enhance the department’s analytical capabilities to ensure the highest quality analytical products are produced. The absence of analytical software was considered to be a minor deficiency given that it is not a fundamental requirement of the FATF and the reports received by the FIU are generally not complex in nature.

**Figure 6.1: FIU Organisational Chart**



**Operational Analysis**

165. The STRs submitted by reporting entities to the FIUs are subject to analysis, following which intelligence reports to LEAs including the FIU-ID. As indicated previously, analysis is prioritised

based on various factors, including the ML/TF risks. The operational analysis process includes the accessing and using of financial and relevant information to enhance the information provided in the STR and to determine whether any breaches to the MLTPA had occurred including the commission of an offence, such as ML. As demonstrated in the table below, a total of 624 STRs were analysed with 95 disseminations made to competent authorities and foreign counterparts of the FIU. The information provided to the assessment team shows that 44 of the disseminations were to competent authorities (domestic).

**Table 3.8: No of STRs received, analysed and disseminated**

Year	STR Received	STR Analysed	Reports disseminated	STRs filed for intelligence (Close)
2018	255	120	8	135
2019	294	109	21	185
2020	279	134	12	145
2021	294	125	30	169
2022	227	136	24	91
<b>Total</b>	<b>1349</b>	<b>624</b>	<b>95</b>	<b>725</b>

166. The information in the table above shows that more than 50% of the STRs received by the FIU were subject to operational analysis, following which 15% resulted in disseminations most of which to foreign counterparts. Most of the disseminations were to the FIU-ID followed by the BTS. There was no dissemination to the BPD following the analysis of STRs which is consistent with the FIU-ID being responsible for financial crime investigations. The assessment team noted the decline in disseminations between 2019 and 2020 and attributed this to the impact of the COVID-19 pandemic. Samples of the analysis and disseminations to LEAs were reviewed by the assessment team who found them to be of good quality and contained pertinent information which provided leads to investigators. However, as noted previously the FIU-AD can benefit from the access to analytical software (technology) to, *inter alia*, expedite the clear demonstration of linkages between subjects and associates. The disseminations were investigated to determine whether criminality exists.
167. The assessment team considered and weighted the limited number of disseminations in comparison to analysis and the limited number of ML, associated predicate offences and TF investigations and prosecutions originating from the disseminations, but nevertheless considered that an STR is a low-level threshold report (reasonable grounds for suspicion) and is not a definitive indication of the commission of a criminal offence which carries a higher threshold (beyond a reasonable doubt). Additionally, the assessment team gave consideration to instances of a single dissemination compiled from the analysis of information from multiple STRs. Data presented to the assessment team shows that seven ML investigations initiated were as a result of operational analysis conducted following the receipt of STRs and subjected to operational analysis. Throughout the course of the investigations, the FIU investigators worked in conjunction with analysts, the legal advisor, and other departments such as BPD, DPP, BTS, and private sector. Additionally, through qualitative data (case examples), two of which are referenced below, the authorities have demonstrated that intelligence reports disseminated as a result of STRs analysis have been used to conduct investigations and to some extent prosecutions.



**Box 3.3: FIU's analysis and dissemination supporting operational needs of competent authorities (STR analysis).****Competent authorities:** FIU, BPD and BTS**FATF Outcomes:** IOs 1, 4, 6, 7 and 8.

In 2016, the FIU received an STR related to a person conducting several transactions outside his profile. Follow-up investigation and due diligence by the reporting entity provided information that revealed that the person misappropriated funds of a statutory agency.

The Analysis Department conducted an analysis of the STR and requested financial information from all FIs operating within Belize to ascertain whether the subject and his immediate relative were the holders of any accounts or conducted transactions. Information from BTS was requested to verify the subject's salary. Information from several government databases was obtained to determine whether the subject was the holder of any assets.

An analysis of the information received from the FIs confirmed the misappropriation of funds from the subject's employer for the period 2011 to 2016, revealing that the deposits labelled as 'salary' surpassed the rightful amount. The subject acquired high-end jewellery and transferred funds to an account belonging to a relative who is a minor. Additionally, the subject made contributions towards mortgage payments for his spouse. An intelligence report was prepared by the FIU-AD and disseminated to the FIU-ID.

The FIU investigators worked closely with various departments including the BPD, DPP and the BTS as well as other private sector departments. Following the obtaining of additional evidence a search warrant was executed at the residence of the subject and documents relevant to the case were recovered.

The defendant was arrested and charged for the offence of ML on January 21, 2022.

**Outcome:** The matter is currently before the court.

**Box 3.4: FIU's analysis and dissemination supporting operational needs of competent authorities (STR analysis).**

**Competent authorities:** FIU and BTS

**FATF Outcomes:** IOs 1, 4, 6, 7 and 8

On May 26, 2021, the FIU received an STR regarding suspected fraudulent land transactions from a reporting entity that provides closing services. The reporting entity confirmed that it provided closing and escrow services for the transaction referred to by Person A and concerning land allegedly belonging to Person B. The reporting entity conducted an investigation which revealed that Person C, has the same first name as Person B.

The FIU-AD gathered all the relevant information which revealed that Person C applied to the Lands Department for a copy of the title to Parcel 1234 by virtue of a lost land title application. The Lands Department subsequently issued a title to the land to Person C which assisted in the facilitation of the sale of Parcel 1234. The STR and all supporting information was analysed and disseminated to the Investigations Department of the FIU.

An investigation of ML and the predicate offence of fraud and obtaining property by deception was conducted by the FIU. Statements were recorded by the investigators. The FIU investigators worked closely with the analysts and the legal advisor from the FIU during the investigative process.

**Outcome:** The investigations concluded without any criminal charges. The affected parties to settle the matter. The evidence obtained did not show that the subject intended to commit an offence.

168. Besides the intelligence reports disseminated following the analysis of STRs, qualitative and quantitative information was provided to the assessment team to demonstrate that financial and relevant information were obtained, analysed (converted to intelligence) and disseminated have supported the operational needs of LEAs, primarily the BPD and the FIU-ID to a large extent, with demonstrable outcomes as the information was used to investigate ML, associated predicate offences and trace and identify assets with some moderate improvements needed. This information is reflected in the data and case examples provided in IOs 6, 7 and 8 including the case examples referenced below. During the interviews conducted by the assessment team, the feedback received from LEAs and prosecutors indicates that the information disseminated by the FIU was useful in supporting their operational functions including investigations, advancing prosecutions and the identification of targets. The assessment team nevertheless found that in cases involving the dissemination of financial intelligence and relevant information, specifically the intelligence reports, there is a need for the utilisation of the FIU's feedback form by LEAs to ensure that this is documented, for effectiveness purposes and future evaluations. The FIU is however the LEA with the primary responsibility for financial crime, and there are internal mechanisms within the FIU that allow for ongoing feedback from the FIU-ID to the FIU-AD.

**Box 3.5: FIU's analysis and dissemination supporting operational needs of competent authorities.****Competent authorities:** FIU and BPD**FATF Outcome:** IO. 6

On January 27, 2021, the BPD requested the assistance of the FIU in obtaining financial statements from an FI regarding the account of a potential victim of a social media marketing scam identified in an investigation. The FIU was required to verify whether the account was active and possibly retrieve video surveillance footage for withdrawals conducted at the bank. The requested information was regarding a case of obtaining a money transfer by deception.

The information was obtained via a director's letter. Unfortunately, the BPD was unable to locate the accused person when sought for questioning in relation to the investigation. Through the use of financial intelligence provided by the FIU, the bank of the reporting entity was able to alert the FIU of when the accused was visiting the branch and the local BPD in the relevant municipality was able to apprehend the accused in relation to the investigation after which the accused was interviewed.

**Outcome:** The relevant information requested by the BPD was obtained and submitted in February 2022. Apart from financial information, the FIU also provided intelligence that resulted in the apprehension of the subject of the investigation.

### Box 3.6: Use of Financial Intelligence/ FIU analysis supporting operational needs of competent authorities/Fraud/ ML Case

**Competent authorities:** FIU, BPD and BTS

**Relevance to FATF Outcomes:** IOs.1, 2, 5, 6 and 7

#### Summary of case

On May 16, 2018, a legal representative of Person E submitted a report on an STR, alleging that Person P, aided by Person K and Person W, orchestrated a fraudulent scheme targeting Person E and his common-law wife, Person B. The scheme involved fictitious land transactions for non-existent parcels, in Belize. The attorney claimed that through fabricated Government of Belize letters and various deceptive tactics, Person P and associates coerced Person E and Person B into making payments totalling approximately USD400,000. These payments were made through wire transfers, a money remittance service, personal checks, and credit card transactions. The purportedly forged letters included requests for payment from Person W, additional payment requests from the CEO of lands to clear title, letters from the CBB demanding payment (one signed by Person T of the CBB), a joint letter from Income Tax, Lands Department, Audit Department, and CBB assuring the legitimacy of payments, a letter from the treasury department signed by Person J as Permanent Secretary, and a letter from Person G of the Ministry of Finance, attempting authentication by attaching a social security card.

On May 17, 2018, Person S accompanied by their attorney visited the FIU to make a formal report on Person P regarding property fraud. Person S reported that their colleague, Person T was approached by Person P about two properties for sale. Person P sent a payment contract to Person T via email outlining the time and method of payment. Person P then requests Person T to wire transfer funds to his and Person W's bank accounts. Person P also advised that the property title was going to be ready in three months. Three months passed and payments were made, and Person T did not receive the title. Person P contacted Person T about more property that was for sale. Person T raised his concerns about payments being made and the property title not being presented to him. Person T then contacted his attorney and Person S and they then decided to visit LEAs.

The Analysis Department requested information from specific FIs to confirm whether they have conducted any transactions for or on behalf of Person P, Person K, and Person W. Bank records indicated that Person W is a Belize national while Persons P and K were citizens of a foreign jurisdiction. A request to that jurisdiction was made via Egmont on Person P, Person K, and Person W (as an associate of Persons P and K) and it confirmed that Person P received funds via remittance service from his family members. This corroborated information received from RSPs that indicated that Person P had received money from the foreign jurisdiction.

An analysis of the financial information of Person P, Person K, and Person W was conducted, and it confirmed Person W was depositing funds in his account declaring that it was proceeds from the sale of property for Person P and proceeds from Person E and Person T for property sale. Person E paid a total of \$1,104,861. These funds were transferred to the bank accounts of both Person P and Person W. Person W also received via remittance service providers. Person T paid a total of \$106,200. These funds were transferred to the bank accounts of both Person P and Person W. The analysis led to the suspicion that Person P and Person W committed fraud.

**Outcomes:** The Investigation Department recorded a series of statements from victims, personnel from FIs, and personnel from Government offices.

An INTERPOL Red Notice was issued regarding the location of Person P as a result of intelligence received from foreign counterparts. Based on information from Person T, a sting operation was conducted on March 13, 2019, to determine who was the ‘mastermind’ behind the property scheme. This resulted in the uncovering of Person W who managed to escape capture.

However, on April 10, 2019, Person W presented himself with his attorney where he was arrested and charged with three counts of uttering false documents, obtaining money transfer by deception, and obtaining property by deception. The matter is currently before the Court.

### Strategic Analysis:

169. In conducting strategic analysis, the FIU takes into consideration factors such as its stakeholders’ needs, request for information and the nature of the STRs (reasons for suspicion). The FIU has demonstrated that it has conducted strategic analysis, some of which have been disseminated to the public (see Table 3.9 below). The strategic analytical products developed by the FIU align with assessed and emerging risks and are largely used by competent authorities to gain an understanding of the ML risks that exist within the sectors, inform the public of the risks and take actions to mitigate these risks as demonstrated in Box 3.8. For example, in 2019-2022, during the period of the COVID-19 pandemic, strategic analysis conducted by the FIU showed that fraud including phishing represented a risk to the jurisdiction. Strategic analytical products of the FIU have also been utilised in the national ML/TF risk assessments.

**Table 3.9: Strategic analysis products produced and disseminated by the FIU.**

Year	No. of strategic analysis products	Name of Product	To whom disseminated
2018	1	Fraud (Phishing)	Public
2019	5	Fraud, ML risks and threats related to money services businesses, Cybercrime in Belize, ML risk and threats in Belize’s real estate sector and Cross-border trade via commercial free zone	Public
2020	1	Assessment of inflows and outflows of foreign exchange in the commercial free zone	CBB
2021	0		
2022	2	Fraud (Phishing), Medical schools in Belize and compliance with competent authorities	Public
2023 (Dec 15)	2	Identifying indicators related to suspicion of hawala activities and identifying indicators related to motor vehicle insurance fraud	CBB, Credit Unions and OSIPP
<b>Total</b>	<b>11</b>		

### Box 3.7: Operational and Strategic Analyses

**Competent authorities:** FIU

**FATF Outcome:** IO. 6

For the period of March through August 2022, the FIU received several STRs from a domestic bank of online phishing scams involving “scammers” operating outside of Belize and targeting persons in Belize. The scams involve multiple parties, harvesters, facilitators and victims. The victims received an email requesting them to click on a link in respect to their bank account. In doing so, harvesters gained access to victims’ accounts, giving them the ability to transfer funds from said accounts to another account (generally the recruited facilitators’ accounts). Analysis and investigations were conducted by the FIU.

Intelligence gathered shows that online phishing scams are prevalent, and the scenario is becoming increasingly worse. This is significantly affecting Belizeans and may pose a grave threat to the sovereignty of Belize’s Financial System. There is a sense of urgency for the general public to be more vigilant in online interactions; and defensive of their identity/credentials. There is also open-source information that speaks of the same type of activity in the US and UK falling in the same scope and modus operandi of our current situation.

**Outcome:** Some of the funds that were transferred out of the respective accounts were returned to the victims, however, the funds that had already been transferred out of the country were not recovered. The FIU issued advisories using flyers, radio ads and videography on typologies of phishing scams, following which the FIU received STRs relating to unsuccessful phishing attempts.

#### 3.2.4 Cooperation and exchange of information/financial intelligence

170. Given the size of Belize and the make-up of the FIU, there is close cooperation between the FIU and various competent authorities to facilitate the exchange of the information and financial intelligence. The assessment team found that there are no impediments in the framework to facilitate cooperation and the exchange of information and financial intelligence. Further, competent authorities have direct access to the FIU electronic database based on controlled access granted by the FIU.
171. Belize has established a strong mechanism to facilitate cooperation and the exchange of information and financial intelligence. MOUs have been established between the FIU and different competent authorities including the BPD (executed on 11.05.2016), BTS (executed on 26.10.2016) and the CED (executed on 3.02.2016) to facilitate the cooperation and the exchange of information and financial intelligence. Further, through the FCWG and the NTFSTF, the process of cooperation and the exchange of information and financial intelligence was strengthened. The mechanism allows the FIU to work closely with the different LEAs and provide financial intelligence and relevant information in real-time and on a case-by-case basis, given that cases are discussed within the various groups. The Joint Intelligence Operation Centre (JIOC) which plays a critical role in combatting transnational criminal organisations also has an account (access) on the FIU secured platform.
172. Qualitative (case studies) and quantitative data provided to the assessment team show that there is a strong degree of cooperation and there are mechanisms in place to ensure the effective exchange of information and financial intelligence.

***Confidentiality of information exchanged.***

173. The FIU has in place an electronic platform to facilitate the exchange of information with different competent authorities. Users are vetted prior to access being granted. For competent authorities that do not have access to information via the FIU electronic database, information is shared via departmental points of contact and is either hand-delivered or shared using protected password files. The FIU's security policies and manuals have been implemented and ensure that the information exchanged is confidential. Staff at the FIU are bonded by confidentiality agreements and are not allowed to disclose unauthorised information (see analysis in R.29). No evidence of breaches related to the exchange of information was discovered by the assessment team.

**Overall conclusion on IO.6**

174. Belize has in place a fully functional FIU which complies with the obligations specified in R.29. The FIU is adequately resourced and its staff is well-trained. The FIU is the largest repository of financial intelligence which is accessed and utilised by the BPD and the FIU-ID. Financial intelligence and relevant information are utilised to, *inter alia*, investigate ML and associated predicate offences and trace and identify assets.
175. Most reporting entities are complying with their obligations to submit STRs to the FIU. However, the number of STRs reported by some sectors (minority) is not commensurate with their risk profile and a limited amount of reporting entities have not submitted STRs.
176. The FIU conducts both operational and strategic analysis which are of good quality. The operational analysis conducted by the FIU supports the operational needs of the FIU and BPD, however, the assessment team could not determine the extent to which the FIU supports the operational needs of CED and BTS given that they only received intelligence through the FCWG and did not receive any direct disseminations from the FIU. To ensure that its analysis supports the operational needs of competent authorities. The FIU ensures that it prioritises its analysis based on risk and the FIU is a key member of the FCWG. The close cooperation that exists between the FIU and the other competent authorities, primarily the operational agencies also ensure that the FIU's analysis supports the operational needs of competent authorities.
177. Despite the positives that exist in the framework, the assessment team found improvements are required, such as, the FIU can benefit from analytical software to complement its existing human resources, a need for LEAs and other users of the FIU's products to utilise the FIU feedback form to provide information related to, the usefulness and quality of the information provided and the need for CED and the BTS to access financial intelligence and relevant information (to a greater degree in the case of the latter).
178. The assessment team considered and weighted the deficiencies that exist and concluded that major improvements are needed to the regime.

**Belize is rated as having a moderate level of effectiveness for IO.6.**

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

#### 3.3.1 ML identification and investigation

179. ML risk is considered as “medium-high” based on the findings of the 2019 NRA and the preliminary findings of the ongoing 2022 NRA. Belize has a robust technical compliance mechanism in place that appropriately criminalised the offence of ML (see analysis in R.3), identified the responsible LEAs for investigating ML offences (see analysis in R.30) and gives adequate powers to LEAs (see analysis of R.31).

##### *Identification of ML cases*

180. LEAs identified potential cases of ML via different mechanisms, including, (i) intelligence reports disseminated following the analysis of STRs, (ii) spontaneous disclosures to the FIU of Belize, (iii) the referral of cash seizure cases to the FIU from the CED and the BPD, (iv) parallel financial investigations, (v) intelligence and (vi) discussions held among members of the FCWG. The assessment team found that a good framework exists to identify potential ML offences including those from major proceeds generating crimes. However, based on the data provided and the risk and context of Belize, the number of ML cases identified and investigated during the period 2018-2022 is not commensurate with ML risk (medium-high) identified in the 2019 NRA and the preliminary finding in the ongoing 2022 NRA.
181. Whilst a wide range of mechanisms exist within the jurisdiction to identify ML cases, most ML cases were identified via the intelligence reports disseminated by the FIU-AD, discussions held in the FCWG and through parallel financial investigations and were related to the offences of theft and fraud. The cases identified are related to natural persons, some of which involved the use of legal persons and are generally simple ML cases.

##### *Investigation of ML cases*

182. The FIU-ID is responsible for the investigations of ML. The department is staffed with six investigators, four of whom are police officers seconded from the BPD in accordance with FIU Act, Chapter 138:02. The police officers retain all their powers as police officers along with the two special constables who also have law enforcement powers (one of whom has an auditing background). The investigative department is headed by a senior investigator who is also of a senior rank of the BPD with over 13 years of experience at the FIU. The investigators have received a wide range of ML related training locally, regionally and internationally in various fields including the investigation of ML. The investigators have also benefitted from the expertise of a financial crimes investigator to provide mentorship and technical advice in areas related to ML investigation, prosecution and asset forfeiture. The assessment team nevertheless found that the investigators can benefit from continuous mentorship programs to further enhance their skillset and competency to identify and investigate ML cases, especially complex cases. Based on the number of investigators assigned to the department and discussions held with the authorities, the assessment team concluded that the FIU-ID is adequately resourced. Further, where the need arises, the department can leverage assistance from the BPD (given that officers attached to the FIU are also members of the BPD) and via the FCWG to render assistance as was demonstrated. The assessment team was provided with information including case examples to demonstrate that FIU-ID has leveraged resources from the BPD in the execution of their operations. Investigators work closely with the legal team within the FIU from the onset of an investigation which is designed to provide guidance to the investigators.



183. The investigative process is guided by an SOP for the FIU-ID and involves, *inter alia*, the assignment of two investigators to a case, the evaluation of the case, making a determination of the scope of the investigations and documentation of the evaluation by the investigators. The investigators are supervised by the senior investigator with guidance from the legal department within the FIU. Following the completion of the investigations, the file is submitted to the FIU legal department. The SOP for the FIU-ID further requires that the level of resources that is dedicated to an investigation should be commensurate with the level of the threat and high-risk cases should be prioritised.
184. During the period 2018-2023 (Dec 15), a total of 22 ML cases were initiated which were subject to investigations by the authorities in Belize. (see Table 3.10). As noted previously, most of the investigations had a nexus to offences of theft and fraud. Following the investigations most of the cases were closed due to insufficient evidence.

**Table 3.10: No. of investigations, suspected offences, valued and cases closed.**

Year	No of investigations	Suspected offences	Total known value (USD)	No of cases closed (fully)
2018	12	ML, theft, obtaining property by deception, fraud and human trafficking	2,034,192.25	4
2019	10 <sup>37</sup>	ML, theft, obtaining property by deception, fraud, human trafficking and operating without a money lending license	1,864,623.52	2
2020	10 <sup>38</sup>	ML, theft, obtaining property by deception, fraud, human trafficking and operating without a money lending license	1,864,623.52	2
2021	8 <sup>39</sup>	ML, theft, obtaining property by deception fraud and human trafficking	1,691,382.25	3
2022	4 <sup>40</sup>	ML, theft, obtaining property by deception and fraud	638,930.00	0
2023 (Dec)	4	ML, theft, obtaining property by deception and fraud	638,930.00	0

<sup>37</sup> Two new investigations commenced, eight brought forward from 2018.

<sup>38</sup> 10 cases brought forward from 2019.

<sup>39</sup> 8 cases brought forward from 2020.

<sup>40</sup> 4 cases brought forward from 2021.

### Box 3.8: Use of Financial Intelligence/Complex Fraud ML Case

**Competent authorities:** FIU, BPD and BTS

**Relevance to FATF Outcomes:** IOs.1, 5, 6 and 7

#### Summary of case

Following the commission of a murder, the FIU received an email in which the individual stated that they wanted to share very useful and confidential information pertaining to the murder. The email added that the murder is reportedly connected to a sophisticated land fraud scheme that included grants of Probate, fraudulent passports, title transfer documents, shell companies, and money wire transfers.

The Analysis Department had already begun a full analysis and requested financial information from all FIs operating within Belize to ascertain whether the subject, his immediate relatives along with other persons of interest were the holders of any accounts. The deceased worked along with a real estate company from which he would receive funds to his account to conduct land closing transactions but would instead use the funds for personal use.

Between the years 2020 – 2023, the deceased received a significant amount of funds, some of which was not used to pay stamp duties for the various properties. The deceased along with others would create grants of administration, create fake receipts and passports in order to obtain properties to be resold and collect large sums of cash from the sale transactions. Information was requested from the tax authority to verify persons of interest payments to BTS.

Information from the Ministry of Natural Resources was also requested to determine whether persons of interest possessed any property and the traffic and transport departments for vehicle assets. An analysis of his accounts at the FIs confirmed wire transfers to his business account. The deceased also has accounts in Panama City and would sometimes travel to Panama City for various unknown reasons. FIU investigators are working closely with LEAs, the real estate company, BTS, the Ministry of Natural Resources and other relevant agencies/institutions to identify and investigate a suspected case of ML.

**Outcome:** The matter is still under investigation by the FIU jointly with BPD.

### *Parallel Financial Investigations*

185. The conduct of parallel financial investigations is one of the mechanisms that is utilised by the LEAs as a means of identifying ML cases. In August 2023, the BPD documented and implemented its policy related to parallel financial investigations. The policy requires, *inter alia*, that in cases that involve suspicion of financial crimes, ML or where cash exceeds USD10,000.00, the FIU should be contacted to initiate parallel financial investigations, given that the FIU is the premier agency that is responsible for conducting financial investigations including ML. This policy was incorporated into the BPD's procedures manual, which all police officers are required to possess. Members of the BPD, especially officers from specialised units such as the Major Crimes Unit have received training related to the policy, as they have a high level of exposure to matters related to ML investigations. These officers have also received training related to ML investigations. Although the policy was implemented in 2023, the assessment team found that parallel financial investigations were being conducted prior to the development of the policy. This is evident from the information provided in Table 3.12, as most of the investigations were conducted jointly between the FIU and the BPD and in some instances the BTS, with the FIU focusing on the ML aspect and the other agencies focusing on the predicate offences.

186. The information reflected in Table 3.12 showed that a total of 44 parallel financial investigations were conducted with a fluctuation of the figures. Evidence of parallel financial investigations conducted is also represented in the report and is referenced in IO.6 including in Box 3.3 and Box 3.8 below. Despite the strides made in conducting parallel financial investigations, primarily in relation to theft and fraud offences, the assessment team found that limited parallel financial investigations were conducted for the offence of drug trafficking, despite this being the highest threat and main generating proceeds reported. The authorities indicated that although drug trafficking is considered as a risk to the jurisdiction, Belize is a “transshipment point”, most of the drugs that enter, do not remain in the jurisdiction. Further, the authorities advised that whilst there has been successful interceptions of large quantities of cocaine by Belizean LEAs working with their counterparts, no cash was found during these operations.

**Table 3.11: Main proceeds generating crimes (based on 2019 NRA)**

Predicate offences	No. of reports/Year				
	2018	2019	2020	2021	2022
Trafficking of marijuana	206	86	24	3	6
Possession with intent to supply marijuana	22	124	184	142	125
Drug trafficking cocaine	23	19	5	4	2
Possession with intent to supply cocaine	1	11	15	37	36
Theft	91	89	66	77	97
Tax evasion	0	0	0	0	0
Fraud	0	1	0	2	2
Forgery	2	2	1	0	22
False declaration and smuggling of cash	1	0	0	0	0

**Table 3.12: No of Parallel Financial Investigations**

Year	Total
2018	15
2019	06
2020	03
2021	12
2022	2
2023 (Dec)	6
<b>Total</b>	<b>44</b>

### Box 3.9: Parallel Financial Investigation

**Competent Authorities:** Belize Police Department, Immigration Department, Labor Department, Financial Intelligence Unit, Customs and Excise Department, and Belize Tax Service Department.

**Relevant for FATF Immediate Outcomes:** IO1 (Domestic cooperation), IO2 (International Cooperation), IO5 (Preventing Misuse of Legal Persons and Arrangements), IO6 (Utilisation of Financial Intelligence) and IO7 (Identification, investigation and prosecution of ML activities. Financial investigation, legal entities and emerging risk)

#### Summary of case

Company C is a company incorporated in the home country in November 2014, with shareholders having 300, 3900 and 5800 shares, respectively. Company C became operational in August 2018. Based on information received a joint operation was conducted at Company C located in Belize. A search warrant by members of the Special Branch Unit of the BPD, Immigration Department personnel and Labor Department personnel conducted investigations into the suspected offence of “human trafficking.” The joint operation involved the execution of a search warrant.

Whilst conducting the search approximately BZD3.2 million (USD 1.6 Million) was discovered along with passports belonging to different individuals believed to be employed by Company C. The cash was seized and handed over to the FIU who subsequently obtained a detention order pursuant to the MLTPA.

The investigation involved a combination of financial analysis, data collection, and collaboration with relevant stakeholders. The methodology that was involved was data collection, which entailed gathering financial records, transaction data, accessing legal and BO information and other relevant information from legitimate businesses, LEAs, FIs, and international organisations. The scrutinizing of financial transactions, conducting pattern analysis, and identifying anomalies or suspicious activities related to the production, distribution, and sale of products sold by Company C. Collaboration was done with local and international LEAs, brand owners, and other stakeholders to exchange information, share intelligence, and enhance the effectiveness of the investigation.

The investigation is still ongoing for the offences of “Forged Trademarks” and “ML.” There was no cooperation on the part of the suspected victims of “human trafficking”. The BTS conducted an audit of Company C resulting in the payment of outstanding taxes by Company C. No charges for the offence of tax evasion were preferred.

The scheme utilised was complex.

**Outcome:** The cash was returned by the Court following an application by the company.

### Investigative Tools

187. The MLTPA and other legislation make provisions for LEAs to utilise a wide range of investigative tools, including production orders and search warrants to investigate offences related to ML (see analysis in R.31). The FIU has also used director’s letters<sup>41</sup> to facilitate investigations. The assessment team found that the FIU has comprehensively utilised director’s letters to obtain

<sup>41</sup> FIU Director Letters.

information relative to the investigation of ML and other associated predicate offences. On the other hand, limited use has been made of other investigative tools such as production orders and search warrants as can be seen in the table below.

**Table 3.13: No. of investigative orders obtained.**

Types of Investigative Tools	Year/ No. Orders						Total
	2018	2019	2020	2021	2022	2023	
Production Orders	0	0	7	0	0	0	7
Search Warrants	0	0	0	1	0	0	1

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

#### AML Policies

188. The AML policies that are in place to address the investigation and prosecution of ML in Belize are robust and comprehensive. The NP&S represents the main policy and is supported by other departmental policies such as the “SOP for the FIU-Investigation Department” “FIU Policy for prosecuting ML” and the various other policies of the BPD including the parallel financial investigation policy. The NP&S mandates that the jurisdiction’s policy is to, *inter alia*, prevent, detect, prosecute, disrupt and otherwise dissuade ML and protect the national and international financial systems. The establishment of the FCWG is also a representation of the policy of the jurisdiction (see information in IO.1). Having reviewed the policies and strategies that are in place, the assessment team commends the jurisdiction for establishing and implementing such comprehensive strategies and policies.
189. **The “FIU-ID SOP”:** This policy was formally documented in 2023, however, it incorporates practices pre-dating the document (see Box 3.10) and takes into account the main ML threats such as drug trafficking and how they should be addressed in practice. An important element of the policy is to ensure that financial investigations are a part of any major investigations into serious or organised crime, especially drug trafficking, corruption, fraud and ML. The SOP was established to, *inter alia*, set guidelines and procedures for conducting investigations. Those guidelines are intended to ensure that all financial investigations are conducted in a consistent, thorough and professional manner. Further, the policy sets out the procedures that should be followed during a financial investigation, including the assignment of cases (for example to a lead and supporting investigator), the proactive initiation of an investigation, the evaluation of the case by investigators and seeking advice from the legal department of the FIU and the documentation of findings by investigators.
190. **The FIU Policy on Prosecuting ML and TF Offences:** This policy was formally documented in 2023 and provides detailed guidance to prosecutors in Belize on the prosecution of ML. It is closely aligned with the NP&S which is Belize’s main AML strategy. The policy includes consideration for prosecutors in the conduct of ML prosecution including the seriousness of the offence, the evidential burden and the factors that should be taken by prosecutors in reviewing and prosecuting cases

including the public interest test. Further, the policy provides guidance to prosecutors on charging advice and procedure in mixed cases (where the perpetrator of the predicate offence can also be charged for ML) and proving that proceeds are the benefit from criminal conduct including relying on evidence that the circumstances in which the property was handled were such as to give rise to an irresistible interference as cited in *R v Anwoir (2008) EWCA Crim 1354*.

191. **The FCWG:** The FCWG was formulated to ensure that ML investigations are conducted efficiently. It takes a multi-agency approach to ML with the view of conducting parallel financial investigations. The FCWG was also established to tactically manage investigations and set priorities for resource distribution in order to ensure maximum output in ML investigations and prosecutions. The FCWG is one of the mechanisms to ensure that ML investigations are prioritised, and resources maximised. Information provided to the assessment team shows that the FCWG was involved in several of the cases that were investigated and were subjected to prosecution, at the time of the on-site visit. Some of these cases are referenced in IOs 6 and 7.
192. The assessment team found that the policies and the establishment of the FCWG have contributed to a moderate extent to the effectiveness of the ML investigations and prosecution regime. This conclusion was arrived at based on the interviews conducted and the qualitative and quantitative information provided. Although the authorities should be commended for implementing and developing these policies, the assessment team found there is a need for greater outreach among the LEA community to ensure that they are aware of these policies, for example, through training to ensure that they are contributing to satisfactory effective outcomes.

#### ***Consistency of ML investigations with threat and risk profile***

193. As noted previously in core issue 7.1, the overall risk of ML in the jurisdiction is “*medium-high*.” The FIU, and in some instances working in conjunction with other LEAs conducted a total of 22 ML investigations during the period 2018-2023 (Dec 15). Most of the cases investigated had a nexus to the offence of theft (6 cases), fraud (4 cases), tax evasion (3 cases) and forgery (5) which were considered as medium risk for the ML category. Based on the statistical information provided by the authorities, there were no investigations of ML offences that had a nexus to drug trafficking which was considered as the highest risk for ML. Nevertheless, qualitative information provided to the assessment team shows that the BPD has made requests for financial intelligence and relevant information to the FIU in one particular case involving a large shipment of cocaine (see Box 3.11). This therefore demonstrates a willingness on the part of the authorities to conduct investigations and asset tracing in such cases. Whilst there have been no investigations of ML associated with corruption and bribery which was considered to be medium-high risk<sup>42</sup> for ML, LEAs and other competent authorities have cooperated with their international counterparts on cases linked to corruption. Overall, the assessment team found that the number of ML investigations conducted during the past five years is not commensurate with the risk profile of the jurisdiction and considered this to a major deficiency.

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<sup>42</sup> The ML risk associated with bribery and corruption was based on domestic and foreign threats with the larger portion of the threat associated to foreign actors.

### Box 3.10: Request to conduct financial investigations

**Competent Authorities:** FIU, BPD and BTS

**Relevant for FATF Immediate Outcomes:** IOs.1,6,7 and 8

#### Summary of case

In 2021, a letter was sent by the Deputy Commissioner of Police of the BPD to the Director of the FIU setting out the facts of the case which include the illegal landing of an aircraft and the seizure of several firearms and ammunition and 822.46 Kilogrammes of cocaine. The names, addresses and date of birth of the suspects in the matter were provided to the Director of the FIU as part of the information package, so that a financial investigation can be conducted.

**Outcome:** A financial investigation was conducted by the FIU. Following a thorough review, nothing unusual was identified with the subjects' accounts or to support that the proceeds of drug trafficking were being laundered by the subjects. The drug trafficking case remains pending before the court. No ML case was pursued given the absence of any evidence.

#### *Consistency of ML Prosecution with threat and risk profile*

194. Overall, given the low number of ML prosecution, the assessment team found that ML prosecutions are not commensurate with the AML/CFT policies and the risk profile of the jurisdiction (see analysis below pertaining to the number of prosecutions).

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

195. Belize has demonstrated that there is strong cooperation between investigators and prosecutors. The level of cooperation should in practice improve the likelihood of successful prosecutions. Based on the statistics provided by Belize, from 2017 to 2022, 22 ML investigations commenced of which three resulted in ML charges. Of the three ML prosecutions that have commenced in Belize; one related to standalone ML in 2018, one third-party ML case related to theft in 2020, and one self-laundering ML case also related to theft in 2022. Belize has not prosecuted cases involving foreign predicate offences.

196. All cases prosecuted involved natural persons. The close cooperation between the investigator and prosecutors has not resulted in a cross-range of ML prosecutions in line with the threats and risks identified in the 2019 NRA. This may indicate that there are deficiencies in the way ML cases are identified and investigated.

197. Three ML investigations resulted in prosecution with one case dismissed by the Court due to a procedural error and the remaining pending. One of the cases was subject to case management proceedings at the time of the onsite visit. The information presented to the assessment team indicates that the cases are not complex, nevertheless, there have been some inordinate delays in completing these cases. The assessment team was advised that the case management process that is being implemented by the Judiciary is expected to address the delay. An example with a timeline on the prioritisation of cases by the Judiciary was presented to the assessment team. The judiciary of Belize has received training on issues related to ML.

198. Given the small number of different types of ML prosecutions, the assessment team were unable to reach a conclusion as to whether the prosecutors have the sustained capacity to pursue such cases.

The assessment team nevertheless did not identify any procedural deficiencies that impede or hinder a successful prosecution.

*Table 3.14: Types of ML prosecution pursued.*

Year	Prosecutions	Third party ML	Self-Laundering	Stand - alone ML	Before the court	Convictions	Alternative Criminal Measures	Money Value (In USD)
2018	1	0	0	1	1	0	0	\$65,000.00
2019	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0
2021	2	1	1	0	2	0	0	\$546,530.79
2022	0	0	0	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>\$611,530.79</b>

### Box 3.11: Standalone ML

**Competent Authorities:** FIU, BPD and BTS

**Relevant for FATF Immediate Outcomes:** IO.6 and IO.7

#### Summary of case

On September 7, 2018, police officers were conducting a vehicle checkpoint between miles 17 and 18 on the Phillip Goldson Highway when their attention was drawn to a motor vehicle coming from the direction of Ladyville and heading north on the highway. The said vehicle came to a stop at the checkpoint and the driver was informed to pull onto the side of the road which he complied. A search of the occupants resulted in finding US\$1,000.00, BZ\$348.00 and Q15.00 cash on the driver and US\$1,000.00 and BZ\$380.00 cash on the passenger.

A further search of the vehicle was conducted and US\$40,000.00 was found in a hidden space underneath the area of the steering wheel. A further search of the vehicle was conducted and an additional US\$24,000.00 was found in a hidden compartment underneath the radio of the car. The occupants of the vehicle along with the money were escorted inside the Sandhill Police Station where the money was counted, and all the money found amounted to a total of US\$66,000.00, BZ\$728.00 and Q15.00 cash.

The BPD then contacted the FIU, and a team of FIU Investigators conducted an investigation. Both persons were interviewed, and both refused to disclose who is the owner of the US\$64,000 concealed funds. On September 8, 2018, both persons were arrested and charged with counts of Money Laundering (1 count for Possession and 1 count for Concealment).

**Outcome:** On Tuesday February 26, 2019, the case was dismissed from court. A further investigation was conducted but did not yield sufficient evidence to lodge charges again. The funds were later returned to the respective occupants of the vehicle.



### 3.3.4: Effectiveness, proportionality and dissuasiveness of sanctions

199. The sanctions that are in place and applicable to ML from a technical compliance standpoint are proportionate and dissuasive (see analysis in c.3.9 and 3.10). The assessment team is nevertheless unable to determine the effectiveness, proportionality and dissuasiveness of the sanctions from an effectiveness standpoint, given the absence of any convictions for ML. Based on the content of the “FIU prosecutorial policy”, in assisting the court during sentencing, prosecutors are required to consider, *inter alia*, the extent to which the offence was planned and carried out, the level of culpability of the offender, the sum of the laundered assets, previous convictions, attempts to conceal or dispose of evidence and the public/wider community/international community impact.

### 3.3.5: Use of alternative measures.

200. The standard of proof for prosecuting and obtaining a conviction for an ML case like many other criminal cases is “*beyond a reasonable doubt*,” therefore, prosecutors are required to ensure that the facts and evidence give rise to this standard prior to charging a person for the offence. Following an investigation into a predicate offence and ML, the legal department at the FIU working in conjunction with the FIU-ID is responsible for making a determination on whether the evidence is sufficient to prosecute for the predicate offence and or ML. In circumstances where the evidence does not meet the threshold of *beyond a reasonable doubt*, the laws including the MLTPA, the Income and Business Tax Act and the Civil Recovery and Unexplained Wealth Act (CARUWA) make provision for civil recovery.
201. Through the submission of qualitative and quantitative information, especially cash seizure provisions, the assessment team found that LEAs are prepared to use alternative measures in circumstances where it is not possible to prosecute for the offence of ML. The actions taken by the authorities are detailed in the data provided in the analysis of IO8.

#### Box 3.12: Use of Alternative Measure (Cash Forfeiture)

**Competent authorities:** FIU, BPD and BTS

**Relevance to FATF Outcomes:** IOs.1, 6, 7 and 8

##### Summary of case

Members of the BPD conducted a search on a vehicle at a vehicular checkpoint that was being driven by the subject. The search resulted in the BPD seizing BZ\$5,000.00 (USD2,500.00) that was hidden inside the center console of the vehicle. Collaboration with the FIU resulted in the application for continued detention of the seized cash. A parallel financial investigation into ML was initiated by the FIU. The FIU worked closely with the BPD and BTS during the investigations along with remittance service providers and with the information obtained the FIU applied for further cash detention. The FIU later applied for forfeiture of the seized cash which led to a settlement.

**Outcomes:** The settlement resulted in the FIU forfeiting BZ\$2,822.50 (USD 1,411.25) and the return of the remainder to the subject.

### Box 3. 13: Use of Alternative Measure (Cash Forfeiture)

**Competent authorities:** FIU, BPD and BTS

**Relevance to FATF Outcomes:** IOs.1, 6, 7 and 8

#### Summary of case

A search by BPD in San Pedro Town led to the discovery of a firearm and ammunition along with BZ\$23,230.00 (USD11,615.00) and US\$4,460.00 which was in the possession of the subject. BPD collaborated with the FIU which sent an investigator to conduct an investigation. The subject was arrested and charged with keeping a firearm without a gun license and keeping ammunition without a gun license. With the help of the BPD, the FIU investigator conducted an interview with the subject. The cash was seized and sealed as suspicious cash since there was intelligence to believe that the cash was derived from the sales of drugs. A parallel financial investigation into ML was initiated by the FIU. The FIU worked closely with the BPD, BTS, MoNR, FIs in Belize as well as remittance services providers. The FIU made an application for further cash detention which was granted. The subject pled guilty to the firearm offenses and the FIU made an application for a forfeiture order of seized cash. During the course of the trial, the subject informed the FIU's Legal Counsel that he wished to settle out of court.

**Outcomes:** In the settlement, the subject agreed to accept 20% of the total seized cash, which amounted to BZD6,430.00 (USD 3,215.00) plus BZD176.61 in interest which makes a total of BZ\$6,606.61. The FIU seized the remaining 80% which was equivalent to BZD16,800.00 (USD 8,400.00) and US\$4,460.00.

## Overall conclusion on IO.7

202. Belize has in place a robust mechanism which is comprised of, *inter alia*, legislation, policies and the establishment of a working group (FCWG) to ensure that ML cases are identified, investigated, prosecuted and offenders are convicted with sanctions that are proportionate and dissuasive. ML cases are identified via several mechanisms including parallel financial investigations and intelligence reports disseminated by the FIU-AD following the analysis of STRs.
203. The authorities have demonstrated that ML cases are being identified, investigated and prosecuted including the different types of ML offences such as self-laundering albeit to a limited extent. Further, the number of investigations and prosecutions is not commensurate with the ML risk profile of the jurisdiction.
204. Belize has not recorded any convictions for ML offences during the review period. In the absence of conviction, no sanction was applied. The authorities have nevertheless utilised alternative measures such as cash seizures and forfeiture proceedings, in circumstances where it is not possible to charge for the ML offence, to a moderate extent.
205. The assessment team considered the strengths and deficiencies that exist as identified in the Chapter which include the policies and procedures to investigate and prosecute for ML, the training provided to LEAs and prosecutors, ML investigations and prosecutions

not being commensurate with risk and the absence of convictions. Having weighted the deficiencies, the assessment team concluded that fundamental improvements are needed to the regime.

**Belize is rated as having a low level of effectiveness for IO.7.**

### **3.3 Immediate Outcome 8 (Confiscation)**

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

206. Belize has a robust legal framework for confiscation and provisional measures which allows for confiscation including via civil recovery mechanisms as set out in the various legislative frameworks including the MLTPA, Misuse of Drugs Act and the Civil Asset Recovery Unexplained Wealth Act (CARUWA) (see analysis of R.4).
207. The jurisdiction has in place several policies that are robust in nature to address matters related to the tracing, identification and confiscation of property, with the NP&S being the overarching policy. The BPD parallel financial investigation policy which was documented in 2023 was also designed to ensure that assets are identified and confiscated. In 2023, the BPD documented its Asset Recovery Policy which targets the use of mechanism where the value of the cash or goods exceeds the value of USD10,000.00. The establishment of the FCWG is a representation from a policy perspective to confiscate proceeds, instrumentalities and property of equivalent value as a policy objective.
208. In 2020, the jurisdiction via the FIU developed and implemented a “Seized Asset Management Policy” which sets out, *inter alia*, the procedure for the management of property seized in the execution of its law enforcement powers. The assessment team found the policy to be detailed and robust. This dictates that property, which is seized must be, *inter alia*, properly cared for and preserved, as far as practicable, the maintenance of proper records related to the property, the allocation of appropriate human resources to support the management of the asset and supporting stakeholders in asset forfeiture and management and confiscation through appropriate guidance and outreach.

#### ***The BPD Asset Recovery Policy:***

209. The purpose of this policy is to systemise the procedure for asset recovery associated with various predicate offences with the objective of depriving criminals of their illicit gains, thereby “*taking the profit out of crime.*” The policy identifies different means by which objectives can be achieved including (i) the conduct of parallel financial investigations which will assist in the identification and recovery of assets linked to the crime, (ii) inter-agency cooperation with agencies such as the FIU, CED and the BTS and (iii) cross-jurisdictional collaboration with other international stakeholders via mechanisms such as Asset Recovery Network (ARIN). Further, the policy identifies the various legal mechanisms in which assets can be recovered including using non-conviction-based confiscation (civil recovery).

#### ***ODPP***

210. The ODPP has a written policy/protocol that was developed and implemented just prior to the completion of the on-site visit. The policy is applicable to all crown counsels (prosecutors within the ODPP). Although the policy was developed and implemented just prior to the on-site visit, it is

reflective of practices which predate the document. The protocol relates to, *inter alia*, offences under the MLTPA and advice to investigating officers. Whilst there is no explicit reference to confiscation in the policy, the policy advised prosecutors that in providing advice related to financial crimes other than ML and TF (FIU investigate and prosecute such cases) consideration should be given as to whether the case should be investigated by the FIU following consultation with the investigator of the BPD and the crown counsel assigned to the FCWG. The assessment team considered that this essentially makes provision for some form of parallel financial investigations<sup>43</sup> to be conducted, in accordance with Belize's policy of taking the profit out of crime. Further, to ensure that financial investigations are conducted to identify proceeds of crime, prosecutors are required to review the files to ensure that financial investigations are conducted. In circumstances where the case was not brought to the attention of the FIU for financial investigations, the DPP will issue a memorandum to the investigating officer advising that such be done. Evidence of this was presented to the assessment team.

### ***Training***

211. The FIU, other LEAs involved in the process of confiscation/asset forfeiture and the judiciary are all adequately staffed to fulfil their mandates in relation to this function. As part of the policy objective, training has been provided to financial investigators at the FIU on matters related to confiscation. These trainings were delivered by regional and international organisations. Further, since the enactment of the CARUWA, to ensure effective implementation, the authorities have obtained assistance from the US Government to deliver training. The training included a study visit by competent authorities to the US Marshall Service in March 2023 where training was delivered on best practices and operational steps for the implementation of a civil asset forfeiture regime. In November 2023, just prior to the on-site, in partnership with the US Embassy in Belize, a training and sensitisation workshop was delivered and attended by various competent authorities and the judiciary on the CARUWA with the main facilitator being a UK Attorney with experience in confiscation. The training focused on, *inter alia*, (i) asset recovery, (ii) civil asset recovery and (iii) various aspects of the CARUWA. The assessment team commends the authorities for providing the training relative to the subject of confiscation, nevertheless, the assessment team found that all components of the criminal justice system (financial investigators, prosecutors and the judiciary) can benefit from more training with a focus on practical scenarios and mentorship to further enhance their skill set on matters related to confiscation.

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

212. Through the submission of data including case examples, LEAs and prosecutors pursue confiscation in circumstances where assets are identified. LEAs and prosecutors have utilised conviction or non-conviction-based provisions to confiscate proceeds and instrumentalities. During the review period, most of the confiscation results obtained had a nexus to domestic predicate offences which is commensurate with the risk profile of Belize. Although the authorities noted that the jurisdiction actively pursued conviction and non-conviction-based forfeiture to confiscate proceeds of crime, the assessment team found that most of the confiscation results obtained thus far were as a result of non-conviction-based forfeiture.

### ***Tracing and identification of assets***

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<sup>43</sup> The conduct of parallel financial investigations is also intended to identify and identify assets that can become subject to confiscation.

213. Belize has in place a robust legal and institutional framework consisting of provisional and investigative measures such as restraint orders, freezing orders and production orders to effectively identify, trace and freeze assets. Through the use of Director's Letters which are permitted in accordance with the FIU Act, competent authorities can also identify and trace assets for confiscation.
214. During the review period, the FIU received a total of 45 requests from the BPD to assist in the tracing and identification of assets related to the predicate offences of drug trafficking, possession of controlled drugs, theft, fraud, obtaining property by deception and murder. These requests were executed by the FIU through the use of Director's Letters to FIs, DNFBPs and government departments. These requests coupled with the use of parallel financial investigations are tools used by LEAs and prosecutorial authorities in Belize to trace and identify assets as demonstrated in various case examples referenced in IO.6.

***Property seized and confiscated.***

215. In considering whether to pursue asset tracing and confiscation, LEAs and the FIU consider various factors including the public interest test, whether the offence involves a financial crime and whether the offence is a lifestyle offence. An aspect of the financial investigation will include the conduct of parallel financial investigations between the FIU and other stakeholders including the BPD and the conduct of investigation via the FCWG. As part of the investigation, the FIU utilised Directors' Letters (see analysis in core issue 6.1) to verify whether the subject has assets by checking the databases of FIs, DNFBPs and government departments such as the lands and transport departments. The FIU has developed and implemented a checklist (spreadsheet) of the different databases to be checked.
216. During the review period (2018-Dec 15, 2023), the authorities seized, detained and confiscated various types of assets, primarily instrumentalities, including aircrafts and motor vehicles and cash valued at in excess of USD3,556,525 (see Table 3.15 below).

***Table 3.15: Total value of assets restrained/detained and confiscated pursuant to the MLTPA, Misuse of Drugs Act and Lost and Abandoned Property Act.***

2018/2019			2020/2021		2022/23	
	No. of Cases	Total Value (US)	No. of Cases	Total Value (US)	No. of cases	Total Value (US)
Total value of assets/seized restrained/detained MLTPA)	24	469,844.72	3	149,933.48	22	2,367,372.94
Total value of assets confiscated (MLTPA)	-	-	1	32,500.00	10	202,275.00
Total value of assets seized/restrained/detained (Misuse of Drugs Act)	3	1,152,000.00	9	1,137,750.00	4	662,500.00
Total value of Assets confiscated (Misuse of Drugs Act)	3	1,521,500.00	9	1,137,750.00	4	662,500.00

<b>Total value of assets seized/restrained/detained (Lost and Abandoned property Act)</b>	-	-	-	-	4	2,069,100.00
<b>Total value of assets confiscated (Lost and Abandoned property Act)</b>	-	-	-	-	4	2,069,100.00

217. The information represented in the table above shows that most of the assets seized, detained and confiscated were under the Drug Trafficking Act which is commensurate with the main threat of ML in Belize followed by the Lost and Abandoned Property Act. The assessment team found that assets restrained/detained under the Lost and Abandoned Property Act are likely to be connected to drug trafficking offences as well, given that these assets also include aircrafts found in remote areas of Belize that were likely used to transport narcotics.

*Table 3.16: No, types and value of property seized and detained and confiscated*

Assets	Years/Amount or Value									
	2018	Value (USD)	2019	Value (USD)	2020	Value (USD)	2021	Value	2022	Value
Cash	7	277,495.07	1	172,418.00	1	55,920	2	161,446.44	5	697,590.00
Motor Vehicle (BPD)	2	246,000			8	368,000	1	130,000	4	740,000
Motor Vehicle (CED)	9	55,000.00	18	172,000.00	8	33,000.00	8	129,600	10	116,000
Aircraft	3	5,840,000			2	4,180,000			2	4,600,000
Boat (BPD)									2	26,750.00
Boat (CED)	4	10,100	8	11,500	3	3,000	4	6,500	4	8,500
Motorcycle (BPD)					1	1,500.00				
Motorcycle (CED)	2	6,000	9	32,600	4	18,000	5	24,000	6	14,000
<b>Total</b>	<b>27</b>	<b>6,434,595.07</b>	<b>36</b>	<b>388,518</b>	<b>27</b>	<b>4,659,450</b>	<b>20</b>	<b>451,546.44</b>	<b>33</b>	<b>6,202,840</b>

218. The information in the table above shows that for the period 2018- 2023, the jurisdiction recorded its largest number of seizures in terms of numbers and second largest in terms of value. The assets were seized pursuant to the MLTPA, the Misuse of Drugs Act, the Customs and Excise Department (CED) legislation and the Lost and Abandoned Property Act. Based on the data provided and represented in Tables 3.12 and 3.13, the assessment team found that the jurisdiction has had some successes in seizing and confiscating instrumentalities of crime. However, there were no recorded seizures and confiscation of property of equivalent value. Further, given the risk and context of Belize including the location of the jurisdiction, the number and value of cash seized is not commensurate with the risk. The assessment team considered and weighted the deficiencies in the foregoing sentences and considered them to be moderate, taking into consideration the risk and context of the jurisdiction.

**Table 3.17: National data for uncustomed vehicles confiscated by Customs and Excise Department (CED) 2018-2022**

Year	Offence	Motor Vehicles	Total Value (USD)
2018	Uncustomed Vehicles	4	88,000.00
2019	Uncustomed Vehicles	16	288,000
2020	Uncustomed Vehicles	10	165,000
2021	Uncustomed vehicles	3	87,500.00
2022		0	0
Total			629,000

219. The information in the table above shows that the CED confiscated a total of 33 vehicles valued at USD629,000. These vehicles were imported into Belize via the land borders. The authorities advised that all vehicles confiscated by the CED were re-invested back into the CED and the BPD for use in their functions, following approval from the Minister of Finance. The data on the number of vehicles seized and confiscated in Table 3.17 are different to those seized in Table 3.16 as those in Table 3.17 were seized in accordance with s.112A of the Customs Regulations Act (CRA). Overall, between the period 2018-2022, the CED seized and confiscated smuggled goods valued at USD2,637, 233.50 consisting of motor vehicles, boats, consumer goods, alcohol and vegetables.

#### **Box 3.14: Confiscation of cash**

**Competent authorities:** FIU and CED

**Relevance to FATF Immediate Outcomes:** IOs.1,6 and 8

##### **Summary:**

On April 5th, 2016, at about 12:45 p.m., the FIU was informed that the three named individuals were found at the Philip S.W. Goldson International Airport with large sums of cash in their possession, and as a result, they were detained. The financial investigator at the FIU made his way to the airport where he saw the individuals and commenced a search on them. MDR had USD 137,130.00 on her person, while WC had USD 9,880.00 US dollars and NAB had USD 9,900.00, along with 26 Mexican Pesos and BZD7.00 on his person. The investigator learnt that the individuals were scheduled to leave Belize for Panama that same day. As a result of this, they were arrested and charged with Failure to Declare Currency. At the hearing, in the absence of the FIU's Legal Counsel, the court, in handing down sentencing, made the following orders:

1. MDR was fined \$10,000.00 plus \$5.00 cost of court, in addition, the sum of USD 40,000.00 was forfeited to the FIU after the conclusion of the case.
2. WC was fined USD4,880 plus USD 2.50 cost of court. No forfeiture order was made.
3. NAB was fined USD4,900 plus USD 2.50 cost of court. No forfeiture order was made.

#### ***Confiscation from foreign predicate Offences and proceeds moved abroad.***

220. Proceeds from foreign predicate offences are generally confiscated in Belize following a request from a foreign jurisdiction (see analysis in IO.2). As noted in R.40 and IO.2, Belize's LEAs and the FIU are members of several regional and international organisations including the Asset Recovery Network of the Caribbean (ARIN-CARIB), INTERPOL and the Egmont Group. The authorities have not recorded a significant number of cases of proceeds from foreign predicate offences and this is likely because the focus of LEAs and prosecutors is on domestic predicate offences from which proceeds are derived. Nevertheless, LEAs and prosecutors have demonstrated that where cases are found involving proceeds from foreign predicate offences, they are willing to engage and assist their foreign counterparts through the formal and other cooperation mechanisms that exist. This is demonstrated in case examples referenced in Boxes 8.1, 8.2, 8.3 and 8.4 and Table 8.1 in Chapter 2 (IO8) which depicts examples and the number of cases involving the identification, tracing, restraint and confiscation of assets on behalf of foreign counterparts which is representative of proceeds/suspected proceeds from foreign predicate offences. The authorities of their own volition have not confiscated any proceeds from foreign predicate offences.
221. Regarding confiscation of assets moved abroad, there is no evidence to show that this is being done to any considerable extent. Similar to proceeds from foreign predicate offences, the focus of LEAs is on proceeds from domestic predicate offences. Nevertheless, the authorities advised that a determination is made as to whether the assets located abroad relate to their investigation when the need arises. Similar to assets from foreign predicate offences, the assessment team found that the LEAs have taken a reactionary approach to identify assets located abroad with no clear policy in place. The assessment team nevertheless did not consider this to be a major deficiency given that Belize's risk and context does not show that criminals in Belize are known to hide their assets abroad to any great extent.

### **Box 3.15: Identification and tracing of assets located abroad.**

**Competent authorities:** FIU

**Relevance to FATF Immediate Outcomes:** IOs.1,2 and 8

#### **Summary:**

On October 24, 2019, an email was received from Company F in which they stated that on October 8, 2019, they discovered that their email communication with a supplier namely Company K had been intercepted by an unknown fraudster(s). The fraudster(s) is suspected of intercepting emails coming from Company K to Company F and altering them to suit their goals and intercepted emails coming from Company F to Company K and altered them as well. The fraudster(s) initially sent a German bank account in the name of Company T to receive a wire transfer however when Company F tried to send the funds the transaction was not processed since the bank does not transact in USD. The fraudster(s) then sent a US bank account and Company F eventually sent USD114,861.72 to the US bank account in the name of Company K. This transaction was processed, and the funds were obtained by the fraudsters.

As part of the investigation, requests were sent via the Egmont Group Secure Website (ESW) to FIU Germany and FinCEN to ascertain UBO information for Company T and to trace the wire transfers that had occurred and check what happened to the funds.



**Outcome:** FIU Germany responded with UBO information, however, it was suspected that Company T was also targeted by the fraudsters. FinCEN responded that the US bank account is in the name of Suspect N and not Company K. They also reported that upon the wire transfer being received, two cheques were written to other companies and there were numerous ATM withdrawals and debit card purchases that resulted in the dissipation of the entire US\$114,861.72.

### *Asset Sharing/Repatriation of assets*

222. There are provisions in place to facilitate asset sharing. Sections 78 and 79 of the MLTPA make provision for payment from the Confiscated and Forfeited Assets Fund to be shared with foreign states. Further, the MLA/USA Act and the Caribbean MLA in Serious Matters Act make provision for the sharing of assets. The assessment team was not provided with any information to show that Belize was requested to share assets with a foreign jurisdiction and would have declined such a request. The jurisdiction has made a request to a foreign jurisdiction to facilitate asset sharing as is demonstrated in the case example at Box 8.1.
223. Regarding the repatriation of seized assets, the authorities have demonstrated that this is being done as is demonstrated in Table 8.2 in IO.2 which shows that in excess of USD 1 Million dollars was repatriated to the USA.

### *Management of seized and confiscated asset.*

224. The MLTPA makes provision for the Confiscated and Forfeited Assets Fund which has been implemented, management receivers and enforcement receivers. A "Seized Asset Management Policy" was created and put into effect by the jurisdiction in 2020 via the FIU. The policy outlines the government's process for handling seized property, requiring proper maintenance, accurate record-keeping, human resource support, and guidance for stakeholders involved in asset forfeiture, management, and confiscation. Regarding the FIU, the assets seized during the review period involved cash which was easily managed by depositing same into the interest-bearing confiscation and forfeiture account held with an FI.
225. Regarding the BPD, most of the assets seized involved instrumentalities including aircraft which are costly to maintain. The assessment team was advised that the management of assets represents a challenge at times for BPD. In most circumstances assets that are seized and confiscated are used for law enforcement purposes. For example, motor vehicles are used by the BPD to conduct operations. Assets such as aircraft are destroyed given the risk that when these assets are sold, they may be used again by criminals to continue or conduct their criminal activities.

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

226. The legislative mechanism and the framework that exists to ensure that currency and BNIs that have been falsely declared or undeclared are robust (see analysis of R.32). The assessment team found that the Customs and Excise Department (CED) working in partnership with other LEAs, primarily the BPD and the FIU have recorded some success in identifying, seizing, detaining and forfeiting currencies (using the MLTPA) that have been falsely declared or undeclared. However, the number of seizures is not reflective of the ML risk faced by the jurisdiction and its context (geographical location of Belize). The assessment team's findings are based on information provided by the jurisdiction, primarily quantitative data and interviews conducted with competent authorities during the on-site. In the context of IO.8, the assessment team found that the deficiencies identified including a limited amount of identification and seizures in the absence of data to suggest otherwise to be major.

227. The CED is the agency tasked with the responsibility of detecting currency and BNI that are falsely or undeclared at Belize’s borders. In May 2023, the CED developed and implemented an “SOP for regulating cross-border transportation of currency”. The policy is very detailed in nature and contains information on the legal authority to seize and detain cash and the procedures to be followed following seizures. Further, the SOP contains “red flag” indicators used by persons to smuggle cash via cargo, mail and on their person. The assessment team commends the CED for having such a policy in place given the details that are found in the document and its usefulness. Nevertheless, given that the policy was developed and implemented, six months prior to the completion of the on-site visit, the assessment team found that there is a need for greater training and outreach with the customs officers on the content of the SOP.
228. In circumstances where there are reasonable grounds for seizing currency and BNIs including following a false declaration, the cash and BNI are referred to the FIU for further investigations, obtaining of detention orders and possible forfeiture. Further, collaboration between the CED, FIU and other LEAs includes the sharing of intelligence which supports the goal of the detection of cross-border movement of currency and BNIs.
229. The main mechanism for detecting currency and BNIs that have been falsely declared and undeclared is using the customs declaration forms which are used at authorised border entries including the main airport in Belize. The CED also relies on intelligence from regional and international counterparts including the US Customs and Border Protection (CBP) to detect false and undeclared currency and BNIs. Specific indicators are used by the CED to determine whether a traveller should be subject to advanced scrutiny<sup>44</sup>. As part of its mechanism, the CED has also implemented an SOP which properly outlines measures that should be taken in relation to interviewing travellers declaring currency and BNIs along with further measures that should be applied if investigations are to be initiated. Officers are trained to extract relevant information from travellers and perform the necessary checks to perform informed actions. The information presented in the table below represents the number of incoming and outgoing declarations and the total value of the declarations. Most of the declarations were at the international airport, followed by the northern and western border stations. The information suggests that there is a good level of compliance by travellers in declaring currency at the borders.

*Table 3.18: Total number and value of currency declarations (2018-2023)*

Year	Total No. of Declarations	Total Value of Declarations (USD)
	Imports	

<sup>44</sup> Given that these measures are considered as LEAs sources and methods and this report is a public document, the assessment team took the decision not to reference these sources and methods in the report.

2018	371	27,093,251.39
2019	336	28,115,622.68
2020	269	22,929,555.27
2021	244	21,115,010.30
2022	269	25,116,790.42
<b>Total</b>	<b>1489</b>	<b>124,370,230.06</b>
<b>Exports</b>		
2018	134	8,603,000.86
2019	177	14,569,349.79
2020	57	7,2225,172.49
2021	200	22,468,639.72
2022	217	16,877,771.56
<b>Total</b>	<b>785</b>	<b>69,743,934.42</b>

230. The CED made a total of four seizures between the period 2018 - 2023 (December 15) involving currency that has not been declared. The actions taken by the CED include handing over the cash to the FIU and the application of fines (see Table 3.19 and Box 3.14). The fines that have been applied in the cases completed were considered by the assessment team as effective, proportionate and dissuasive. As noted previously, the number of seized cash and BNIs not declared is not reflective of the risk and context of Belize. Based on the geographic location of Belize, which is in close proximity to jurisdictions known for the illicit trafficking of narcotics, the level of detection of undeclared, falsely declared currency and BNIs is low as it is expected that there will be greater levels of detection.

*Table 3.19: No. of undeclared cash and BNIs*

Date	Amount intercepted (USD)	Action taken
28.06.2018	51,558.50 <sup>45</sup>	Fined USD10,000.00
30.04.2022	60,000.00	Monies were returned following feedback from the FIU that verified the source and purpose of the funds.
24.11.2022	25,000.00	Handed over to the FIU
3.02.2023	16,197.55	Fined 16,197.55
Total	92,811.88	

### Box 3.16: Seizure of undeclared cash by Customs

In 2018, CED's enforcement officers conducted a routine Vehicular Checkpoint (VCP) to stop and search suspicious conveyances traversing that area which is located within one of the hotspots identified by the CED for smuggling and also leading from one of the illegal border crossings. AB approached the checkpoint and officers requested of him that a search be conducted on his vehicle. AB consented and during the search, officers discovered what

<sup>45</sup> The sums seized were USD50,620 and 17,070 Pesos.

appeared to be a considerable sum of cash in USD currency, MX currency and BZD currency. Because of the area where AB was intercepted, officers questioned him whether he had evidence that he had declared the currency, to which he could not provide any such evidence. He was therefore cautioned and escorted to the Orange Walk Customs Station where the currency was counted in his presence amounting to: USD \$50,620; Mexican Pesos \$17,070 (USD994.33) and BZD \$148 (USD 74). AB was again asked if he could provide evidence that he had declared the currency and again could not provide any such evidence.

**Conclusion:** AB was charged with acquiring possession of goods with respect to the importation of which any restriction is for the time being in force under or by virtue of any enactment and entered into an out of court settlement in the amount \$20,000 as provided for under the Customs Regulation Act in addition to all of the currency (USD, MXP and BZD) being forfeited. AB was charged under this provision so that the currency could be forfeited since at that time, the offence for false/not declared currency did not expressly provide for forfeiture.

231. The assessment team found that the CED can benefit from increased human and technical resources such as the acquisition of additional scanners, more sophisticated databases, automated monitoring systems and dedicated K-9s. The increased use of technology and implementation of a system that is risk-based approach would increase the effectiveness and efficiency of the operations. Due to the size of the water-based borders, an increase in maritime capabilities for brown ((inland and coastal waterways) and blue (sea) waters will assist to counteract individuals attempting the undetected cross-border movement of currency and BNIs.
232. In order to improve the effectiveness and efficiency of the CED, Belize has decided to implement an advanced passenger declaration system in the first quarter of 2024. This system allows for easy access to historical data, real-time data monitoring, and the ability to generate reports which is useful for determining what actions border control authorities must take. To enhance the detection of currency and BNIs not declared or falsely declared, this information will be shared with other LEAs in Belize such as the Department of Immigration and Border Management, FIU, BPD, BTS and with LEAs overseas, but with restricted access. This should enhance the effectiveness and efficiency of collecting travellers' data and raise the degree of detection of currency and BNIs not reported or fraudulently declared, especially when combined with the acquisition of kiosks and more proficient scanners. Due to the elevated levels of effectiveness and efficiency, the CED should have use of existing human resources.

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

233. Overall, the assessment team found that the authorities have recorded significant success related to the seizure and confiscation of instrumentalities under the Misuse of Drugs Act and Lost and Abandoned Property Act which are likely connected to the offence of drug trafficking which represents the highest risk for ML (see table 3.16 above). The authorities have also recorded confiscation results as a result of CED seizing assets that have been smuggled into the jurisdiction which is also representative of a risk within the jurisdiction.
234. The authorities have demonstrated that they are prepared to use different legislation to seize and confiscate assets and significant efforts have been made in seizing and confiscating instrumentalities.

Whilst the assessment team observed that some successes were recorded, overall confiscation results are not in line with the ML/TF risk profile of the country and the NP&S. The results were only being achieved to a moderate extent.

**Table 3.20: Value of confiscation based on ML/TF risks.**

	2018	2019	2020	2021	2022	2023	Total
<b>Offence - Drug Trafficking</b>	5	-	9	-	3	2	19
<i>-NRA Risk Rating of the Offence</i>	H	H	H	H	H	H	-
<i>-Total Value of Confiscation</i>	\$1,521,000.00		\$1,112,500.00		\$320,000.00	\$812,500.00	\$3,766,000.00
<b>Offence - Theft</b>	-	-	2	1	6	4	13
<i>-NRA Risk Rating of the Offence</i>	M	M	M	M	M	M	-
<i>-Total Value of Confiscation</i>			\$25,000.00	\$32,500.00	\$164,250.00	\$66,375.00	\$ 288,125.00
<b>Offence - Child Pornography</b>	-	-	-	-	1	2	3
<i>-NRA Risk Rating of the Offence</i>	Not assessed in NRA no. 1	Not assessed in NRA no. 1	Not assessed in NRA no. 1	Not assessed in NRA no. 1	Not assessed in NRA no. 1	Not assessed in NRA no. 1	-
<i>-Total Value of Confiscation</i>	-	-	-	-	\$900,000.00	\$8,250.00	\$908,250.00

235. Given the manner in which statistics are kept by the authorities, the information in Table 3.20 does not accurately depict the extent to which confiscation is being achieved with national ML/TF risks as it does not correlate with the information in Table 3.16. The information nevertheless shows that

the authorities have achieved confiscation results commensurate with the risk associated with drug trafficking to a moderate extent.

## Overall conclusion on IO.8

236. Belize has in place robust policies including legislative framework, an asset recovery policy and the establishment of FCWG to ensure that confiscation is pursued as a policy objective. The authorities have seized and confiscated a wide variety of instrumentalities including motor vehicles and aircrafts along with cash that were linked to transnational and domestic crime. The authorities have demonstrated that they are prepared to identify, trace and confiscate assets that may have been moved abroad, despite the absence of any confiscation of proceeds from such crime which is generally consistent with the risk and context of the jurisdiction.
237. Most of the assets seized by the authorities represent cash and instrumentalities that were used in the offence of drug trafficking which is to a moderate extent commensurate with the risk and context of the jurisdiction.
238. Despite the successes achieved by the authorities, the assessment team found that deficiencies exist in the confiscation regime. These deficiencies include confiscation results are not fully commensurate with the risk profile and context of the jurisdiction, the overall value of currency and BNIs not declared or falsely declared is not commensurate with the risk profile and context of the jurisdiction and the CED can benefit from additional resources to complement its existing human resources.
239. The assessment team considered the deficiencies identified in the confiscation regime, weighted same and considered them to be major in nature taking into consideration the risk and context of Belize. The assessment team found that major improvements are needed to the confiscation regime, especially in the areas of the identification, seizure and confiscation of cash and BNIs not declared and falsely declared and property of corresponding value.

**Belize is rated as having a moderate level of effectiveness for IO.8.**

## Chapter 4. TERRORIST FINANCING AND FINANCING OF PROLIFERATION

### 4.1. Key Findings and Recommended Actions

#### Key Findings

##### *Immediate Outcome 9*

- a) The offence of TF is appropriately criminalised in Belize in accordance with the TF Convention, with sanctions in place that are proportionate and dissuasive (see analysis of R.5). The FIU and the FCWG are the competent authorities responsible for investigating TF cases and have all the relevant investigative tools in place to conduct such investigations (see R.30 and 31). The legislative mechanism is supported by robust policies and procedures to guide investigations and prosecutions.
- b) Constitutionally, the Office of the Director of Public Prosecution (ODPP) is responsible for all criminal prosecution in Belize. The FIU working in collaboration with the ODPP is responsible for the prosecution of TF. The prosecution of TF cases is guided by the FIU's Prosecutorial Policy which is comprehensive and robust. Although the prosecutorial framework is in place and prosecutors have participated in joint scenario-based Management of Terrorist Investigations training with LEAs and other competent authorities, prosecutors can benefit from further targeted training including practical scenarios to better develop their skills to conduct TF prosecution.
- c) Belize has not recorded any prosecutions for TF which is commensurate with the risk profile of the jurisdiction. Given the absence of any prosecutions, sanctions have not been applied. However, the assessment team found that measures adopted by Belize, including the available sanctions in the law, the content of the FIU's Prosecution Policy and the judiciary willingness to use sentencing guidelines support the conclusion that the sanctions framework is proportionate and dissuasive and can be effective in the event of a successful prosecution.
- d) Belize has in place proactive and reactive mechanisms to identify potential cases of TF. These mechanisms include intelligence reports disseminated via STRs and open and closed sources of intelligence. During the review period, there were no investigations of any type of TF offence. This is commensurate with the jurisdiction's risk profile. LEAs have nevertheless demonstrated that they have the capabilities to conduct TF investigations working in conjunction with their foreign counterparts.
- e) LEAs have received TF investigations training. Nevertheless, LEAs can benefit from further targeted training in TF investigations including practical scenarios. Belize's national AML/CFT Policy and CT strategy incorporate TF. Belize's TF and terrorism apparatus inclusive of the FCWG and NTFSTF demonstrates that TF is given priority and in the event of a terrorism act, TF investigations will form part of the parallel investigation.
- f) Belize has in place disruptive measures such as forfeiture of terrorist cash and the use of civil recovery measures. The disruptive measures in place are robust. Nevertheless, the

authorities have not utilised any disruptive measures during the review period which is commensurate with the risk profile of the jurisdiction.

#### ***Immediate Outcome 10***

- a) Belize has in place a comprehensive mechanism which comprises of, *inter alia*, the legislative framework, SOPs and guidance to ensure that TFS-TF can be implemented without delay. The mechanism allows for changes to the UN sanctions list to be communicated immediately and targets are identified for designation in accordance with UNSCR 1373. The regime includes publication of the Sanctions List (Belize Consolidated List) inclusive of changes and its communication to all competent authorities, FIs, DNFBPs and the public via different mechanisms including an instant mobile messenger group which is administered by the CBB with its licensees' compliance officers. Publication is done on competent authorities' websites and dissemination via the FIU electronic portal to which all FIs and DNFBPs have access.
- b) Despite the recent legislative (MLTPA) amendments, to ensure the effective implementation of TFS-TF, competent authorities including the FIU, CBB, FSC and OSIPP have undertaken a significant amount of work to, *inter alia*, ensure that FIs, DNFBPs and the public are aware of the requirements including the obligation to identify and freeze assets without delay and submit a report to the FIU.
- c) Most FIs and DNFBPs especially the larger ones that are part of a financial group or rely on correspondent banking relationships including banks, remittance service providers (RSPs/MVTS), insurance companies, credit unions and trading in securities businesses have in place commercial databases containing the names of persons designated by UNSC. These databases are effectively used to screen new and existing clients prior to onboarding and on an ongoing basis including when changes occurred to the list. These mechanisms existed prior to the amendments to the legislation and the implementation of the new requirements by competent authorities.
- d) FIs and DNFBPs interviewed during the on-site had detailed knowledge of their obligations. Following the amendments to the legislation and implementation of the measures, there were no additions to the UN Sanction List and Belize did not receive any request for designation or designate anyone of its own volition. To ensure that TFS-TF can be implemented without delay, the authorities conducted three simulation exercises, one of which involved the participation of a cross-section of FIs and DNFBPs. The assessment team considered the simulation exercises conducted to be good practices as they were effectively used to test the regime. The main finding of the simulation exercises demonstrates that the country mechanism allows for TFS to be implemented without delay. Additionally, the simulation exercises also served as an additional measure for promoting FIs and DNFBPs' understanding of their obligations. The FIU outreach plan 2024-2026 includes an aggressive schedule of such simulation plans aimed at reaching all FIs and DNFBPs, individually
- e) Supervisors, especially the CBB and OSIPP have taken actions including on-site inspections to ensure that FIs and DNFBPs are complying with their TFS-TF obligations. Nevertheless, there is a need for the FIU and the FSC to conduct more on-site inspections to verify that the most material and at-risk sectors under their purview are complying with their TFS obligations. Further, there is a need for a greater level of compliance among



the DNFBPs supervised by the FIU in completing the TFS questionnaire, as part of the desk-based review process.

- f) Belize has not seized or confiscated any assets or instrumentalities connected to TF which is commensurate with the TF risk profile of the jurisdiction. The authorities via the National Targeted Financial Sanctions Task Force (NTFSTF) have nevertheless proactively conducted investigations into persons from within the region that were designated by other jurisdictions to determine whether they had any assets or association with Belize. Overall, the measures implemented by the authorities are commensurate with the TF risk profile of Belize.
- g) The authorities have identified the threats posed by terrorist entities to the NPOs through the ongoing 2<sup>nd</sup> NRA and have completed a draft report regarding same. The FSC and the FIU have undertaken significant outreach to ensure that NPOs are, *inter alia*, aware of their obligations. The authorities have identified NPOs that fall within the FATF definition of NPOs including high risk NPOs.
- h) Following the enactment of the NPO Act (2023) the FSC was tasked with the responsibility for risk-based supervision and monitoring of NPOs. The FSC has developed and implemented an action plan relative to NPOs which includes on-site inspection of NPOs with the first onsite inspection of an NPO which was considered to be in the high risk category, taking place prior to the onsite. The FSC has conducted a significant amount of desk-based reviews of NPOs and has developed a schedule for on-site inspection of NPOs based on threats identified including through the ongoing NPOs risk assessment.

#### **Immediate Outcome 11**

- a) Belize has in place a robust legislative mechanism and framework to ensure the effective implementation of TFS-PF and a national strategy and policy that was updated in February 2023, to address and implement its national strategy and policy on Counter-Proliferation Financing (CPF).
- b) The mechanism in place for the implementation of TFS-PF without delay is similar to the implementation of TFS-TF with slight variances. The mechanism is robust and comprised of the legislative requirements, guidance and SOP, all geared towards ensuring that TFS-PF is implemented without delay.
- c) The mechanisms used to communicate designation of entities and persons by the UNSC in accordance with UNSCR 1718 are similar in nature to those used to communicate TFS-TF. This includes, the use of email, use of FIU electronic portal and communication of changes by the CBB via a mobile communication group that was established by the CBB with the compliance officers of the FIs it supervises
- d) All FIs and DNFBPs interviewed during the on-site were explicitly aware of their TFS-PF obligations and the requirement to freeze without delay. This is a result of training provided by the FIU and competent authorities, as well as their own internal training and training provided by private enterprises. Despite the recency of the legislation, larger FIs and some DNFBPs specifically those that are part of a financial group or relies on correspondent banking relationships such as banks, credit unions, RSPs, insurance companies and companies trading in securities businesses have maintained commercial databases with the sanctions list which are used to screen customers prior to onboarding

and on an on-going basis. These paid databases were obtained prior to the enactment of the legislation.

- e) Supervisors have taken actions to ensure that FIs and DNFBPs are complying with their TFS-PF obligations. This was done mainly via the TFS questionnaire (desk-based process) which FIs and DNFBPs are required to complete. Most of the licensees supervised by CBB and OSIPP had completed and submitted their questionnaires followed by the FSC licensees. With the exception of the CBB, supervisors have not updated their inspection manuals to capture inspections for compliance with TFS requirements. However, the CBB and OSIPP have conducted on-site inspections to review the TFS mechanisms and test the level of requirements by the entities (banks, credit unions, MVTS and insurance companies) they supervise. Whilst some on-site inspections have been conducted by the FSC and FIU to test the level of compliance by entities under their purview, relative to the implementation of TFS, this is limited.
- f) Contextually, FIs and DNFBPs are not engaged in business with clients from DPRK or have a nexus to the jurisdiction. Most of these entities' clients are from North America and Europe. Further, Belize does not maintain diplomatic relationship or conduct trade with entities and persons from DPRK. No assets were frozen or seized by FIs and DNFBPs during the review period (2018- December 15, 2023) which is in keeping with the risk profile and context of Belize.
- g) The staff of the International Marchant Marine Registry of Belize (IMMARBE) demonstrated a good understanding of the TFS-PF requirements and recognised that the ships registered in Belize are susceptible to being used to evade sanctions imposed by the various UNSCRs, including 1718. The staff of IMMARBE works with international counterparts to identify Belizean flagged vessels that may be in breach of UN Sanctions and take appropriate actions. IMMARBE has taken actions in the form of de-registration of Belizean flagged vessels that have breached UNSCRs including 1718.

## Recommended Actions

### *Immediate Outcome 9 (TF identification, investigation, prosecution and sanction)*

- a) Belize should continue to provide targeted TF training (inclusive of practical scenarios) to investigators and prosecutors to further develop their skills and expertise necessary to effectively identify, investigate and prosecute TF cases. Further, Belize should develop and deploy training similar to the simulation exercises conducted in relation to TFS.
- b) Competent authorities should continue to take actions to ensure that potential TF cases are identified, investigated and prosecuted or disruptive measures are utilised.

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

- a) Belize should continue to take measures to, *inter alia*, ensure that FIs and DNFBPs are aware of their obligations and TFS-TF is implemented without delay through continuous training, outreach and simulation exercises.
- b) Supervisors should take steps to ensure that FIs and DNFBPs update their compliance manuals to address TFS requirements. With the exception of the CBB, supervisors should complete the process of updating their examination manuals to incorporate inspections related to TFS-TF and implement same.
- c) The FIU and FSC should ensure that there is greater level of compliance among its licensees to complete and provide responses to the TFS-TF questionnaire. Further, the FSC and FIU should conduct more risk-based supervision (primarily on-site inspection) to ensure that the most at risk and material sectors under their purview are complying with TFS-TF obligations.
- d) The FSC should continue to communicate the findings of the risk associated with NPOs to its stakeholders and take appropriate actions to ensure that all NPOs are registered and understand their risks and take actions to mitigate the risk.
- e) The FSC should maintain its schedule for onsite supervision and monitoring of NPOs, updated based on the level of their risks, and conduct on-site inspections of NPOs that are considered as high risk.

***Immediate Outcome 11 – (TFS-PF)***

- a) Belize should continue to take measures to ensure that TFS-PF continues to be implemented without delay including continuous provision of training and outreach to competent authorities, FIs and DNFBPs.
- b) The FSC and the FIU should ensure that there is a greater response rate to the TFS-PF questionnaires by those FIs and DNFBPs under their supervision that have not provided responses.
- c) The FSC and the FIU should conduct more TFS-PF focused on-site inspections to ensure that reporting entities are complying with their obligations and where breaches are identified sanctions that are effective, proportionate and dissuasive are applied.
- d) Apart from the CBB, supervisors should complete the process of updating their supervision manuals to incorporate inspection related to TFS-PF.

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

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

### **Introduction: Risk and Context**

241. Belize has a comprehensive framework which comprises of, *inter alia*, laws, policies and procedures and joint operational agencies to effectively combat TF. The legislation appropriately criminalises the offence of TF based on the TF Convention and as mandated by the FATF (see analysis in R.5). The measures in place provide LEAs with the powers and responsibilities to effectively identify and

investigate TF (see analysis in R.30 and 31). Belize is not located next to any conflict zones and has never had any acts of terrorism. Despite the foregoing, the authorities are nevertheless cognisant of the impact of terrorism and TF to the jurisdiction and understand the risk of TF and the risk posed by Foreign Terrorist Fighters (FTF) to Belize and the region. For example, as part of the ongoing 2022 NRA, the authorities assessed the risk associated with FTF (see analysis in IO 1). The 2019 ML/TF NRA assessed the TF risk to be medium- low with the threat risk rated low. The overall TF risk rating in the 2019 NRA was largely based on the vulnerabilities that existed, including legislative deficiencies and the framework had not been tested. In assessing the risk of TF in the NRAs, the authorities considered the threats and vulnerabilities including intelligence reports, STRs and the legislative framework (see analysis IO.1 for more information).

242. As part of the 2022 ongoing NRA, the authorities explained that the movement of FTFs represents a threat given the possibility of persons using the jurisdiction as a transit point and the free movement of people within the Caribbean Community (CARICOM) of which Belize is a member. The threat was nevertheless considered by the authorities as medium-low given the threat posed by FTF from the region. As noted in the analysis of IO.1, the assessment team found that there is a good and shared understanding of TF risk by the authorities. The ongoing 2022 NRA which was at an advanced stage at the time of the onsite visit, has deepened competent authorities understanding of risk. The assessment team concluded that the TF risk findings were robust, given the methodology used to conduct the assessment, the sources of information used, discussions held with the private and public sector authorities and the absence of evidence/information to suggest otherwise. The assessment team concluded that competent authorities' understanding of the jurisdiction's TF risk is good as extensively detailed in IO.1. Belize should continue its progress towards finalising the ongoing 2022 NRA and take the necessary ancillary actions.

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

243. There were no prosecutions or convictions for any types of TF offences given that there were no investigations and charges for TF. The foregoing is commensurate with the risk profile of Belize. Based on discussions held with the authorities and checks conducted using open-source information the assessment team found no evidence that funds were being generated in Belize for terrorist operations in or outside of the jurisdiction; that Belize was a transit point for funds generated in foreign jurisdictions for TF; or that Belize was being used to train or recruit terrorists. Further, there were no intelligence reports to suggest domestic terrorist groups were operating within Belize and targeting Belize or foreign jurisdictions. Given the foregoing, the investigation and prosecution of TF offences was not scoped for increased focus by the assessment team but was nevertheless given some focus. The process that is used for the prosecution of ML can be used to prosecute TF cases should such cases occur given the legal system and judicial framework is the same.
244. The Legal Department of the FIU in consultation with the DPP is responsible for the prosecution of TF in the event of such an occurrence. In July 2023, the FIU issued a policy on Prosecuting ML and TF Offences (FIU Prosecution Policy). As a policy objective, TF cases are required to be prioritised based on the content of the Policy. The FIU's Prosecution Policy sets out the framework for coordination and cooperation between the FIU and the ODPP through the FCWG. This includes the procedures for seeking advice from the DPP and liaising to determine which authority will conduct the prosecution. The Legal Department of the FIU can call upon the expertise of the DPP in complex cases involving TF and can retain external counsels with the relevant knowledge and expertise (as has been done in some ML cases) to prosecute TF cases under the instructions of the FIU. Despite having the discretion of retaining external counsels to prosecute such types of cases, the assessment team found that counsels within the FIU Legal Department and the ODPP can benefit from

specialised training including practical training related to the prosecution of TF cases. This was considered by the assessment team to be a minor deficiency, given the risk of TF in Belize.

245. The judiciary is an independent body with its functions separate and distinct from other criminal justice stakeholders such as ODPP. Nevertheless, it is an important component of the criminal justice system. Based on discussions held with members of the judiciary, the assessment team was given an undertaking that matters related to TF will be prioritised by the judiciary as is evidenced by the prioritisation of matters related to TFS-TF (see analysis in IO.10).

#### **4.2.2 TF identification and investigation**

##### ***Identification of TF and TF training and sensitisation***

246. Belize has in place a robust mechanism to identify and investigate TF. These mechanisms include intelligence reports, open-sources of information, human and social media intelligence, its TFS-TF regime including MOUs signed with the Co-operative Republic of Guyana and the Republic of Trinidad and Tobago, parallel financial investigations, international cooperation requests, STRs submitted by reporting entities, investigations into the offence of terrorism and the operation of the NTFSTF. The NTFSTF is comprised of key LEAs and intelligence agencies including the FIU and the BPD, with the FIU being the lead agency for the investigation of TF and the Major Crime Unit (MCU) of the BPD responsible for terrorism investigations and the FSC which is the supervisor of NPOs. The assessment team considered the inclusion of the NPO supervisor as a member of this taskforce to be a good practice, given that high risk NPOs can be conduits for TF activities. STR guidance issued by the FIU in 2016 also contains sector specific indicators related to the identification of STRs related to TF.
247. Belize has sufficient human resources to ensure that TF is successfully investigated in the event such a case arises. Resources can be shared between the FIU and the BPD to ensure that such cases are properly investigated, given the construct of the FIU (investigators seconded to the Unit from the BPD), the close working relationship between the BPD and the FIU (as demonstrated through case examples referenced in IOs 6 and 7) and shared resources through taskforces such as the FCWG and the NTFSTF to ensure joint investigations. The Government of Belize is committed to allocating the necessary financial resources to ensure that TF investigations are properly conducted as it had demonstrated in the fight against ML and implementation of TFS, through the allocation of resources to the agencies and the recruitment of an external consultant. Additionally, LEAs can leverage the expertise of external counterparts as have been done in the past.
248. Given the role of the MCU and by extension the BPD in conducting investigations into terrorism offences and the nexus of terrorism to TF, the BPD including members from the MCU were sensitised on TF typologies, as well as traditional measures, such as, NPO abuse; proceeds of crime, including extortion, kidnapping and ransom; mechanisms for moving funds including physical movement of cash and BNIs; threats and vulnerabilities including those associated with FTFs and new and emerging threats and vulnerabilities including fundraising through social media platforms.
249. Further to the sensitisation mentioned above, the FIU has provided training and sensitisation to LEAs in detecting sanction breaches including underlying TF and criminal offences in support of terrorism.
250. LEAs including the FIU have received a wide range of training some of which are directly relevant to counter terrorism financing (CFT). The training undertaken includes terrorism and proliferation financing of weapons of mass destruction, terrorism in Africa, America and Europe, financial investigative techniques, open sources investigative techniques and use of financial intelligence.

251. In 2023, LEAs and other competent authorities including representatives from the DPP, FIU and the NPO Registry along with a member of the Judiciary benefitted from training on the management of terrorist investigations that was developed by the US authorities and delivered by an independent consultant. This training was comprehensive and covered a total of seven modules and includes aspects of financial investigations. In 2023 LEAs and other competent authorities also benefitted from training on terrorist tactics and trends. TF training including the management of terrorist investigations is an annual event in the FIU Guidance and Outreach Plan 2024-2026. The assessment team found that Belize should continue to provide further practical and tailored training and mentorship related to TF identification and investigation to the members of the NTFSTF including the FIU. It should be noted that the assessment team considered this to be a minor deficiency given the level of the TF risk of the jurisdiction.
252. Belize can also seek assistance from its international counterparts, who have more detailed-knowledge and experience in the investigations of TF as was done previously (see Box 4.1). The assistance that can be sought from international counterparts includes the provision of trained personnel working within the FIU to provide guidance on investigations, as has been done previously pertaining to the investigations of financial crimes including ML. The assessment team was advised that discussions were held with representatives from international partners with respect to, *inter alia*, strengthening the co-operative mechanism, including further capacity building, information exchange and institutionalised joint investigations.

### ***Investigation of TF***

253. During the review period (2018-2023), no TF investigations were conducted given that no such cases were identified, which is largely consistent with the risk profile of the jurisdiction. However, during the period 2010-2016, three investigations suspected of involving TF were conducted, none of which resulted in prosecution<sup>46</sup>. The jurisdiction nevertheless has in place a robust framework to ensure the effective investigation of TF should such a case occur and has demonstrated that it can leverage assistance from international counterparts as was demonstrated in a TF investigation in 2016 (see box 9.1 below). Whilst there were no investigations of TF during the reporting period that has a direct nexus to Belize, the jurisdiction has conducted TF investigations as part of its domestic listing framework (see analysis in IO.10, particularly, Box 4.3 and 4.4). Although, the case example (Box 4.1) falls outside the five years period under review, it is reflected in the report to provide context.
254. The investigation of TF represents a top priority for the FIU, and this is in line with s.9 (c) of the FIU SOP. This SOP sets out the process to be followed to ensure that the investigation is conducted in a timely manner. Should there be an instance of TF, the process entails the FIU's senior investigator (head of FIU- Investigations Department (FIU-ID)) assigning the case to at least two investigators, the prompt opening of a case file, investigators evaluating the information and critically assess the need to engage external LEAs or international agencies and collaborate closely with other department members throughout the investigations. The FIU Legal Department is required to provide guidance and advise throughout the process. The legal department which is responsible for prosecution is required to also maintain contact with the ODPP to ensure that the evidence is gathered in a proper and professional manner.

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<sup>46</sup> Page 15 of the 2019 NRA. This information was presented for context to further demonstrate the authorities' ability to identify and investigate reports of suspected TFs. The evidence unearthed during the investigations did not suggest that TF or any other offences were conducted.

#### Box 4.1. TF investigation with support from international partner.

**Competent Authorities:** BPD and FIU.

**Impact on FATF Outcomes:** IOs 1, 2 and 9

In June 2016, BPD received an intelligence report from counterparts in USA regarding possible terrorist activity that has a nexus to Belize. The report was in respect of the family of a Belizean national who was residing outside of the country. A joint investigation was conducted between the BPD MCU and US LEAs which entailed, *inter alia*, surveillance and searches of premises and seizure and examination of documents and electronic devices.

Financial investigations were conducted by the FIU including checks with various reporting entities which did not reveal that he had sent any funds to or from Belize or that money had been sent to him from Belize while he was abroad. Such investigations were also conducted on 15 family members. Investigations also did not reveal him owning any property in Belize whether solely or jointly, directly or indirectly.

Robust analysis with the assistance of US authorities however revealed no evidence of terrorism, TF or supporting any other criminal charge.

Subsequently in January 2017, AN was killed by LEAs in a Southeast Asian country. The subject was suspected of being a radical supporter of ISIL. Following the deadly encounter, a cache of explosives was recovered, including hand-thrown and rocket-propelled grenades. Upon receipt of this information, the BPD conducted further investigations in collaboration with US LEAs to determine whether there was a link to the subject's family or any other person in Belize. The investigation revealed that the subject had left Belize two years prior and severed contact with the family and persons in Belize. No other evidence of a terrorist or TF link was discovered. While outside of the period of review, this case demonstrates Belize's ability to investigate terrorism and TF and to leverage the support of international partners in such investigations.

The case demonstrates the support from international partners to Belize in conducting TF and terrorism investigations.

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

255. Belize's TF investigative framework is integrated with and supportive of national strategies including Belize's National Policies and Strategies (NP&S) and the national counter-terrorism strategy. The assessment team arrived at this finding based on review of material provided by the authorities and interviews conducted with the various competent authorities, specifically the FIU and the BPD.
256. The prevention and detection of TF is a critical component of Belize's NP&S, given that one of its pillars is to ensure that the legal, regulatory and operational measures are in place to detect, prosecute, disrupt and dissuade TF. To ensure that objectives are achieved, and TF is integrated into the wider counter-financing of terrorism strategy, the FCWG and NTFSTF of which the FIU is a member and is responsible for the investigation of TF were created and operationalised.
257. Belize has in place a Counterterrorism Strategy (CT) that was finalised in 2023 and is a national security document. The CT Strategy is informed by the findings of the 2019 NRA and preliminary findings of the 2022 on-going NRA. It, *inter alia*, cross-references the NP&S which incorporates the NAP developed through the NRA process. The CT strategy was developed by the various security and intelligence agencies of Belize including the BPD and the FIU. The assessment team was advised that the document is a national security and confidential document. This document was therefore

reviewed in a controlled setting by the assessment team. Given the risk-sensitive nature of the document and this report being a public document, the assessment team took the decision to refrain from publishing its comprehensive findings on Belize's CT Strategy.

258. Belize's national CT strategy outlines, *inter alia*, the commitment of the jurisdiction to combat terrorism and the nature of the threat to TF in Belize. As one of its goals, it identifies that individuals who are engaged in the supporting of the financing of terrorism (directly or indirectly) should be investigated, prosecuted and punished. The CT strategy is required to be reviewed every five years, taking into consideration factors such as investigations conducted during the period of review.
259. Belize's entire CT, CFT, NPO and TFS-TF frameworks are all interconnected. This was evidenced by the policies created and the establishments of taskforce and working groups such as FCWG and the NTFSTF and their memberships. The FCWG, serves as a strong platform for investigative collaboration among LEAs, including the FIU and BPD. FCWG facilitates a multi-pronged approach to combating terrorism, including the investigation and prosecution of terrorism and TF. The FCWG MOU provides that parallel TF investigations alongside terrorism are prioritised. The FIU, the BPD and the ODPP as members of both the Policy and Legislative Drafting Working Group (P&LDWG) and the NAMLC, provide a direct link between the experiences gained through investigations and prosecutions, which is then integrated into the revisions of policies and legislative changes.

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

260. The sanctions in place are proportionate and dissuasive from a technical compliance standpoint (see analysis in c.5.6 and 5.7). However, given that Belize does not have any convictions for TF, which is commensurate with the jurisdiction's TF risk profile, the assessment team could not determine effectiveness, proportionality, and dissuasiveness of sanctions from an effectiveness standpoint.
261. Notwithstanding the absence of any prosecutions or sanctions, the FIU's Prosecution Policy sets out key factors that the prosecutor should invite the court to consider in determining the sanction that should be applied. These include (i) the extent of planning that went into offending; (ii) the level of sophistication; (iii) the level of culpability of the offender i.e. whether the offender played a minor or major role in the offending; (iv) the sums laundered or assets acquired involved in TF; (v) previous convictions; (vi) attempts to conceal or dispose of evidence; (vii) public interest and (viii) wider community impact on the international community. Belize does not have any sentencing guidelines, nevertheless, the assessment team was advised by the judiciary that work is progressing on this topic, and it is prepared to use sentencing guidelines developed by other courts within the Caribbean including the Eastern Caribbean Supreme Court.

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

262. The authorities have not used any alternative measures in circumstances where TF convictions are not possible, given that no such situation has ever occurred. Nevertheless, the legislative framework and other mechanisms are in place for the authorities to take actions where convictions are not possible including disruptive measures. These measures include the (i) seizure, detention and forfeiture of terrorist cash via civil proceedings (s. 67 of the MLTPA), (ii) spontaneous dissemination of information to foreign counterparts, (iii) taking of actions pursuant to s.11 of the FIU Act, whereby the Director of the FIU can obtain a court order to, *inter alia*, prohibiting the person from transferring, pledging or otherwise disposing of money or other property ordered by the Court, (iii) taking of TFS-TF measures, (iv) forfeiting the property via civil recovery mechanism (s.72-75 of the MLTPA) and undertaking civil recovery actions pursuant to the Civil Asset Recovery Unexplained Wealth Order (CARUWA).



263. Disruption measures relative to terrorism and TF are also found in the Immigration Act which provides for measures related to foreign nationals including “prohibited migrants.” This measure along with that contained in the Belize Nationality Act are important in the context of FTFs, given publicly available reports suggesting that persons from the Caribbean region have reportedly travelled to conflict zones in the past.
264. Further, pursuant to the Belize Nationality Act, the Government of Belize can take action to revoke the citizenship of persons, taking into consideration, circumstances such as, how the person has conducted himself, that his continuance as a citizen of Belize is detrimental to the interest of Belize (s.21 (g)). This sub-section is of particular importance in the context of counter-terrorism, as s.21 (3) provides that the scope of such an order can extend to all or any of the minor children of such person who have been included in the certificate of registration issued to him at the time of his registration.
265. Whilst the authorities have not utilised any disruptive measures in the absence of such cases. The authorities have demonstrated that in circumstances where cases arise, LEAs and prosecutors including the BPD and the FIU are prepared to use other criminal justice measures as was demonstrated in core issue 7.4 which is applicable to ML offences.

## Overall conclusions on IO.9

266. Belize has not investigated and prosecuted any TF cases within the reporting period which is commensurate with the risk profile of the jurisdiction.
267. Belize has demonstrated that there are measures in place to effectively identify, prosecute and disrupt TF activities in the event of such an occurrence. The robust legislative regime coupled with, *inter alia*, policies and procedures, an understanding of the TF risks and the establishment of working groups, such as, the FCWG and the NTFSTF, forms part of the mechanism to effectively investigate, prosecute and disrupt TF offences.
268. LEAs and prosecutors have received TF training and can rely on external investigative expertise to assist in investigations as has been demonstrated in the past. Belize should continue to provide investigators and prosecutors with further practical training and mentorship to further strengthen their capacity.
269. As a result of no prosecution and convictions for TF, no sanctions were applied. Similarly, while robust mechanisms are in place to utilise multiple disruption measures, the authorities have not had need to utilise any. As part of its counter-terrorism strategy, authorities have implemented measures to address TF.
270. Having considered the mechanisms that are in place and the measures that are needed to improve the TF regime, the assessment team found that moderate improvements are needed to regime.

**Belize is rated as having a substantial level of effectiveness for IO.9.**

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

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

##### *Introduction*

271. Belize has a comprehensive framework for the implementation of targeted financial sanctions (TFS) without delay pursuant to United Nations (UN) Designation 1267/1989, 1988 and 1373 (see analysis of R.6). The process involves the implementation of TFS-TF without delay through the court process and parallel process via the Director of the FIU. The Director of the FIU is legally required to maintain a list of designated entities and to maintain contact with the UN at frequent intervals to ensure that the list is kept up to date and to ensure all steps of the process are executed within hours of any designation. The FIU and the Belize Ministry of Foreign Affairs (MOFA) have adopted SOPs to ensure that the list is kept up to date and designation is implemented without delay.
272. The amendments to the MLTPA in 2023 strengthened the TFS-TF requirements. The United Nation Security Council (UNSC) had not made any new designation to the UN 1267 listing following the amendments to the legislation. In the absence of new designation, the assessment team significantly relied on the strength of current legislative framework, aspects of the de-listing regime that was used to demonstrate the implementation of TFS-TF without delay, and interviews conducted with competent authorities and the private sector (FIs and DNFBPs) to determine the extent to which TFS-TF can be implemented without delay. Further, the assessment team found that the simulation exercises conducted by the jurisdiction in the absence of any designation by the UNSC (following the amendments) to be a useful exercise and placed significant weight on same to arrive at their conclusion. Overall, the assessment team found that TFS-TF can be implemented without delay, with competent authorities and private sector, especially the larger FIs and DNFBPs being aware of their roles and responsibilities. The assessment team's findings are outlined in the paragraphs to follow.

#### **Implementation of UNSCR 1267/1989 and 1988**

273. Belize has two *ex parte* mechanisms in place to ensure TFS against designated individuals or entities are implemented without delay, namely through an Order of the High Court (MLTPA s.68(5F)) or by a Director's Notice (MLTPA s.12). An Order of the High Court is made upon an application by the Director of the FIU, once satisfied that a person or entity is designated (MLTPA s.68(5F)). The application is prepared by the FIU Legal Department and the Registrar of the Supreme Court is notified of the imminent application and a Judge is assigned to hear the application. The application is required to be heard within hours of its filing. The Order has the effect of immediately freezing all the property of the Listed Person, including assets owned wholly or jointly legally or beneficially owned or controlled by the Listed Person or associated parties. The order applies to all future property owned or controlled by the Listed Person. The Order is required to be immediately served by the Court on the FIU, electronically. FIs and DNFBPs are immediately notified via email and via other forms of instant communication of the designation by the FIU and their supervisors.
274. The SOP established between the FIU and MOFA requires the MOFA to immediately notify the Director of any changes to the UN Sanction Lists. This was evidenced in email correspondence by the Belize UN representative to the contact person at the MOFA in which legal staff and the Director of the FIU were copied<sup>47</sup>. In addition, the FIU has implemented other measures to ensure that any changes to the sanctions list are acted upon. They include; automated screening of the UN Sanctions Lists every two hours, and any changes would trigger an alert to multiple persons within the FIU; 365-day assignment of officers to monitor the UN Sanctions website for notification of any changes; and the FIU's subscription to the UN Security Council's (UNSC) e-mailing list for updates to changes to the UN Sanctions List.

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<sup>47</sup> Applicable in a delisting case.

275. The judiciary is aware of its role and function in ensuring that TFS-TF can be implemented without delay. The “Practice Directions- Supreme Court of Judicature of Belize TFS Direction” was developed by the judiciary in consultation with competent authorities. The document is detailed and sets out, *inter alia*, the process/procedure for listing, hearing and disposition of applications without delay, pursuant to s.68(5F) of the MLTPA. The document highlights the roles of each party, including designating points of contact and alternates and their functions and filing of documents listing and the perfecting, issuing and service of orders. For example, Practice Direction 7 requires that all applications filed pursuant to s.68 (5F) are given urgent hearing. The Registrar of the Court is required to immediately lists the application for hearing before the judge, who reviews the file immediately, taking into consideration that a hearing will be scheduled urgently (if there is a need for such). Through discussions held with members of the Judiciary during the on-site visit, the assessment team found that the Justices were well-knowledgeable of the requirements of the practice direction and the importance of the Court to ensure that TFS is implemented without delay.
276. Section 12 Director’s Notice establishes a parallel process to ensure that TFS-TF is implemented without delay. This can be done once the Director is satisfied that a person or entity has been designated by the UNSC. The FIU communicates and collaborates with the Government Printer to settle the Notice for publication once Gazetted. The process for dissemination of the Notice and the changes to the Belize Consolidated Sanctions Lists is the same as that for the Orders of the High Court (s.68(5F)). Upon receipt of an order from the Court or a designation via the Director’s notice, the policy dictates that the FIU uploads the Order of the High Court or the Director’s Notice as applicable, together with an updated Belize Consolidated Sanctions List (which is immediately posted on the FIU’s website) to the FIU’s online electronic portal. Once uploaded an automated email notification of a new listing is sent to all supervisory authorities, competent authorities and compliance officers of all FIs and DNFBPs, notifying them of a new listing. Parallel to dissemination via the FIU electronic database, each supervisor disseminates the notification of the new listing to their supervising entities and provides a hyperlink to the Belize Consolidated Sanctions List on the FIU’s website.

### ***Belize Simulation and delisting exercise***

277. Following the TFS amendments to the MLTPA in 2023 and at the time of the completion of the onsite visit, no individuals or entities were designated by the UNSC pursuant to UNSCRs 1267/1989 or 1988. As such, no s.68(5F) Orders or s.12 Notices were issued.
278. To test the effectiveness of the TFS regime, three simulation exercises spearheaded by the FIU were conducted. Two simulation exercises were in relation to the FIU’s internal processes and the other involved a wide range of public and private sector entities including supervisors, FIs, DNFBPs and the judiciary (see Box.4.2 and 4.3). Based on discussions held with public and private sector entities, the assessment team concluded that the exercises resulted in the authorities and private sector’s having a greater understanding of the TFS requirements and ensured that TFS can be implemented without delay. The conduct of TFS-TF training inclusive of simulation exercises, presentation of typologies and the use of the compliance reporting forms by reporting entities is a part of the FIU’s Guidance and Outreach Plan 2024-2026.

#### **Box 4.2: FIU Internal Simulation Exercises (TFS)**

##### **Exercise 1: Section 68 of the MLTPA Notice.**

This exercise was internal to the FIU and involved the FIU's Legal Department and the Director of the FIU and was conducted on May 13, 2023. The exercise simulated an addition to the ISIL (Da'esh) and Al-Qaida Sanctions List and was aimed at confirming that all internal steps by the FIU could be executed without delay. The Legal Department simulated preparing the pleadings and exhibits for the s.68 Application to the High Court; obtaining the approval of the Director for the Application; executing and swearing to the pleadings and filing of the pleadings. These critical steps were all completed within **two hours** of the simulated notification of the addition to the Sanctions List. There were no adverse findings from this exercise.

#### **Exercise 2: Sections 68 and 12 of the MLTPA Notice.**

The second exercise was also internal to the FIU and involved the FIU's Legal Department and the Director of the FIU and was conducted on July 25, 2023. The exercise simulated an addition to the ISIL (Da'esh) and Al-Qaida Sanctions List and was aimed at confirming that all internal steps by the FIU could be executed without delay. The Legal Department simulated preparing both the s.12 Notice and pleadings and exhibits for the s.68 Application to the High Court; obtaining the approval of the Director for the Application; executing and swearing to the pleadings and filing of the pleadings. These critical steps were all completed within **1 1/2 hours** of the simulated notification of the addition to the Sanctions List. There were no adverse findings from this exercise.

#### **Box 4.3: Simulation Exercise**

##### **Exercise 3:**

**Participants:** FIU, Supervisors and Sample of FIs and DNFBPs (Banks, Credit Unions, Life Insurance Companies, Real Estate, Registered Agents (TCSPs), Trading in Securities Businesses, Accountants, RSPs and Casinos).

**Summary of scenario:** The simulation included internal steps by the FIU to have the s.12 Notice issued and communicated to reporting entities through the FIU's electronic document portal and by supervisors through email notification. In addition, CBB maintains an instant mobile messenger group with compliance officers from the reporting entities it supervises and used same to alert reporting entities of the listing as per CBB's procedures. In preparation for the exercises, reporting entities had been previously provided with relevant facts for the scenario including, as appropriate:

- The Listed Person having assets in the custody of the reporting entity;
- The Listed Person having previously been provided with financial or other related services by the reporting entity;
- The Listed Person having been a counterparty to a transaction with a client of the reporting entity;
- The Listed Person having purchased and redeemed chips at casinos; and
- The Listed Person being the BO of a client of the reporting entity or a counterparty.

Reporting entities were also provided with simulated identification documents for the Listed Person and related parties.

##### **Findings**

Reporting entities demonstrated the ability to identify a link with the Listed Person (including through consideration of BO information as appropriate), take steps to freeze without delay (i.e. freezing, where

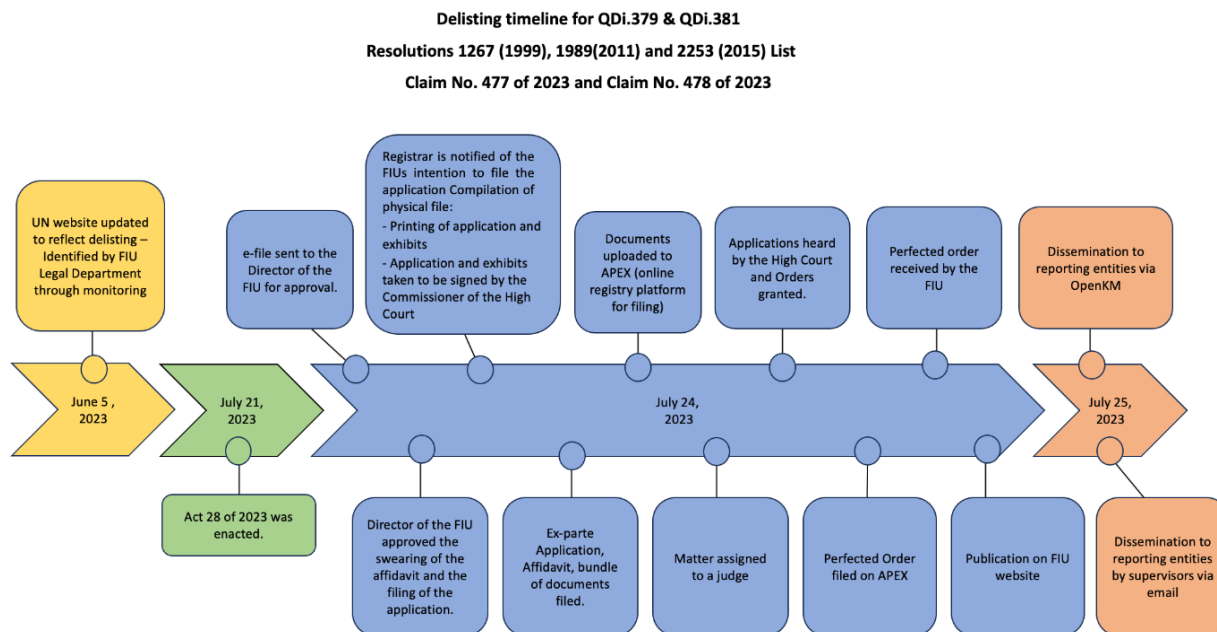
applicable, took place on November 13, 2023) and thereafter properly complete and file the requisite Compliance Reporting Form. Reporting entities also demonstrated proactive steps. For example, one FI demonstrated conducting a look-back and identified that the subject had the same name, though different identifier information, as an actual counterparty to a transaction which took place before the simulated listing. This information was provided in the Compliance Reporting Form and was confirmed as a false positive.

The accuracy of the completion of the Compliance Reporting Form was found to be sufficiently satisfactory to identify a link to the Listed Person and trigger further inquiries by the FIU as the sanctions administration authority. The exercise also provided the opportunity for feedback to and from reporting entities including on proactive measures they would have taken as outlined above. These best practices are being factored by the FIU into developing additional guidance and outreach materials for reporting entities. The exercise also resulted in the FIU updating the Compliance Reporting Form to allow for easier reporting of property which is subject to freezing but which is not under the control of the reporting entity or person filing the Form.

Where applicable all freezing took place within 24 hours. All reporting entities submitted compliance reports on the actions taken including freezing.

279. To ensure that TFS-TF can be implemented without delay, the process was also tested using a delisting by the UNSC (see figure 4.1). The information shows that following the amendments of the measures to address TFS (July 2023), the authorities were able to obtain the necessary court order to transpose delisting into the domestic framework and ensure that the order was communicated to the reporting entities within a matter of hours.

**Figure 4.1**



### **Implementation of UNSCR 1373**

280. The legal framework for High Court Orders (s.68(5F)) and Director's Notice (s.12) outlined above for the UNSCRs 1267/1989 and 1988 equally applies to designations in accordance with UNSCR 1373 and is robust in nature. Belize has never designated any person or entities in accordance with UNSCR 1373 as it has never received any request from another jurisdiction or obtained evidence to do so following its own investigations. The NTFSTF has taken actions to determine whether persons who were previously designated by other countries had any nexus to the jurisdiction. (see Boxes 4.4 and 4.5 below).
281. Domestic listing can be made upon Belize's own motion and on the request of a foreign country pursuant to UNSCR 1373 and can be done without delay. The Director has the power to collect and solicit information from foreign and domestic competent authorities and the public to identify persons or entities that meet the relevant criteria for designation (s.68(5C)). The FIU has issued guidance on its website inviting such submissions from the public. The Director can enter into agreement via MOUs with any foreign or domestic authority for the purposes of s.68(5A). Belize has MOUs with the respective competent authorities for implementing TFS in the Co-operative Republic of Guyana and the Republic of Trinidad and Tobago and is in discussion with other jurisdictions to execute similar MOUs on the basis of risk. Upon receipt of a request from a foreign jurisdiction, the Director must promptly determine whether Belize's criteria for designation is satisfied.
282. These MOUs provide a mechanism to coordinate the application of sanctions and granting exemptions for basic and extraordinary expenses for persons who are listed in both countries, as well as making joint proposals to the UNSC for designation in appropriate circumstances. Belize has also communicated to international partners its willingness to make such joint proposals. In November 2023, Belize hosted a virtual workshop for participating countries to exchange information on cooperation and requests to designate pursuant to UNSCR 1373 and coordinating sanctions exemptions for dually listed persons, further strengthening cooperation with international partners. Presenters from the workshop included representatives from Belize, Aruba, Trinidad and Tobago and the Cayman Islands. The authorities advised that this workshop served as a springboard for cooperation between the countries for domestic listings and cross-listing and increase in effectiveness of domestic designation for Belize and other participating jurisdictions.

### **The NTFSTF**

283. The NTFSTF is a multi-disciplinary task force established to conduct investigations in support of the TFS regime. The NTFSTF is chaired by the FIU and membership includes *inter alia* the BPD, FSC and the International Merchant Marine Registry. Information received under the MOU regarding listed persons in other jurisdiction is referred to the NTFSTF for investigation and recommendations as to whether the person should be designated in Belize. In accordance with the MOUs signed with the Co-operative Republic of Guyana and Trinidad and Tobago, the Belizean authorities requested information from both countries on individuals and entities that were designated domestically in those jurisdictions to determine (in the case of seven persons<sup>48</sup>) whether there was any evidence of financial, citizenship, residency, travel or other links to Belize to satisfy a s.68 (5C) (domestic designation) process. Investigations were conducted by the NTFSTF to determine whether the individuals had any connections or assets in Belize. The investigations

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<sup>48</sup> Two were already listed in Belize MLTPA.

conducted included checks of various data sources including travel and financial databases (see Box 4.4 and 4.5 below on details of the investigations/enquiries conducted).

**Box 4.4: Investigation to determine domestic listing (UNSCR 1373)**

**Competent authority:** NTFSTF

**Relevance to FATF Outcomes:** IOs.1,2, 6 and 10

**Summary of investigations**

The NTFSTF has conducted thorough investigations into AK (deceased 2018) and AN (deported from the USA to Guyana in December 2020). Investigations into the abovementioned were initiated by the Director of the FIU when the information was initially solicited from the FIU-Guyana with which Belize has entered into a MOU on TFS. This included the most up-to-date identifier information as per Belize's request. On July 18th, 2023, the Chair of the NTFSTF initiated the investigation with NTFSTF members tasked to investigate both subjects who were designated in both Trinidad and Tobago and Guyana. The investigation was to determine whether there was any link between the individuals and Belize.

The investigations conducted included checks of several databases including the Immigration, Nationality and Passport department, International Merchant Marine Registry of Belize (IMMARBE), the Customs and Excise Department (CED), Ministry of Natural Resources, Belize Social Security Board, Transport Department, FIs and the FIU database. The checks were conducted to determine, inter alia, whether the subjects had any assets in Belize, travel history via Belize and whether the individuals are BO of any companies in Belize. Investigations were also conducted using open sources. No assets were found in the jurisdiction for the subjects. Further, there was no evidence of the subjects having any nexus to Belize.

**Outcome:** Investigations concluded on November 16, 2023. In the absence of intelligence and evidence, a determination was made that the subjects should not be subject to domestic listing proceedings and listed on the Belize Consolidated List.

**Box 4.5: Investigation to determine domestic listing (UNSCR 1373)****Competent authority:** NTFSTF**Relevance to FATF Outcomes:** IOs.1, 2, 6 and 10**Summary of investigations**

The NTFSTF has conducted thorough investigations into: 1. KI, (deceased); 2. RD, Place of Birth: Guyana, naturalized citizen of the USA, Address: incarcerated at the USA; 3. MA, Place of Birth: Trinidad and Tobago, Address: Syria; 4. ZH, Place of Birth: Trinidad and Tobago; currently detained by the Syrian Democratic Forces; 5. JA, citizen of the United States of America and citizen of descent of Trinidad and Tobago; currently incarcerated in the USA.

Information was initially solicited on July 19th, 2023, from the Office of the Attorney General, Ministry of Legal Affairs, Trinidad and Tobago with which Belize has entered into an MOU on TFS. Following receipt of this information these matters were referred to the NTFSTF by the Director of the FIU.

On October 4th, 2023, the chair of the NTFSTF initiated the investigation with NTFSTF members tasked to investigate the subjects. The investigation was to determine whether there was any link between the individuals and Belize. Similar to the case above, checks were conducted of various databases including competent authorities, government and FIs. The investigations revealed that the subjects had no assets in Belize and has no nexus to the jurisdiction.

**Outcome:** Investigations concluded on November 16, 2023. In the absence of intelligence and evidence, a determination was made that the subjects should not be subject to domestic listing proceedings and listed on the Belize Consolidated List.

***Publication of UN Designation, changes to the list and Notification to FIs and DNFBPs***

284. The FIU is responsible for maintaining an updated list of UN designated persons and entities. The mechanism in place relative to communication and publication of the list and notification to FIs and DNFBPs is clear and documented. The mechanism includes SOP between the MOFA and the FIU to ensure effective implementation. Further, three members of staff at the FIU are responsible for directly monitoring the UN Sanctions List and any changes. A roster of this was presented to the assessment team as evidence. Publication of the UN designations and changes to the list is done via various mechanisms, including publication on the FIU's website and is available to all competent authorities and the general public. Publication and changes to the list are also published on the FIU's electronic portal which is accessible by most competent authorities including LEAs, supervisors and all Money Laundering Compliance Officers (MLCO) of FIs and registered DNFBPs. As of December 15, 2023, there was a total of 1,361 active users registered for access to the electronic portal.

285. The assessment team was provided with a demonstration of the operation of the database to gain an understanding of how the system works and how documents including the Belize Consolidated List (includes UN Listing) are accessed. Each FI and DNFBP have designated folders on the FIU e-portal in which the Belize Consolidated List is uploaded, and the relevant notifications sent. Publication and changes to the list are done immediately, as the link on the FIU's website provides a direct link to the UN's website. The changes and publication to the UN list and updating of Belize



Consolidated List to reflect changes to such can be done within 24 hours of such changes based on the measures that are in place and the exercises conducted.

286. FIs and DNFBPs are informed of changes to the listing via email communication from the FIU and their respective supervisors. The CBB has also established an instant mobile messenger group with all the compliance officers of its licensees which is used to communicate publication of changes to the sanctions list. Money changers are not currently licensed by CBB and are thus not included in this group. Discussions held with the licensees of the CBB confirmed the availability of the mechanism and it was considered to be a useful tool for communicating changes to the UN List. The assessment team considered this to be a good practice and positively recognised the authorities for having such a mechanism in place.

### **Implementation of TFS-TF by FIs, VASPs and DNFBPs**

287. The analysis of this issue is applicable to FIs and DNFBPs given that there were no known operational VASPs operating in Belize at the time of the on-site visit. This analysis should be read in conjunction with the analysis of core issue 4.4 (Chapter 5 of the MER).

288. The technical compliance regime that exists relative to the implementation of TFS-TF by FIs and DNFBPs is robust and is rated Compliant (see R.6). The mechanism comprised of laws and guidance issued by competent authorities including the FIU's "Guidance on assessing Name Matches for TFS to assist FIs and DNFBPs" (see analysis of R.6) and the CBB Guidance on the implementation of TFS. To ensure that FIs and DNFBPs understand their obligations regarding the implementation of TFS-TF, training was provided by competent authorities as is demonstrated in Table 4.1 below. The training covered, *inter alia*, TFS obligations, guidance on TFS obligations including screening, operationalising TFS regime, freezing and reporting obligations and adequate and fine-tuned sanction screening tools. As can be seen from the information represented in the table, training and guidance were being provided prior to the amendments of the MLTPA in July 2023 and was useful in FIs and DNFBPs being aware of their obligations.

**Table 4.1 TFS Training provided to FIs and DNFBPs.**

<b>Date</b>	<b>Facilitators</b>	<b>Attendees</b>	<b>No. of attendees</b>
March 2023 (2 sessions)	FIU	All reporting sectors	239
April 2023	CBB	Compliance Officers of the CBB's Licensee	9
April 2023	Competent authorities	All reporting sectors	260
September 2023	FIU and OSIPP	Insurance	21
October 2023	Competent authorities	FIs and DNFBPs	62
November 2023	Competent authorities	FIs and DNFBPs	60

289. FIs and DNFBPs are aware of their obligations to freeze without delay the assets of designated persons and submit a report to the FIU. Although the TFS-TF requirements were amended in 2023, most FIs, especially those that are part of a financial group, conduct cross-border transactions and have established correspondent banking relationships (such as RSPs, insurance, banks and credit unions) are utilising commercial databases that contain the name and information on designated persons and entities listed by UN and other international organisations and countries such as the

USA. Screening is conducted at the time of onboarding of the client and on an ongoing basis. The larger DNFBPs, such as registered agents (TCSPs) and real estate agents, also have similar mechanisms in place. Following the amendments to the legislation, FIs and DNFBPs are required to screen against Belize's Consolidated List which has been incorporated into their database. The assessment team found that the training, outreach and simulation exercise conducted by FIU and other competent authorities enhanced FIs and DNFBPs awareness and understanding of their obligations relative to the implementation of TFS without delay.

290. To ensure that TFS is documented in their system, FIs and DNFBPs were updating their compliance manuals at the time of the conclusion of the on-site visit. Supervisors (CBB, OSIPP, FSC and the FIU) have utilised questionnaires to benchmark FIs and DNFBPs level of compliance with the implementation of TFS. Data presented to the assessment team and analysed showed that all entities operating in the banking, credit union, RSPs, payment processing service, payment service providers and insurance sectors have completed the questionnaire and submitted them to their respective supervisors. Over 50% of entities operating as registered agents, trading in securities businesses and international asset protection and management services sectors, all which are supervised by the FSC, responded to the questionnaire. Twenty eight percent of DNFBPs (except for registered agents) responded to the questionnaire. The assessment team considered the lack of submissions by some sectors to be a deficiency, especially the DNFBPs supervised by the FIU. The assessment team nevertheless considered and weighted this to be a moderate deficiency, given that DNFBPs are generally not directly involved in cross-border financial transactions (receipt and transmission of assets including funds abroad).
291. Based on the analysis of the questionnaire conducted by supervisors, banks, RSPs, payment services providers including e-wallets and insurance companies were compliant with the requirements as they have the necessary screening measures in place. This was weighed significantly by the assessment team given the services that those entities are engaged in, including direct cross-border financial transactions. The sanctions in place for breaches to the TFS-TF regime are proportionate and dissuasive (see analysis of R.35). Nevertheless, no actions were taken by supervisors given that no breaches were identified based on examinations that were conducted by supervisors. All supervisors have conducted some desk-based supervision (questionnaire) with some onsite inspections conducted by the CBB, OSIPP and FSC, which conducted inspections of three registered agents, two of which were found to be using sanction screening software. One examination was conducted on a real estate agent by the FIU. The assessment nevertheless found that there is a need for the FSC and the FIU to conduct more on-site inspections to ensure that FIs and DNFBPs under their supervision are complying with their obligations and reliance is not only placed on the questionnaires.

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

292. Belize has taken actions to identify the sub-set of NPOs that falls within the FATF definition of NPOs and those which are most at risk for abuse for TF. Belize has a small NPO sector (see Table 4.2) and the FSC is responsible for supervision and monitoring of the NPO sector. The assessment team was advised that based on their activities, a total of 85 NPOs falling within the FATF definition of NPOs were identified as being of higher risk of TF abuse. The NPO Act which governs the operations of NPOs was enacted in 2023 and is therefore relatively new but robust.

**Table 4.2: Categories of NPOs in Belize**

Category of NPOs	Number
Religious	174

Charitable Organisations	12
Social Services	70
Healthcare	21
Education	20
Sports	15
Recreation	2
Arts and Culture	14
Social	7
Fraternal	4
Other	62
Multiple category	8
Total	405
Total registered	397

### ***Risk assessments of NPOs***

293. Prior to the enactment of the NPO Act, NPOs were classified as DNFBPs and supervised by the FIU for AML/CFT purposes and registration was mandatory. Following the completion of the 2019 NRA which assessed NPOs as medium-high risk for ML/TF based on the absence of legislation, Belize enacted the NPO Act in 2023. The 2019 NRA considered the vulnerability of NPOs as part of the DNFBP sector. Analysis of intelligence and law enforcement data found no adverse findings in respect to abuses of NPOs in Belize. The authorities nevertheless considered that international typologies identified that NPOs that are engaged in movement of monies abroad represents a higher risk for abuse by terrorist or terrorist organisations. The 2019 NRA did not assess the risk of how terrorist actors can abuse NPOs.

294. The ongoing 2022 NRA was more detailed in its assessment of risk of abuse to NPOs. As noted in Chapter 2 of the MER, the ongoing 2022 NRA is expected to be completed by 2024. Although the 2022 NRA was still on-going at the time of the completion of the on-site visit, the working group responsible for assessing the risk of abuse and threats faced by the NPO sector had completed its findings and prepared a preliminary report in October 2023. The report classified the NPO sector as medium-low risk and found, *inter alia*, (i) that NPOs within the education, social services, religion and arts and culture sub-sector which are not funded by the Government of Belize or a foreign government or an international organisation or through membership dues or sale of goods falls within the FATF definition of NPO, (ii) international typologies points to NPOs linked to religious and social service activities being at the highest level, (iii) the method of greatest concern in the context of Belize was diversion of funds and (iv) in the context of regional threats related to FTFs, NPOs sending monies abroad or receiving foreign funding are subject to increased vulnerability.

### ***The FSC (NPO Supervisor)***

295. The FSC has taken several initiatives to promote and ensure that unregistered or new NPOs are registered by the deadline of February 2024 (post onsite visit). The initiatives include workshops and circulated guidance on registration that are available on the FSC website, the Belize Company and Corporate Affairs Registry (BCCAR) website and on social media. The FSC has conducted three targeted outreach sessions with NPOs in different districts within Belize. This targeted outreach was provided to NPOs from the social services and religious sectors (which were identified

as being at higher risk) and covered several topics including the obligations under the NPO Act, registration and annual filing; and guidance on best practices for NPOs to mitigate against the risk of TF abuse. The FSC has developed a three year (2023-2025) outreach plan (which was reviewed by the assessment team) that is designed to, *inter alia*, provide guidance to NPOs and provide a summary of the findings of the 2023 TF abuse risk assessment.

296. The FIU as the previous supervisor of NPOs and the FSC conducted eight outreach sessions with NPOs between 2019 and 2023. These outreach sessions covered several topics including procedures to prevent the chance of being unwittingly involved in ML/TF and terrorism, NPO best practices to mitigate TF abuse and the new NPO requirements and consultation on the NPO Bill (2023). These include joint workshops with the NPO Best Practices Committee established in accordance with s.3A(1)(a) of the NPO Act and which provides a collaborative approach between the NPO Registrar, representatives of other public sector agencies, NPOs and other key stakeholders.
297. Additionally, pursuant to this collaboration, guidance on “Best Practices for NPOs to mitigate the risk of TF abuse,” which was published by the FIU, was developed by the Committee. The Committee’s work programme is also focused on identifying specific best practices for NPOs linked to religious and social services initiatives, and the development of sub-sector specific best practices papers following the same approach as the broader NPO Best Practices Paper. The direct involvement of the NPO sector in this regard also assisted the competent authorities in identifying the target audience. The FSC’s three-year NPO outreach plan (2023-2025) outlines the actions that the FSC has taken and intends to take relative to NPOs. This includes the development of NPO record-keeping guidelines (2024), development of risk indicators for NPOs (2025) and developing of guidance on the sharing of information on suspected abuse of NPOs (2025).
298. The FSC’s ML/TF/PF Risk Management Policy, while documented and approved on December 12, 2023, represents policies and action plan developed and implemented by the FSC since the enactment of the NPO Act in May 2023. These actions include mitigating the risk of TF abuse of NPOs and the implementation of supervisory activities using a risk-based approach. The policy was approved and became effective just prior to the completion of the on-site visit, thus these measures were not fully implemented at the time of the completion of the on-site visit. The assessment team, however, considered this to be a deficiency and considered same to be moderate only in the context of this core issue. The FSC has nevertheless conducted the first on-site inspection of an NPO prior to the onsite and provided feedback of the findings including deficiencies identified and timelines for addressing the deficiencies. The actions required to be addressed by the NPO include ensuring that data is updated and filed with the registrar, ensuring that account and record-keeping procedures are reviewed and updated and ensuring that procedures are implemented for program to be audited, if required.
299. Whilst the FSC supervisory and monitoring framework is recent, a desk-based review of the regulatory NPO files transmitted from the FIU to the FSC following the handing over of supervision and monitoring to the FSC was completed. The desk-based review identified the number of NPOs that fall within the FATF definition of NPOs and those in the religious and social services sector which are identified as higher risk. The largest number of NPOs in Belize are from the religious and social services sectors (see Table 4.2). In applying a risk-based approach, FSC has advised that it will prioritise onsite inspections for the religious and social services NPOs.
300. NPOs interviewed during the on-site visit are aware of the findings of the 2019 NRA and the preliminary findings of the NPO risk assessment, which is a part of the 2022 ongoing NRA, given that some may have participated in same. For some smaller NPOs, funding is provided through donations and sales with proceeds used to fund activities in Belize and are therefore aware of the

source of the funds. Some larger NPOs received funding from abroad from parent organisations some of which are in the USA, a jurisdiction with a good framework for monitoring NPOs.

301. NPOs are aware of the requirement for transparency and those interviewed by the assessment team communicated that annual statements are provided and shared with the board of directors, membership, and are also available to the public. The assessment team was further advised that financial transactions are conducted using the banking system and records funding and expenses are recorded. One NPO interviewed during the on-site noted that grant for funding of its operations was also received from a reputable international FI. NPOs communicated their awareness of the best practice for NPOs to mitigate the risk of TF that was developed by the NPO Best Practices Committee and published by the FSC.

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

302. Consistent with the jurisdiction's risk profile, the authorities have not seized property arising from terrorist activity. As demonstrated in the case examples referenced in Boxes 4.4 and 4.5, the NTFSTF has taken actions to identify assets of persons designated.

303. Belize has a robust legislative framework to deprive terrorist organisers and financiers of assets, proceeds and instrumentalities. In support of the legislative framework (see R.4 analysis) there are documented guidance and policies and procedures, cooperation and coordination mechanisms. This includes the legislative provisions for the implementation of TFS without delay in the immediate freezing of all assets, including assets that may come into the jurisdiction while the sanction subsists.

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

304. The measures implemented by Belize are consistent with the jurisdiction's overall TF risk profile. The measures undertaken are aimed to strengthen and improve the capacity to detect and respond to terrorist acts; and detect, investigate and prosecute various forms of TF and other terrorist related acts through, *inter alia*, the development of policies, signing of MOUs and establishments of working groups and task forces such as the FCWG and the NTFSTF.

305. In response to the TF risks findings in the 2019 NRA, the Belizean Government significantly strengthened the legislation through amendments to mitigate the vulnerabilities that were associated with the deficiencies in the TF and TFS legislation and mechanisms. The guidance and outreach issued by supervisors to FIs and DNFBBPs, LEAs and the public on TFS and the underlying risk strengthens the compliance programme and provides a good basis for the detecting and combating of TF. As a result of the measures implemented by Belize's TF vulnerabilities were reduced. While there remain no identified domestic threats, the TF threat was raised to *medium-low* considering the external threats of FTFs from within the region, but which has not manifested in Belize. The TF risk based on the preliminary findings of the ongoing 2022 NRA therefore remains at medium-low.

## **Overall conclusions on IO.10**

306. Belize has a robust mechanism in place to ensure that TFS-TF can be implemented without delay and the UN Sanctions List and changes to same are communicated to competent authorities, FIs and DNFBBPs in a timely manner. The authorities have established and operationalised the NTFSTF that is tasked with the responsibility of

identifying and investigating targets for designation, domestically (in accordance with UNSCR 1373).

307. FIs and DNFBPs are aware of their obligations related to TFS and effectively communicated to the assessment team the requirement to freeze assets without delay and immediately report same to the FIU.
308. Since the amendments to the legislation and the completion of the onsite visit, there were no designations to the UN Sanctions List and the authorities had not received any requests from other jurisdictions to designate domestically. In line with its risk profile Belize has not proposed any names to the UNSC for designation. Through MOUs with foreign counterparts Belize has mechanisms in place to coordinate applications and deal with ancillary matters such as expenses which may arise. Belize has implemented several good practices which effectively test the framework for implementation of TFS. This includes the conduct of three simulation exercises one of which involved FIs and DNFBPs. Further, the use of an instant mobile messenger group by the CBB to alert its licensees of changes to designation was also recognised as a good practice by the assessment team. The assessment team found these actions to be commendable.
309. While Belize has not seized any assets in relation to TF offences, Belize signed two MOUs with the Co-operative Republic of Guyana and Trinidad and Tobago. As a result of information proactively requested by the FIU of Belize, the NTFSTF conducted several investigations to determine whether there are sufficient grounds for designation and the identification of assets for confiscation.
310. Supervisors have undertaken a significant amount of work to ensure that reporting entities comply with their TFS obligations. Nevertheless, the FSC and the FIU should ensure that their licensees are completing the TFS questionnaire to a greater extent and that more on-site inspections are conducted to ensure compliance by the sectors they supervise.
311. The legislative mechanism and the guidance provided thus far by the FSC is robust. Most NPOs are aware of their obligations and those interviewed during the on-site visit practice transparency and good governance. The FSC should ensure that supervision and monitoring including inspections of high risk NPOs are conducted to a greater extent.
312. The assessment team considered and weighted the deficiencies that exist and considered them to be moderate in nature, taking into consideration the TF risk and context of Belize (TF risk rating and not located next to any conflict jurisdiction). More weight was assigned by the assessment team to the requirements of core issues 10.1, 10.3 and 10.4 rather than 10.2 given the size and the risk associated with the NPO sector.

**Belize is rated as having a substantial level of effectiveness for IO.10.**

#### 4.4 Immediate Outcome 11 (PF financial sanctions)<sup>49</sup>

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

###### Context:

313. Belize does not maintain diplomatic relationships with the Democratic Republic of North Korea (DPRK), the only jurisdiction that is subject to UN sanctions relative to PF of Weapons of Mass Destruction (WMD). The jurisdiction does not have trade and financial relationships with the sanctioned jurisdiction. Belize does not manufacture or trade in dual use goods/proliferation goods, neither is it a major transshipment point for DPRK. The jurisdiction is not an international or regional financial center. Belize is located approximately 12,606 km from DPRK. Belize has a well-established ship registry that is well knowledgeable of its obligations to adhere to the UNSCR requirements against DPRK.
314. The legal and institutional frameworks that are in place ensure the implementation of TFS-PF is robust and allow the authorities to implement TFS-PF without delay to a significant extent. The assessment team findings are based on the information provided by the jurisdiction, the assessment team's analysis as detailed in R.7 of the TC Annex and interviews conducted with competent authorities and FIs and DNFBPs. The assessment team's findings are detailed in this section of the report.
315. The measures that are in place for the implementation of TFS-PF are similar to those related to TFS-TF, save and except for some minor differences such as the section of the law. Section 68(5C) of the MLTPA applies to PF-TFS, subject to s.68(5D). Section 68(5C)(a)(ii)(aa), 68(5C)(a)(iii)(aa) and s.68(5C)(b) are directly applicable to UN Sanctions List applicable to listed persons and entities associated with DPRK. There is also scope for the application of 68(5C)(a)(i); 68(5C)(a)(ii)(bb) and 68(5C)(a)(iii)(aa) and (bb) in cases where there is intersection between proliferation and terrorism. The NTFSTF and the SOP mentioned in the analysis of IO.10 are applicable to TFS including PF. To avoid duplication of the information, aspects of the analysis of this section should be read in conjunction with the analysis in core issue 10.1. Belize utilises a multi-agency approach that is led by the FIU to ensure that TFS-PF is implemented without delay. Given the similarities between the two regimes (TFS-TF and TFS-PF), most of the information has been captured and analysed in core issue 10.1.
316. Belize's National Policy is to adhere to its international obligations in accordance with Schedule VII of the Charter of the UN and as called upon by the FATF. In line with its national policy, Belize has in place comprehensive legislation, policies and operational mechanism to implement TFS-PF in accordance with UNSCR 1718 (2006) and its successor Resolutions without delay. Upon enactment of the legislation, all members of the public including FIs and DNFBPs were immediately bound by the requirement to freeze property without delay.
317. The Director of the FIU is required to maintain an up-to-date list of designated entities and vessels and to maintain regular contact with the UN. Belize has adopted mechanisms to apply TFS-PF in respect of vessels falling within the scope of the DPRK regime.
318. The legislative and operational framework for the implementation of TFS-PF is the same as those relied upon for TFS-TF Belize has two *ex parte* mechanisms in place to ensure that TFS-PF can be

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<sup>49</sup> On 18 October 2023, the TFS elements of UNSCR 2231 expired. Therefore, assessment team did not assess the implementation of UNSCR 2231 given that the on-site visit occurred subsequent to this development.

implemented without delay. These are an Order of the High Court (s.68(5F)) and Director's Notice (s.12)<sup>50</sup> (see analysis of R.7). Both mechanisms are premised on the Director being satisfied that the person, entity or vessel is designated in accordance with Belize's legislation. All persons and entities designated in accordance with UNSCR 1718 have also been designated in Belize. The SOP adopted by the Director and the MOFA along with the Practice Direction established for the Supreme Court ensures that all relevant steps in the process are executed within hours of the UN publication of designation and the designations are transposed into the domestic regime.

319. The Order of the High Court (s.68(5F)) and Director's Notice (s.12) mechanisms are detailed in the analysis of IO.10. The two mechanisms work side by side and ensure that however the notification of a change in listing is received, the framework allows for immediate action without delay. The assessment team found that the Judiciary is aware of the requirement to ensure that orders are granted without delay and the content of the Practice Directions. Both the Order of the High Court (s.68(5F)) and Director's Notice (s.12) have the effect of immediately freezing all property of the listed persons. The framework for the publication of changes to the list or the issuance of a Director's Notice is similar to the framework for the implementation of TFS-TF (see IO.10).
320. Since the amendments that are reflected in the 2023 legislation, no individuals or entities have been designated by the UNSC under UNSCR 1718 or changes to the list<sup>51</sup>. Therefore, no orders or notices have been issued in relation to UNSCR 1718. However, the simulation exercises conducted by the jurisdiction and referenced in Boxes 4.2 and 4.3 are also equally applicable to TFS-PF given that the framework for implementation of TFS-TF without delay is similar in nature to the implementation of TFS-PF. As noted in the case examples, the implementation of TFS is achievable without delay (within a period of 24 hours).
321. Competent authorities including supervisors and representatives from the International Merchant Marine Registry of Belize (IMMARBE) has received training on matters related to implementation of TFS-PF (see Table 4.1). Training was also provided by international organisations including Royal United Service Institute (RUSI) and the United States Department of State on matters related to PF including on ship registries sanctions management.

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

322. Competent authorities and other private sector authorities have not identified any assets and funds that are held by designated persons and entities in Belize. Whilst the risk of PF is not required to be assessed as part of this evaluation, Belize does not conduct trade activities or maintain diplomatic relationship with DPRK. The FIs and DNFBPs interviewed by the assessment team indicated that business is not conducted with entities and persons from DPRK, with most of their clients being from Europe and North America. Whilst no assets have been identified, the mechanism is in place to ensure the identification and freezing of assets. Further, the FATF publications on high-risk countries which include DPRK are consistently disseminated by the supervisors to FIs and DNFBPs for action.
323. The Belize Consolidated List, which includes persons and entities designated in accordance with UNSCR 1718, is publicly available on the [FIU Belize's website](#). Similar to TFS-TF, the consolidated list was provided to FIs and DNFBPs via their respective supervisors, the FIU electronic portal, email alert and via the CBB instant mobile messenger network to compliance officers of its licensees. Where changes are made to the UNSCR 1718 List, these changes are

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<sup>50</sup> This is a parallel process.

<sup>51</sup> Changes were made to the UNSCR 1718 on January 5, 2024 (post-onsite visit) and these were published on the FIU website.



communicated to FIs and DNFBPs using the mechanisms previously stated in IO.10 and are published on the FIU's website. Based on the guidance issued by the FIU, FIs and DNFBPs are also encouraged to monitor other lists for UNSCR 1718 regime for changes to the identifier information on the UN Lists and to cross reference this to the Belize Consolidated Sanctions List. FIs and DNFBPs, especially those that are part of financial groups and have established correspondent banking relationship (such as RSPs, banks, trading in securities businesses, registered agents (TCSPs), casinos and real estate sector) all communicated having access to commercial databases with access to the persons and entities designated in accordance with UNSCR 1718. The screening of customers takes place at the point of onboarding and on an ongoing basis.

324. Further, upon receipt of an alert, FIs and DNFBPs immediately check their customer database against the changes to determine whether any of their past or present clients or counterparties are a Listed Person. Further analysis is undertaken through checking the CDD and KYC information (including BO information) and open-source research. Should FIs or DNFBPs receive a positive result, implementation of the applicable asset freeze and prohibition is put in place. Following which the FIU is immediately notified and a report is submitted to the FIU using the compliance reporting form provided by the FIU.
325. The FIU has also issued guidance on assessing Name Matches for TFS to assist FIs and DNFBPs in completing screening against UN Listings. The guidance and training provided and referenced in IO.10 also apply to the implementation of TFS-PF.

***International Merchant Marine Registry of Belize (IMMARBE)***

326. IMMARBE is a department within the FSC that is responsible for the registration of ships and managing the Belize Ship Registry. Although the FATF Standards are not directly applicable to entities such as ship registries, staff members of IMMARBE have a good understanding of TFS-PF requirements and have been adequately trained in PF including in sanction evasion techniques. IMMARBE works closely with the owners of the vessels it registered by informing them of UN restrictions that are applicable to designated persons and entities in DPRK. Additionally, IMMARBE conducts due diligence of the owners of vessels to ensure that they are not designated or are not used by designated persons and entities in DPRK to evade sanctions. IMMARBE has also implemented an "Affidavit of declaration of compliance with UNSCR concerning DPRK" and owners are required to provide signed declaration forms. As part of due diligence checks IMMARBE staff conduct checks of the Belize Consolidated list, UN sanction lists and UN Panel of Experts' reports.
327. In response to UNSCRs and information from the UN Panel of Experts and/or information from the US Department of State regarding breaches, IMMARBE has taken action to de-register vessels as is demonstrated in the case examples below. The actions taken by IMMARBE is an indication of the seriousness in which the authorities considered implementation of TFS-PF and UN conventions applicable to DPRK and compliance with international obligations.

**Box 4.6: De-registration of vessel**

**Competent authority:** IMMARBE

**Relevance to FATF Immediate Outcomes:** IO.2 and IO.11/ UNSCR 1718

**Summary:** A Belizean flagged general cargo vessel was found to be in breach of various UNSCRs including 1718 related to DPRK. The vessel breached the UNSCRs as it was recorded as entering ports located in DPRK in 2012 and 2015.

**Action taken:** In accordance with the Merchant Ship Act, 2010 (as amended) and the Disciplinary Regulations which allow IMMARBE to take actions against Belizean registered (flagged) vessels, including de-registration, IMMARBE cancelled the registration of the vessel with immediate effect. This was executed and communicated to the owners of the vessel on January 20, 2020. The identification of the vessel was undertaken by IMMARBE in cooperation with its US counterparts between 2019 and 2020.

**Box 4.7: De-registration of oil/chemical tanker**

**Competent authority:** IMMARBE

**Relevance to FATF Immediate Outcome:** IO.11/ UNSCR 1718 and IO.2

**Summary:** A Belizean flagged oil/chemical tanker was found to be in breach of various UNSCRs including 1718 related to DPRK. The vessel breached the UNSCRs as it was mentioned in UN Panel of Expert Reports as having engaged in illegal ship-to-ship transfers with North Korean vessels.

**Action taken:** In accordance with the Merchant Ship Act, 2010 (as amended) and the Disciplinary Regulations which allow IMMARBE to take actions against Belizean registered (flagged) vessels, including de-registration, IMMARBE cancelled the registration of the vessel with immediate effect. This was executed and communicated to the owners of the vessel on January 20, 2020. The identification of the vessel was undertaken by IMMARBE in cooperation with its US counterparts between 2019 and 2020

**Box 4.8: De-registration of vessel****Competent authority:** IMMARBE**Relevance to FATF Immediate Outcome:** IO.11/ UNSCR 1718 and IO.2

**Summary:** A Belizean flagged general cargo vessel was found to be in breach of various UNSCRs including 1718 related to DPRK. The vessel breached the UNSCRs as it was recorded as entering ports located in DPRK in 2011, 2012 and 2015.

**Action taken:** In accordance with the Merchant Ship Act, 2010 (as amended) and the Disciplinary Regulations which allow IMMARBE to take actions against Belizean registered (flagged) vessels, including de-registration, IMMARBE cancelled the registration of the vessel with immediate effect. This was executed and communicated to the owners of the vessel on January 20, 2020. The identification of the vessel was undertaken by IMMARBE in cooperation with its US counterparts between 2019 and 2020.

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

328. As noted previously, from a contextual standpoint, FIs and DNFBPs interviewed during the on-site visit all indicated that they are not engaged in any business activities or transactions with any natural and legal persons from or known to have a nexus to DPRK. The customer based for FIs and DNFBPs are generally Belizean nationals and persons from Europe and the USA.
329. All FIs and DNFBPs, especially the larger ones, demonstrated a good understanding of their obligations related to TFS including PF. The assessment team arrived at this finding based on information provided by the jurisdiction and interviews conducted with representatives from the sectors during the on-site visit. FIs and DNFBPs, specifically those that are part of a financial group and rely on corresponding banking relationships and are engaged in relationships with non-Belizean customers, comply with the obligations to implement TFS-PF without delay. The assessment team's findings on the level of understanding and compliance with the obligations are detailed below.
330. Belize has prohibited the operation of VASPs until 31 December 2025 and the assessment team found no evidence of this sector operating in the jurisdiction. This section of the report therefore focuses on the FIs and DNFBPs' level of understanding and compliance with TFS-PF obligations. The findings of the assessment team that are detailed in the relevant paragraphs in IO.10 that are applicable to FIs and DNFBPs including the information in Table 4.1, the guidance, outreach and training provided by competent authorities and the simulation exercises are also applicable to the TFS-PF regime and are the main contributing factors in ensuring that FIs and DNFBPs understand their obligations and comply with the requirements. Additionally, the FIs and DNFBPs have undertaken and or sought their own training / guidance outside of what is provided by supervisory authorities. The larger FIs and DNFBPs also have in place commercial databases with sanction screening tools as noted in IO.10 to screen existing and potential customers against UN lists including those designated in accordance with UNSCR1718.
331. OSIPP has taken positive steps to educate its licensees on their PF obligations. This is demonstrated through the launch of an education campaign on PF in 2021, accompanied by PF sensitisations at the quarterly Compliance Officer Committee meetings. Additionally, OSIPP has circulated FATF's Guidance on Proliferation Financing Risk Assessment and Mitigation to its licensees. Targeted

guidance on PF obligations at the time of the onsite was conducted across all sectors with the exception of the money changers, which was considered to be a minor deficiency, given the materiality of the sector.

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

332. Supervisors (CBB, FSC, OSIPP and the FIU) are charged with the responsibility of ensuring and monitoring compliance by their various licensees. The measures used to monitor and ensure compliance by FIs and DNFBPs were previously cited and analysed in IO.10. Representatives from all four supervisory authorities underwent training on CPF. The training covered, *inter alia*, the TFS-PF legislative framework; intersection between ML, TF and PF; and the operational framework for implementation of TFS requirements. This training has contributed to supervisors' ability to conduct their functions in ensuring that FIs and DNFBPs are complying with their obligations. Overall, the assessment team found that there are some measures in place by supervisors especially by the CBB and OSIPP to monitor and ensure compliance by their licensees with the TFS obligations.
333. The primary tool that was utilised to monitor and ensure compliance is the TFS questionnaire that was developed by supervisors in July 2023 and disseminated to FIs and DNFBPs. As noted in the analysis of IO.10, most sectors except for those entities operating in the DNFBP sector (except for TCSPs) have completed the questionnaire and submitted responses to their respective supervisors. The TFS questionnaire is part of the desk-based process employed by supervisors to monitor and ensure compliance. The findings of the questionnaire show that banks, credit unions, RSPs and insurance companies are largely compliant with the requirements and have measures in place to ensure compliance.
334. Supervisors, primarily OSIPP and the CBB as part of their on-site inspections conducted during the review period (2018-December 15, 2023) have also assessed the extent to which their licensees have implemented TFS measures (despite the measures only coming into effect in 2023) (see information on the number of inspections conducted by supervisors in IO.3). The CBB between June and December 2023, as part of its thematic on-site examination conducted several risk-focused examinations for seven credit unions, one moneylender, three RSPs, three international banks and four domestic banks to test their AML/CFT manuals. The findings were favorable and showed that banks, credit unions and RSPs are largely compliant with the TFS obligations. The assessment team weighed up this finding significantly given the importance of the foregoing sectors.
335. The assessment team considered the lack of responses from the DNFBPs to the TFS questionnaire (except for registered agents (TCSPs)). On-site inspections were conducted by the FSC and the FIU on three registered agents and one real estate agent, respectively, to determine, *inter alia*, the extent to which the sectors are complying with their obligations. The findings from those inspections include most of the entities inspected were complying with their obligations and had employed commercial databases to conduct sanctions screening. While only a small fraction of DNFBPs were subjected to on-site inspections, the assessment team considered the deficiency to be moderate given the scope of the operations of these entities (mostly small businesses and domestic customers-with the exception of registered agents).
336. The simulation exercise conducted with participation from FIs and DNFBPs was also used as a tool to test the knowledge and level of compliance by FIs and DNFBPs. Whilst some measures were taken to ensure that FIs and DNFBPs are complying with their obligations, at the time of the on-site visit, supervisors were in the process of updating their compliance manuals, risk matrices and off-site and on-site schedules to include TFS. The results from the TFS questionnaire are expected to be factored into the on-site examination by supervisors.

337. The sanctions that are in place for breaches relative to TFS-PF, from a technical compliance standpoint, are proportionate and dissuasive (see analysis of c.7.3). Apart from IMMARBE, the authorities have not applied any sanctions as no breaches were identified. Nevertheless, given that supervisors have demonstrated that sanctions have been taken for breaches related to preventive measures and the sanctions taken by IMMARBE, the assessment team concludes that sanctions will be taken where breaches are identified. LEAs are trained to identify breaches which can be done via the NTFSTF.

## Overall conclusion on IO.11

338. Belize has in place a robust mechanism comprising of the legislative requirements, SOPs and policies and procedures to ensure that TFS-PF is implemented without delay. The mechanism in place for the implementation of TFS-PF is similar to the one that exists for the implementation of TFS-TF.
339. FIs and DNFBPs are aware of their obligations to implement TFS without delay, including the immediate freezing of assets that are, *inter alia*, owned or controlled by designated persons and entities. Despite the recency of the legislation, most FIs and DNFBPs especially the larger ones prior to the implementation had in place commercial databases which were used to screen customers at the onboarding stage and on a continuous basis.
340. The authorities have not seized or frozen any assets of designated persons. Nevertheless, IMMARBE has taken action (de-registration) against Belizean flagged vessels that have breached UN sanctions applicable to DPRK including UNSCRs 1718 and its successor Resolutions.
341. Supervisors, largely OSIPP and the CBB continue to take actions through desk-based and on-site inspections to ensure that reporting entities are complying with their obligations. The assessment team found that Belize would benefit from greater response rate to the questionnaire by some of the licensees supervised by the FSC and FIU. Further, there is a need for the FIU and FSC to conduct more TFS-PF focused on-site inspections to ensure that their licensees are complying with their obligations and where breaches are identified sanctions are applied.
342. The assessment team considered and weighted the deficiencies that exist and found them to be moderate. In arriving at the rating assigned the team considered that moderate improvements are needed to framework.

**Belize is rated as having a substantial level of effectiveness for IO.11.**

## Chapter 5 PREVENTIVE MEASURES

### 5.1 Key Findings and Recommended Actions

#### Key Findings

- a) FIs and DNFBPs demonstrated a good understanding of their AML/CFT obligations, particularly those entities with international affiliation or are part of a financial group. These sectors have implemented appropriate CDD and EDD measures with sufficient ongoing monitoring mechanisms. There are also procedures to identify and verify the identity of beneficial owners at all stages of the relationship. Most FIs and DNFBPs indicated they have conducted AML/CFT training and established adequate record keeping and reporting measures. Larger FIs and DNFBPs utilise automated systems to onboard and monitor clients.
- b) Overall, FIs and DNFBPs have a good understanding of their ML/TF risks and have implemented commensurate mitigating measures. This understanding is largely attributed to their participation in working groups, the completion of questionnaires during the NRA exercises for 2019 and 2022 (ongoing) and the extensive outreach and guidance provided by the Supervisors. FIs and DNFBPs, that are part of a financial group or have international affiliation have conducted institutional risk assessments and do so periodically.
- c) Larger FIs and DNFBPs have complied with the obligation to have their AML/CFT framework independently assessed. Smaller FIs and DNFBPs are not fully compliant in this regard, as in many cases the operations are sole proprietorships where the owner acts as the MLCO, therefore reliance is placed on the feedback from their respective supervisors.
- d) FIs and DNFBPs are aware of their obligation regarding the implementation of TFS. Whilst the jurisdiction is risk rated medium-low for TF, FIs and DNFBPs demonstrated their preparedness for such instances. Larger FIs and DNFBPs notably banks, credit unions, RSPs, insurance companies, registered agents and real estate agents, utilise software to screen customers against the TFS lists on an ongoing basis. Smaller FIs and DNFBPs such as moneylenders and DPMS conduct such checks manually.
- e) FIs and DNFBPs are aware of their obligation to report STRs to the FIU and the implications regarding tipping off. Though the quality of STRs is good, there is however, a low level of STR reporting across some high-risk DNFBPs namely, registered agents, real estate, attorneys at law and casinos and FIs such as trading in securities businesses.
- f) The extent of compliance for preventative measures for entities supervised by the FSC and the FIU could not be fully corroborated as limited onsite examinations were conducted.

## Recommended Actions

- a) Belize should ensure that all supervisors enhance supervision efforts to guide FIs and DNFBPs, specifically smaller ones, as appropriate, to comply with their AML/CFT obligations based on the MLTPA to conduct:
  - i. institutional ML/TF risk assessments; and
  - ii. independent reviews of their AML/CFT compliance framework.
- b) While the FIU has provided sector specific guidance on STR reporting; there should be frequent outreach and training efforts on effective STR reporting for all FIs and DNFBPs, particularly those considered to be of high risk. This measure should improve the overall STR reporting levels.
- c) The Supervisors should increase targeted training efforts with smaller FIs and DNFBPs that are geared towards correcting deficiencies and challenges identified in their compliance framework, taking into consideration the risk, size and materiality of the sectors to Belize's economy.
- d) The supervisors, mainly the FSC and FIU should fully implement risk-based supervision specifically in the area of onsite examinations to adequately test the effectiveness of the implementation of preventative measures of their respective reporting entities and provide feedback in a timely manner.

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

### 5.1 Immediate Outcome 4 (Preventive Measures)

344. Belize is not considered a regional or international financial centre; however, it offers a range of financial services, including trust and company services, banking, trading in securities businesses and money transfer services to residents and non-residents from various jurisdictions.
345. To determine the importance of the various FIs and DNFBPs in Belize, the assessment team considered the size of the sectors relative to GDP, materiality and risk in Belize's context as explained in Chapter 1. Factors such as the ML/TF risks rating assigned to the sectors based on the results of Belize's first NRA, the extent of cross-border activities, customer profile, the number of entities within each sector and payment methods utilised were also considered.
346. The asset size of the banking sector relative to the size of Belize's GDP is 78.66%, consequently the assessment team weighted this sector as **most important**. Other sectors weighted in this category include trading in securities businesses, remittance service providers (RSPs), registered agents and real estate. **Important** sectors are credit unions, casinos, attorneys at law and independent professionals. **Moderately important** sectors include international payment processing, money transmission services and moneylenders. **Least important** sectors are, insurance, private pensions, payment services providers, foreign exchange traders, mutual funds administration, accountants, dealers in precious metals stones (DPMS) and money changers. See Tables 1.2 and 1.3 in Chapter 1.

347. It should be noted the money changers sector was assessed as having a high ML/TF risk in the first NRA and was reported as unregulated for AML/CFT supervision. As such, the level of preventive measures in place within the sector could not be assessed. Pursuant to the provisions of the MLTPA, the CBB is responsible for the supervision of this sector. At present, the CBB is leading the initiative to strengthen the sector and ensure compliance with international AML/CFT standards. Ongoing work by the CBB had indicated that the risk in the sector is lower than originally assessed in the first NRA, therefore the sector is no longer considered to be material to the overall financial system of Belize.
348. VAs and VASPs are prohibited from operating in Belize until December 31, 2025 (see analysis in R.15). Section 81(1) of the FSCA outlines, no person shall, as a business conduct VASP activities on behalf of any person without a license. Persons engaging in such activities prior to the Act, were given three months from the Act's commencement (April 15, 2023) to cease operations. In addition, the Act states, should any license have been granted prior to the commencement of the Act, it shall not be construed as permitting VASPs activities. Sections 66 and 81 (6) consider failure to comply with these requirements an offense making persons liable on indictment to a fine not exceeding BZD100,000 (USD 50,000). The assessment team was informed by the authorities that there are no VASPs/VA activities currently being conducted in Belize. The FSC also provided information regarding the issuance of two cease and desist orders relative to the conduct of virtual asset activity. The jurisdiction has established supervisory mechanisms to ensure persons are aware of the prohibition and are not engaging in VASPs activities. Mechanisms include outreach activities such as public notices from the FSC and an information pamphlet from the CBB advising of measures to be adopted by persons who are conducting VASPs activities. Other measures include notifying the FSC if engaging in such activities and subsequent cessation of operations within the three-month timeframe as outlined in the Act or face possible criminal sanctions. In addition, the MOU among the Group of Supervisors (GoS) permits the sharing of information obtained during the conduct of supervisory activities. The CBB has used this arrangement to share with the FSC information on the breach identified from the conduct of an examination. See box 5.1 for a case example.

**Box 5.1: Actions taken by the FSC to identify and prohibit VASPs activities.**

In 2023, the CBB informed the FSC in accordance with the MOU for AML/CFT supervisors of an examination finding related to virtual assets activities. During an on-site examination conducted by the CBB on an FI, the analysis of a sample account revealed there were transactions related to virtual asset activities. This information was shared with the FSC to assist with the enforcement of the restriction of virtual assets activities from or within Belize in accordance with s.81 of the FSCA. This resulted in the FSC issuing cease and desist letters to holders of the accounts in which the VASPs activities were detected.

349. The assessment team's findings on the level of effectiveness for this Immediate Outcome (implementation of preventive measures) are based on interviews with FIs and DNFBPs, industry associations, data and information provided by supervisory authorities, including the NRA. The assessment team conducted interviews with a cross-section of entities operating within the financial and DNFBPs sectors, including banks (domestic and international), trading in securities businesses, credit unions, insurance companies, money lenders, payment service providers, including RSPs and e-wallet. registered agents, accountants, real estate, casinos, attorneys at law and Dealers in Precious Metals and Stones (DPMS).



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

#### **Introduction**

350. The sharing of the findings of the NRA has strongly influenced the understanding of the ML/TF risks of all sectors. Reporting entities involvement in the 2019 and the 2022 (ongoing) NRAs including activities such as attending sensitization sessions, completion of questionnaires and participation in working groups, have also contributed to an excellent foundation for FIs and DNFBPs understanding of the ML/TF risks to which they are exposed. Both FIs and DNFBPs were in agreement with the ML and TF ratings assigned to their sector and country as per the NRA and acknowledged that offences such as drug trafficking, corruption and fraud pose the greater risk to their operations for ML. FIs and DNFBPs such as banks, RSPs, trading in securities businesses, credit unions, insurers, registered agents, attorneys at law and accountants were able to adequately demonstrate the factors that impacted their ML/TF risks. These factors include the institution's business model including customer base, international developments in their sector, information from within their group and the findings of the NRA.
351. Additionally, issuance of monthly AML/CFT risk reports, annual AML/CFT self-assessment questionnaires and the TFS Questionnaires by Supervisors have assisted reporting entities with identifying gaps within their AML/CFT compliance framework. Though the requirement for reporting entities to conduct risk assessments came into force with the 2023 amendment of the MLTPA, most of the FIs and DNFBPs interviewed advised they conducted institutional risk assessments to undergird their understanding of the ML/TF risks in their business prior to the amendment. Large FIs such as banks, credit unions, trading in securities businesses, insurance companies and RSPs with international affiliation demonstrated a better understanding of their risk through the incorporation of measures to mitigate the risks identified.
352. A good understanding of the AML/CFT obligations exists across all sectors. FIs and DNFBPs were cognisant of the core AML/CFT obligations such as CDD, EDD, record keeping and reporting of suspicious transactions.

#### **FIs**

353. FIs in Belize demonstrated a good understanding of their exposure to ML/TF risks and their AML/CFT obligations. In addition to the factors mentioned above, institutional risk assessments which are conducted by some FIs, completion of various supervisory periodic financial returns, AML/CFT related questionnaires for submission to their regulator and internal and external on-going AML/CFT training also enhanced understanding of ML/TF risks. As a result, FIs have implemented measures to mitigate risk posed by certain factors such as high value cash transaction by requesting source of funds documentation and setting cash deposit thresholds for high-risk customers. FIs indicated they have implemented risk rating of their customers with EDD applications and monitoring for sectors/customers deemed higher risk in the NRA. Some FIs have also made the decision not to conduct business with individuals from higher risk jurisdictions.
354. To be specific, banks, credit unions, insurance companies, RSPs and trading in securities businesses have a good understanding of their AML/CFT obligations which is demonstrated in their compliance with the MLTPA to establish and maintain comprehensive internal controls such as CDD, ongoing monitoring, reporting and record keeping. In addition, FIs interviewed advised that compliance officers have been appointed, there is ongoing AML/CFT training and independent reviews have been conducted to test the adequacy of their AML/CFT compliance framework. The mandatory AML questionnaire and self-assessment tools that are submitted by FIs to their supervisors for review and analysis also confirmed a general level of compliance across the aforementioned key components of

their AML/CFT compliance programs. These compliance levels were confirmed by the CBB and OSIPP onsite examinations conducted during the period 2022 and 2023.

355. While participation in and results of the NRA were key to informing FIs of the ML/TF risks within their sectors, some of the larger and more important FIs, specifically banks, RSPs, credit unions, trading in securities businesses and insurance companies communicated to the assessment team that institutional risk assessments were completed prior to the 2023 amendments to the MLTPA, which made this obligation mandatory. These risk assessments categorised their ML/TF risks based on the type of customers, business relationships, countries or geographic areas, services, delivery channels, products, or transactions and established the mitigating controls accordingly. For instance, customers are risk rated, generally using high, medium, and low ratings which determined the intensity of the risk mitigation measures applied at onboarding, for example, the conduct of EDD for high-risk customers including PEPs and customers from high-risk jurisdictions. These types of customers are also subjected to enhanced monitoring following the establishment of the relationship. FIs also confirmed risk assessments are completed before the launch of any new product, service, or technology by their business, with those assessments needing the approval of their supervisor prior to launching.
356. CBB's AML Examination program prior to 2023, included a review to determine whether FIs had conducted risk assessments to identify their ML/TF risks and risk rated their customer base. Table 5.1 below highlights, the number of FIs regulated by the CBB that completed risk assessments during the period under review. It should be noted, this was prior to the 2023 amendment to the MLTPA. The table indicates that more than half of the larger FIs which are considered more important had conducted institutional risk assessments. Three of the four domestic banks, two of the three international banks, half of the credit unions and one remittance services provider has conducted an institutional risk assessment. The moneylender sector, which only became regulated by the CBB in 2017 has not conducted any institutional risk assessments. However, given that the sector is relatively small and accounts for only 1% of Belize's GDP this was considered a minor deficiency.
357. The OSIPP has indicated that of its three life insurance companies, at a group level, one has conducted a business risk assessment focused on AML and is in the process of preparing an assessment for its branch in Belize.
358. The FSC confirmed they conducted six onsite examinations, four of which were conducted in the period under review. The FSC advised four of the six examined complied with the obligation to have a risk assessment conducted.

**Table 5.1- Risk Assessments Conducted by CBB's FIs**

Sector	# of FIs as of 2022	2018	2019	2020	2021	2022
Domestic Bank	4	1	0	1	2	1
International Bank	3	1	0	1	0	0
Credit Unions	8	0	0	0	4	0
Remittance Service Providers	4	0	0	1	0	0
Moneylenders	54	0	0	0	0	0
<b>Total</b>		<b>2</b>	<b>0</b>	<b>3</b>	<b>6</b>	<b>1</b>

359. Further, banks and credit unions on a monthly basis complete and submit the mandatory AML Risk report to the CBB, while RSPs submit monthly transactional reports. These reports identify the customers, delivery channels, products and services that pose higher risks and captures information

that includes customer base, geographic locations, transactions and PEPs. Banks on an annual basis also complete and submit to the CBB an AML/CFT Questionnaire which captures information relative to their internal controls, for example risk management, CDD, EDD and transaction monitoring. These forms assist banks, RSPs and credit unions with identifying and understanding the ML/TF risks posed by their customers, products and services and enable them to implement mitigating measures accordingly.

360. In 2022, OSIPP introduced an AML/CFT Self-Assessment Tool, which was amended in 2023 to reflect the legislative changes to the MLTPA. The compulsory assessment tool, which is to be completed annually, enables insurance companies to self-assess their AML/CFT framework against the requirements of the MLTPA and the FATF Recommendations and rate their levels of compliance. Insurance Companies also file a monthly AML/CFT Risk Report which focuses on their customer base relative to the level of cancellations and surrenders, businesses declined and terminated policies, UTRs and STRs filed. In 2022, this report was amended to capture persons sanctioned and by whom.
361. The FSC requires its FIs on an annual basis to complete an AML/CFT Questionnaire, which seeks to confirm their compliance with their ML/TF obligations. The assessment team's analysis of the FSC's AML Questionnaire responses from 2018 to 2022 shows high compliance levels among institutions within key AML/CFT Compliance components. Most institutions have a board-approved AML compliance program led by a Compliance Officer and an active internal auditor function, with a growing trend in these areas. Over 90% of institutions meet CDD requirements, including EDD for PEP onboarding. Similarly, there is strong compliance in monitoring transactions for suspicious activities and timely reporting. Record-keeping compliance also remained above 90%, with consistently high "yes" responses. However, due to the small number of onsite examinations conducted by the FSC at the time of the onsite visit there has been limited validation and verification of the responses. Other returns submitted by FIs include FSCREP 2, which requires FIs to provide information on their operations including their business profile, client base, products and services offered and STR filings on a yearly basis. Money transmission and payment processing service providers file a FSCREP5 monthly, which includes information on the transactions completed including identification of senders and receivers and the amount of the transaction. The completion of these returns and questionnaires forms part of the offsite examination process and assists FIs with understanding the ML/TF risks within their operations. Both forms state that the information provided is subject to confirmation and that should the FSC determine that information is false or that the licensee has failed to comply with the standard conditions of the license, the relevant licensee may be subject to such disciplinary action as is considered appropriate.
362. Although TFS and PF were recently legislatively included in Belize's AML/CFT framework, all FIs demonstrated a good understanding of TF risks and obligations under TFS related to TF and PF. See Chapter 4 for further analysis.
363. The participation of FIs from all sectors in the NRA exercises, the institutional risk assessments completed by some supervisors and FIs, as well as the various regulatory AML/CFT returns completed by FIs has strengthened the understanding of their ML/TF risks and obligations.

#### ***DNFBPs***

364. DNFBPs have also demonstrated a good understanding of their exposure to ML/TF risks and AML/CFT obligations. This understanding was developed through participation in the 2019 and 2022 (ongoing) NRA exercises and the extensive work done by the supervisors to educate reporting entities on such. The assessment team observed that larger DNFBPs had in place a formalized risk

assessment framework and were actively conducting risk assessments on their customers. However, some of the smaller DNFBPs did not have a documented risk assessment in place. Nevertheless, both large and small DNFBPs have instituted risk mitigating measures in their business practices. Additionally, the formal banking sector provides an extra layer of scrutiny when engaging in transactions with entities considered to be DNFBPs by conducting CDD or EDD at various stages of the business relationship.

365. As it pertains to AML/CFT obligations, DNFBPs displayed a good understanding of their AML/CFT obligations. The larger DNFBPs have developed and implemented their compliance program and employ commercial databases to effectively streamline and manage the risk mitigation process. Smaller DNFBPs, such as sole proprietors, experience challenges in implementing the full range of comprehensive compliance due to resource challenges and would have had deficiencies in this regard.
366. Nevertheless, onsite examinations conducted in 2018, 2019 and 2021 indicated that registered agents, real estate agents, attorneys and casinos had a documented AML/CFT policy and procedures manual, conducted risk assessments and had adequate internal controls to mitigate against ML/TF risks. While some deficiencies would have been identified, larger and higher risk DNFBPs sufficiently demonstrated their awareness of the inherent risks posed to their sectors and knowledge of the AML/CFT requirements. All DNFBPs inspected had appointed a money laundering compliance officer.
367. Information submitted indicates compliance with AML/CFT obligations is moderate and improving across the sectors. The real estate sector is a large sector in Belize. It was rated as high-risk in the NRA and considered most important by the assessment team. The risk of real estate is largely due to its type of clientele, however, interviewees from the sector indicated that financial transactions take place via regulated FIs, hence reducing their ML/TF vulnerability. FIs are also aware that the real estate sector was rated as high risk in the NRA and as such the application of increased mitigating measures, such as requesting proof of source of funds and EDD.
368. The level of understanding of risks and AML/CFT obligations across the registered agents' sector is good. The greatest risk to this sector is the identification of BO information particularly in complex structures from other jurisdictions. Registered agents interviewed exhibited comprehensive knowledge of the risks posed to their sector and have indicated their implementation of a strong compliance framework to mitigate the risks, including the utilisation of commercial databases for vetting and screening.
369. Other independent legal professionals, accountants, auditors, and attorneys at law were found to be generally well established and demonstrated a good understanding of risks. Many of the attorneys or accountants belong to the Belize International Financial Services Association ("BIFSA"). In addition, these professionals who perform the function of company formation are required to be licensed as registered agents with the FSC. In this regard, this specific category is dually supervised for AML/CFT obligations by the FSC and the FIU. Supervisors are guided by the MOUs among supervisors through coordination and collaboration with the GoS.
370. Casinos and Dealers in Precious Metals and Stones (DPMS) generally demonstrated a good understanding of risks and AML/CFT obligations. These entities operate in a more practical manner for day-to-day operations and only request customer IDs for small transactions. The DPMS interviewed displayed knowledge of their obligations as they pertain to large transactions and for reporting suspicions and TFS.

### 5.2.2 Application of risk mitigating measures

371. Reporting entities in Belize have implemented AML/CFT Compliance programmes to mitigate their ML/FT risks as mandated by the MLTPA. The comprehensiveness of the programmes and the level to which they have been implemented varies across sectors and depends on the size of the reporting entity. FIs and DNFBPs exhibited a good understanding of their AML/CFT obligations and their applicability to their business, including recently enacted obligations such as TFS. All entities interviewed were cognisant of the need to ensure that “bad actors” and illicit funds were not onboarded by them.

#### ***FIs***

372. FIs in Belize, specifically larger FIs such as banks, insurance companies, companies trading in securities businesses, RSPs and credit unions, have implemented a risk-based approach to ML/TF risk mitigation. This includes documented policies and procedures approved by the Board of Directors or Senior Management. Further, the larger FIs also have independent audits (internal and external) conducted to assess the effectiveness of their AML Compliance program.

373. Mitigating measures are commensurate with their risk profiles and include conducting institutional risk assessments to understand the inherent risks and implement appropriate controls. Measures also include risk rating of clients at onboarding and on an ongoing basis and having enhanced due diligence measures, when engaging in transactions with high-risk customers such as PEPs, non-residents and customers from high-risk jurisdictions. FIs use screening and transaction monitoring tools to assist them in applying mitigating measures to identify transactions that are not aligned with their risk appetite or the customer's profile. The tools are also used to conduct ongoing monitoring of the customers, with periodic scanning of the customer database against various sanctions list e.g., UN, OFAC, Belize Consolidated Lists and other open-source material.

374. As part of their onsite examination process, Supervisors have indicated they review the screening and monitoring tools of FIs and have found them to be effective and commensurate with their risk profile. The tools include fuzzy logic features that maximize the number of possible hits. FIs, have appointed Money Laundering Compliance Officers (MLCOs) who are adequately trained and provide ongoing AML training to their employees. Moreover, larger and more important FIs also have an independent audit (external audit and internal) conducted to assess the effectiveness of their AML Compliance program. The types of STRs filed by FIs provide an indication of the suspicious activities identified from the application of their monitoring and screening tools and procedures. In this regard, reporting entities under the purview of the CBB, FSC and OSIPP collectively have filed STRs for the following categories during the period under review: “Outside of Customers Profile” - 175; “Structuring” - 137 and “OFAC listing” hits – five during the period under review. Also see *case study below Box 5.2* for an example of improvement in an FI’s compliance program due to the NRA exercise. Supervisory examinations have tested and confirm the accuracy of the mechanisms in place.

### **Box 5.2 Application of appropriate risk mitigating measures**

An RSP has addressed vulnerabilities identified in its sector during the national risk assessment by improving its monitoring system. They established a transaction monitoring tool which was able to better identify unusual transactions, structuring and large transactions without economic purpose. The RSP also improved their enhance monitoring processes by requiring customers to provide additional information including proof of transaction, purpose and above the threshold. These measures strengthened the transaction monitoring processes within the institution. The CBB agreed the measures implemented were adequate.

### ***DNFBPs***

375. Interviews conducted with registered agents, attorneys at law, accountants and larger real estate agents that engage in transactions with non-nationals revealed they have developed comprehensive policies and internal controls to identify, assess and mitigate against the risks faced by their institutions. These risks mitigation measures include the appointment of a Compliance Officer, development of a policies and procedures manual that is documented and shared with staff, regular staff training, independent audits, risk assessments, identification, screening and monitoring of customers using software to enhance the process. Representatives from these businesses interviewed were able to attest to the benefits of having utilised these software programmes in conducting and enhancing their compliance functions including sanctions screening and due diligence searches.
376. For smaller DNFBPs such as DPMS, the implementation of a comprehensive compliance programme was not evident. However, it was noted that KYC/CDD measures for risk mitigation were employed and for some, this included the use of a commercial database for customer identification and sanctions screening.
377. Results from the AML/CFT Questionnaires indicate that licensees regulated by the FSC such as registered agents are conducting CDD on an ongoing basis as they are required to report high priority actions such as analysing the source of funds and ultimate beneficial ownership information, ongoing transaction monitoring and adverse media and negative checks.
378. Off-site examinations conducted by the FIU have confirmed that although AML/CFT policies and procedures are not documented across some of the DNFBP sectors such as real estate and other legal professionals', requests for CDD information are received from all reporting entities within the stipulated ten-day timeframe.

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

#### ***FIs***

379. Most FIs interviewed demonstrated a good understanding of their CDD and record keeping obligations and had implemented same in their business. Further, the deficiencies identified by the CBB, and OSIPP during the period under review did not highlight a significant level of CDD and record keeping deficiencies. However, for the FSC, sectors such as money transmission and payment processing services had varying elements of the CDD infractions cited.

380. FIs identify and verify the identity of their customers by requiring them to provide identification documents such as their social security card, proof of address, references etc. Most FIs apply due diligence based on the customers' risk rating and apply simplified due diligence (SDD) for low-risk customers. High risk customers including PEPs are subject to EDD and monitoring, which includes a periodic review of the relationship at least on an annual basis. FIs indicated, non-face-to-face onboarding is available for certain international product offerings. For such services, CDD documents are required to be notarised and apostilled for authentication. Further, certain FIs (for example trading in securities businesses and RSPs, particularly those whose customers were non-residents of Belize), indicated that they were taking further robust measures by using AI software and biometrics to assist with the identification process. In instances where customers from high-risk jurisdictions are onboarded, EDD measures are applied including establishing source of funds and wealth and ongoing enhanced monitoring. The risk tolerance of some smaller FIs has resulted in them taking the position not to onboard customers from high-risk jurisdictions. In the RSP sector, international service providers assess agents' AML/CFT program.
381. Where RSPs identify risks that are not mitigated in a timely manner by agents, decisions are taken to suspend or revoke the operations of agents. The CBB confirmed it was advised of two instances where agents' relationship with RSPs were terminated due to concerns with risk mitigation measures. Onsite examinations by the CBB and OSIPP revealed that appropriate CDD/EDD is obtained by reporting entities and records are being maintained in accordance with the legislative requirements. The assessment team's discussions with the FIs revealed they understood and had procedures in place to identify and verify the BOs holding 10% or more of the shares or voting rights, including those within complex structures involving legal persons and arrangements. All indicated the need to pierce the corporate veil and drill down to the natural person(s). Generally, where a customer is unable to provide the necessary CDD, the FIs indicated the account was not opened.
382. Additionally, some FIs indicated that this would lead to the filing of an STR. This was confirmed by the assessment team's review of STRs filed by FIs and DNFBPs which indicated, failure to disclose CDD as a category of STRs filed. The number of STRs filed by reporting entities per Supervisor in this category during the period under review is as follows; CBB – 30, FSC - seven, OSIPP- two and the FIU – one. Further, FIs interviewed indicated they did not rely on third parties to conduct CDD on their behalf. Based on the assessment team's discussions with FIs, the examples provided including STR filings and the deficiencies identified by the supervisors from their examinations and record keeping measures, appear to be adequately applied in Belize and conforms with the prescribed period of five years.
383. Onsite examinations conducted by OSIPP and CBB confirmed that record keeping measures were in place in most cases, while the FSC has confirmed in its reporting of deficiencies across the three FIs (money transmission, payments processing and trading in securities businesses) examined' during 2018 -2022 that for one entity the documents requested were not available and the remaining two FIs had varying elements of CDD deficiencies. *See Table 5.2 below* which shows for the insurance sector the compliance rate based on onsite examinations conducted by OSIPP in 2022 and 2023. Also see *case studies at Box5.3*, which demonstrates how FIs and RSPs have obtained and retained the appropriate CDD records and were able to retrieve the information to provide the same to assist law enforcement and FIU with investigations which led to asset forfeiture of proceeds from illegal activity. Further, an analysis of the responses to the annual AML questionnaire to the FSC indicates over 95% affirmative responses to the records retention requirements.
384. The interviews and the results of examinations conducted by supervisors, though limited, indicated room for enhancement for CDD measures across FIs.

**Table 5.2 Life Insurance Sector Compliance Rate for Preventative Measures as of November 2023**

Preventative Measures	Compliance Rate
CDD	100%
EDD	100%
BO Information	100%
Ongoing Monitoring	75%
Record keeping	75%
Reporting	100%
Training	100%
Internal Controls	75%
Risk Assessment	75%
Implementation of TFS measures	100%

### Box 5.3: Record-Keeping and CDD

#### Summary of two cases:

During a parallel investigation conducted by the BPD and the FIU in a case related to:

(a) the possession of illegal firearms and money suspected to have been proceeds from the sale of drugs the FIU in its investigative capacity requested information from FIs and an RSP. The information provided assisted the FIU's investigation and resulted in the person going to trial.

(b) money seized by BPD during a search at a vehicular checkpoint, the FIU in its investigation requested information from FIs, including an RSP which was used to further its investigation. This enabled the FIU to apply and obtain a forfeiture order.

#### Outcome

The FIs and the RSP proved to have conducted proper CDD and record keeping practices to provide sufficient information to the FIU in furtherance of an investigation into the prosecution of illegal activity. This resulted in the FIU:

(a) seizing 80% of the funds suspected to have been derived from the sale of drugs in the settlement.

(b) forfeiting 56% of the money seized at the checkpoint.

### DNFBPs

385. Interviews with the DNFBPs suggest that CDD obligations are understood and applied across the board. The case highlighted in Box 5.4 illustrates how an entity terminated the business relationship for inadequate CDD.
386. The larger more established DNFBPs such as the registered agents, attorneys, accountants and real estate agents, displayed a high-level of understanding of their obligation to identify and verify BO information at the start and throughout a business relationship. Further, it was indicated that



adequate risk-based compliance measures which govern CDD and EDD have been effectively implemented by these sectors. Training for new and existing staff relative to CDD and record-keeping measures is continuous to ensure consistent implementation. Processes are also in place to detect PEPs and to compare prospective and existing customers against sanctions lists.

387. Larger DNFBPs are equipped with automated systems to aid in their risk mitigation measures. Commercial databases are employed to flag sanctioned individuals and send prompts or notifications instantly thereby enhancing ongoing monitoring capabilities.
388. Interviews with these sectors confirmed that where ownership is complex, all documentation to determine the ultimate beneficial owner, who is a natural person, must be submitted and screened; and effectively demonstrated that business is refused where CDD is incomplete, or where there are any suspicions of ML/TF or adverse issues for refusal.
389. Smaller DNFBPs including some casinos and DPMS, have demonstrated a good understanding of their CDD and record keeping obligations as their internal policies require, they request basic customer identification documents such as passports or driver's license at the start of a transaction and the screening of clients against the relevant lists.
390. In addition, legislative amendments to the Belize Companies Act (BCA) and processes implemented at the BCCAR now mandates all registered agents to submit BO information annually for the company to remain active on the Company's Register. This will ensure that BO information is up to date.

#### **Box 5.4 Refusal of business due to incomplete CDD**

A real estate company received an email from an Asian resident requesting that her property be listed for sale. The client was sent an email requesting she complete a customer information form and provide required information such as ID and proof of address. The client provided a copy of the property title, which was listed in a company's name. A property tax statement and identification were also provided however, these were in another individual's name.

The real estate company sought further clarification from the customer regarding her relationship with the property owner and requested company incorporation documents. The client advised that she was representing the owner and inadvertently submitted the wrong property title and identification and would soon rectify the error. The real estate company later received documents, this time for another property in another person's name. A request was made for the property owner and representatives to complete an information form, submit identification information and to confirm their address. The real estate company was subsequently provided with ID in the property owner's name; however, the information was blurred as it was crossed with a message advising that it should only be used for listing purposes.

Due to the client's consistent inability to provide the required information, the company terminated the relationship and advised of their inability to market and represent the property for sale.

#### **5.2.4 Application of EDD measures PEPs**

391. FIs were knowledgeable and had implemented measures for PEPs at the onboarding and the ongoing phases of the relationship. This included obtaining at onboarding additional due diligence

documents than the standard CDD *inter alia*, a self-declaration on the application by potential customers who were PEPs, establishing the source of funds and wealth, address verification, bank references, screening to paid subscribed sources, open-source information, and the private sector's own internal Belizean PEP lists. The internal PEP list is updated once elections, such as municipal and general are held. Further, it is mandatory to obtain senior management, (and in some cases board) approval before PEPs are onboarded. PEPs are subjected to enhanced ongoing monitoring including periodic reviews which are conducted at a minimum within 12 months of onboarding and annually thereafter.

392. The smaller FIs have an awareness of the requirements to apply EDD measures when engaging in transactions with PEPs. However, the FIs interviewed by the assessment team indicated there is no risk appetite for such clients, as a result, they do not engage these types of customers.
393. FIs indicated that the percentage of PEPs in their customer base was relatively small. This trend is supported by statistics provided by the CBB for their two largest sectors, banks and credit unions, where during the period 2019 – 2023 PEPs as a percentage of the total customer base ranged from a low of 0.94% (3,140) to a high of 1.35% (6,133). Also, CBB's analysis of responses by RSPs to its AML self-assessment indicates that PEPs accounts for less than 1% of their customer base. OSIPP provided statistics that confirmed for the period under review PEPs represented on average 3% of the customer base for insurers. This aligns with the risk and context relative to Belize's financial system. Although FIs demonstrated a good understanding of the application of EDD measures, examinations conducted by the CBB over the period 2019–2022 highlighted 38 deficiencies related to enhanced measures for PEPs and terrorism financing. Directives to remediate these deficiencies were issued to the FIs concerned and follow-up was conducted to ensure that the deficiencies were addressed in a timely manner. Additionally, follow-up on onsite examinations were also conducted as necessary to ensure the effectiveness of the mitigation measures. Through the identification of deficiencies, the CBB has provided training to its reporting entities on CDD/EDD, TFS and held compliance officers' meetings to improve mitigation measures deployed by FIs and hence improve the sectors' compliance and effectiveness with ML/TF obligations. See Table 5.3 which highlights the number of deficiencies identified regarding PEPs across the CBB's sectors.

***Targeted Financial Sanctions (see Chapter 4 (IO.10 for more detail information)***

394. All FIs interviewed by the assessment team were aware of their obligations regarding TFS, that is, to freeze funds immediately and report the matter to the FIU. FIs also have measures in place to screen customers at onboarding and on an ongoing basis against the various lists such as UN Sanctions, OFAC, the Belize Consolidated List and other Lists. FIs, such as banks, credit unions, trading in securities businesses, RSPs and insurance companies, particularly those that are members of financial groups and rely on correspondent banking relationships indicated they were conducting the screenings to the UN Sanctions Lists prior to the 2023 amendments to the MLTPA, which made the TFS obligations mandatory in Belize. This was confirmed in the assessment team's interviews with the private sector and a review of the results of the onsite examinations conducted during the period under review by the CBB, FSC and OSIPP. OSIPP, in the later part of 2023 as a follow-up to its TFS questionnaire, conducted examinations across the insurance sector to confirm that the appropriate policies, systems and practices were in place to ensure insurance companies' compliance with TFS obligations. Similarly, in 2023 the CBB conducted examinations of the banking, credit union, and RSP sectors to confirm whether appropriate policies, systems, and practices were in place to ensure compliance with TFS obligations. Also, in October 2023 a simulated exercise was conducted by the FIU relative to TFS. The results of the exercise

demonstrated that the FIs participating, which included a cross section of sectors, took the required action and responded to the FIU within a day.

### ***High Risk Jurisdictions***

395. FIs communicated their awareness of the high-risk countries, and are guided by FATF, FIU and their supervisory authority. High-risk countries identified by the FATF are listed on the websites of all Supervisory Authorities. The Supervisors also send updates via email and a designated CBB instant messaging group when changes are made to the list by the international agencies. Further, the automated AML screening tools used by FIs are also regularly updated with this information. Banks indicated they are also guided by their correspondent banking relationship requirements. FIs confirmed that if customers from high-risk jurisdictions were onboarded, enhanced due diligence measures are applied including but not limited to establishing the source of funds and wealth of the customers, references are obtained and confirmed, address verification and ongoing enhanced monitoring. Some of the smaller FIs indicated they have taken the position not to onboard customers from high-risk jurisdictions as part of their risk mitigating measures.

### ***New Technologies and Products***

396. The FIs interviewed indicated that over the review period, no new products and/or technologies were introduced to their business. Nevertheless, larger FIs advised they had policies in place that required a risk assessment to be completed prior to the launch of any new product, service and or technology. They also confirmed that a new product and technology would need approval from their Board and the supervisory authority i.e., CBB, FSC or OSIPP as appropriate prior to its launch. New products and technologies were considered in the 2019 NRA (See analysis for R. 15). During the assessment team's meetings with the private sector, a local payment service provider which was licensed in 2022 confirmed that a risk assessment was completed and submitted as part of their licensing requirement with the CBB to operate an e-wallet. The CBB also acknowledged the same and confirmed that FIs are required to conduct an ML/TF risk assessment relative to the development of any new products and services as a precondition for the granting of license and in the case of an existing FI for the granting of a no objection letter for the introduction of a new product. OSIPP also approves all life insurance proposals or policies. Prior to approval, a risk assessment must be submitted. None of the insurers interviewed had introduced a new product or technology during the period under review.

### ***Correspondent Banking***

397. Banks in Belize do not offer correspondent banking services, however, they utilise the services of correspondent banks most of which are located in the USA, Puerto Rico and the UK. During the assessment team's meetings with the private sector, some bank representatives confirmed they are subject to ongoing reviews by their correspondent banks, including periodic onsite examinations every two - three years to assess their compliance and the effectiveness of their AML framework. Banks in Belize wishing to establish a correspondent banking relationship are invited to the CBB and provided with guidance and training. The CBB confirmed that in 2020 it participated as an observer during the review of a local bank by its correspondent bank. The deficiencies identified by the correspondent bank were tracked by the CBB and were addressed within a reasonable timeframe. Subsequently, on the correspondent's follow-up review, the correspondent bank confirmed that all deficiencies were appropriately remediated.

**Table 5.3. CBB Enhanced EDD Measures Deficiencies Identified (2018 –2023)**

<u>Deficiency Type</u>	<u>Banks</u>	<u>Credit Union</u>	<u>RSP</u>
<b><i>PEPs</i></b>			
1) Identification	1	4	4
2) Senior. Management Approval	1	2	3
3) Policy on PEPs	0	0	2
Enhance Monitor	0	2	0
EDD on PEP	1	0	0
<b><i>Wire transfers</i></b>			
EDD on wire transfers	1	0	0
<b><i>Terrorism Financing</i></b>			
Monitoring Mechanism to Detect & Screen for TF	2	3	2
Measures understanding TF and communicating risk to the Board	3	2	2
Staff Training	1	1	0
Screening and Record Retention Measures	0	2	0
Mechanism to Detect TF	0	2	0
<b>Totals</b>	<b>10</b>	<b>17</b>	<b>11</b>

***DNFBPs******Politically Exposed Persons (PEPs)***

398. All DNFBPs interviewed appropriately categorised PEPs as high risk and in instances where they were onboarded, applied the required EDD measures such as establishing the source of funds and source of wealth, use of CDD commercial databases and sanctions lists and senior management for approval were applied. DNFBPs demonstrated a good understanding of the risks of onboarding PEPs both foreign and domestic. For larger DNFBPs, requirements to apply EDD measures when engaging PEPs were consistently applied and had documented policies and procedures in place for commencement of the business relationship, conduct of a transaction and the life cycle of the account/relationship. Some entities opt to prohibit onboarding PEPs as part of their risk appetite.
399. Smaller DNFBPs including some DPMS, who may not have an international client base and thus engage in transactions with domestic PEPs on a limited basis, advised they rely on less sophisticated systems which may include manual monitoring, which is considered acceptable given their risk. These small DNFBPs, apply a risk-based approach in a practical manner in normal day to day business.

***Targeted Financial Sanction related to TF (see Chapter 4, IO.10 for more detail analysis)***

400. DNFBPs demonstrated a good understanding of the obligations regarding TFS-TF and indicated that their policies require all customers both new and existing to be screened against sanctions lists including the Belize Consolidated lists. They further advised there are measures in place to freeze accounts or cease engagement and immediately report to the FIU.

401. The level of knowledge and understanding of TFS across the sectors was due mainly to the outreach and guidance provided by the GoS and BIFSA, who, through the use of media tools such as an instant mobile messenger group and emails are able to effectively disseminate information to regulated entities in real time. Regular guidance and training by the FIU since the passing of the legislation has also assisted with enhancing the levels of understanding and implementation of controls measures, for all DNFBNPs.
402. Additionally, in October 2023 a simulation exercise was conducted by the FIU relative to TFS. The results of the exercise demonstrated that the DNFBNPs participating took the required action and responded to the FIU within a day (see Chapter 4). The assessment team note, the FIU has commenced on-site examinations having conducted one on-site for a real estate agent following the introduction of the TFS framework by Act 28 of 2023.

### ***Higher risk jurisdictions***

403. DNFBNPs interviewed had knowledge of the countries referred to by the FATF as higher risk and regularly receive updates on same from their Supervisory Authority via public statements published by FATF. Most DNFBNPs confirmed having in place documented policies and procedures to address higher risks countries. Some large DNFBNPs like the registered agents had commercial databases with high-risk countries built into their risk rating framework. DNFBNPs had screening measures in place to ensure that at onboarding and throughout the course of the business relationship, measures are in place to detect higher risk countries. These entities indicated that no business is conducted with jurisdiction classified as high risk. However, they have policies in place should they decide to engage in such transactions.

### ***New Technologies, products, services and business practices***

404. Larger DNFBNPs, more specifically in the sectors of registered agents, attorneys, accountants and real estate agents, had documented and implemented policies and procedures in place for dealing with new technologies, products and services and business practices, including requirements for same to be reviewed and tested by the compliance department or compliance officer and a requirement for senior management approval.

### ***Correspondent Banking***

405. The DNFBNP sector does not engage in correspondent banking.

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

406. All FIs and DNFBNPs are required to submit suspicious transaction reports to the FIU. As at May 2020 the FIU implemented an electronic filing system for all sectors to submit STRs. Approximately 95% of STRs are received via this system.

### ***FIs***

407. From the interviews conducted, FIs have demonstrated a good understanding of their obligation to identify and report suspicious transactions to the FIU. There are internal policies and procedures in place for an employee to report a suspicious transaction to the compliance officer. In addition, STR reporting is a topic in training sessions conducted at the onboarding stage for new employees and periodically for management and staff. Further, FIs expressed an understanding of the implications of tipping off as there are measures such as legally binding confidentiality agreements to be signed by employees to prevent such.

408. Discussions with the FIs have indicated that the compliance officer operates independently of the Board of Directors, as a result, permission is not required to file an STR nor is there an obligation to share confidential information regarding the report.
409. All FIs interviewed were aware of their obligation to file STRs with FIU within three working days of confirming a suspicion in accordance with s.(17)(4) of the MLTPA. The requirement is also documented in their internal policies. Larger FIs such as banks, credit unions, insurance companies have implemented measures to ensure confidentiality by maintaining copies of internal reporting forms in a locked cabinet or on a secured drive that is only accessible by the Compliance Officer. OSIPP, in its quarterly meetings with compliance officers from the insurance sector seeks to reconcile any discrepancies between the number of STRs filed per the FIU records and the information submitted to them monthly by the insurance companies.
410. During the period 2018 - 2022, 1349 STRs were filed. Banks (domestic and international), credit unions and remittance service providers account for 43%, 32% and 13% respectively of the STRs filed. Their level of STR filings aligns with the risk, materiality and context of those sectors. STRs filed relate primarily to fraud (medium risk), but also include drug trafficking (high) and tax evasion (medium). FIs operating in the international financial sector, in particular, trading in securities businesses which were risk rated as high for ML risk per the NRA, have filed two STRs for the reporting period. Although the FIU has provided some guidance, training and feedback relative to STRs, the low level of reporting by certain sectors may indicate the need for enhanced training efforts relative to STRs across low reporting sectors. Specific training to FIs operating in the international sector that are considered higher risk can be beneficial. The assessment team upon review of a sample of STRs filed with the FIU found they were of good quality. Information on the number of STRs submitted by FIs and DNFBPs is reflected in Table 3.5 in IO.6.

#### **DNFBPs**

411. Overall, DNFBPs interviewed during the onsite understood and implemented their reporting obligations adequately. The assessment team noted that across the sector, DNFBPs had knowledge of what is considered a suspicious activity and implemented proper measures for filings of STRs. It was further noted that the STRs filed during the period were also of good quality. However, reporting by some sectors considered high-risk such as real estate and attorneys and medium high-risk sectors such as casinos was found to be low and therefore not in line with their ML/TF risks. Further there was no reporting in other sectors such as the DPMS and accountants as reflected by the absence of statistics for same (See Table 3.5 in IO.6).
412. Given the high risks exposure of some DNFBPs, the assessment team found that there is a need for supervisors to apply activities with a focus on improved STR reporting.
413. DNFBPs have a good understanding of the ramifications of tipping off. They have implemented internal reporting procedures to ensure confidentiality is part of their business practice. Once a suspicion is detected the report is forwarded to the compliance officer for review, who then determines whether an STR should be filed with the FIU. For larger DNFBPs with Board reporting requirements in place, only the number of STRs filed is reported and all STR files are kept in a secured place that only the Compliance officer can access.
414. New staff as part of their onboarding training are made aware of their obligations and responsibilities under the MLTPA including the offence of tipping off.

### ***5.2.6 Internal controls and legal/regulatory requirements impeding implementation***

415. FIs in Belize are required to have a system of internal controls to govern their AML/CFT framework in accordance with s.5(d) of the MLTPA. FIs interviewed particularly larger ones from sectors such as banks, insurance companies, credit unions, companies trading in securities businesses and RSPs appear to have a comprehensive program that includes a compliance money laundering officer at the managerial level, ongoing AML staff training and an independent audit function. The analysis provided by the CBB and FSC of their reporting entities' responses to their AML Questionnaires also confirms the same. Further, there exists a strong culture of compliance as the Board of Directors is actively engaged through direct reporting by compliance officers and as provisions are made for additional resources (human, technological and financial) as appropriate. Interviewees expressed the frequency of AML/CFT training for staff and management (in house and external), conduct of risk assessments and periodic independent reviews (internal and external).
416. The results of examinations conducted by the CBB during the period 2018 - 2022 revealed several deficiencies related to compliance officer functions, internal controls, independent audit function and training. These deficiencies were remediated.
417. According to CBB, banks, credit unions and RSPs have improved the level of internal controls and have demonstrated the highest level of compliance amongst FIs. In addition, FIs that are a part of an international group appear to have stronger measures due to their requirement to comply with the group's standards.
418. FIs have adopted a good risk-based framework. During interviews, all FIs attributed the improvement in their compliance systems to frequent and sometimes personal interaction with supervisory authorities.

#### **DNFBPs**

419. DNFBPs are required to establish and maintain appropriate and risk-sensitive policies and procedures as it relates to internal controls. DNFBPs such as real estate agents, registered agents, attorneys at law and accountants advised they have documented AML/CFT policies and procedures which help to identify and mitigate the ML/TF risks they are vulnerable to. These policies are approved by the Board and are reviewed and updated when necessary. All indicated they have an approved compliance officer at managerial level who is adequately trained to oversee the AML/CFT operations of the entity. These DNFBPs advised there was full adoption and implementation of AML/CFT control mechanisms such as CDD, EDD, AML/CFT training, risk assessment and STR reporting. In addition, they indicated that independent audits (internal and external) are conducted to test the effectiveness of the internal controls and compliance functions. This information could not be verified with the relevant supervisory authorities as limited examinations were conducted.
420. The DPMS sector also has controls and procedures in place and were able to express their application of internal controls as it relates to CDD, EDD and STR reporting. The compliance function is usually conducted by the owner of the operations or a senior member of staff. Though there were no institutional risk assessments conducted, the DPMS sector was able to demonstrate their understanding of the national and sectoral ML/TF risks. This knowledge is largely attributed to the extensive outreach done by the Supervisory Authorities. In addition, there has been no independent testing of their internal controls.

## Overall conclusion on IO.4

421. FIs and DNFBPs across all sectors demonstrate a good understanding of their AML/CFT obligations, possess a good understanding of the ML/TF risks and apply mitigating measures accordingly.
422. FIs and DNFBPs demonstrated implementation of AML/CFT obligations such as the appointment of a Compliance Officer, the conduct of CDD and EDD measures, STR reporting and TFS sanction screening. While larger FIs and DNFBPs particularly those with global affiliation have conducted institutional risk assessments and independent audits, this is not consistent across all reporting entities, particularly given the recent requirement in Belize to conduct institutional risk assessments.
423. FIs and DNFBPs supervised by the FIU and the FSC had not been adequately assessed for AML/CFT compliance as limited examinations have been conducted to test the effectiveness of their preventive measures. In addition, information submitted by entities to the FSC via the FSCs Reports and AML/CFT questionnaire are verified upon the conduct of an onsite examination.
424. STR reporting levels amongst most FIs are in accordance with the risk, materiality and context of those sectors. However, the reporting for some high risk FIs such as trading in securities businesses and DNFBPs is low.
425. Major improvements are needed in some core issues. These include all reporting entities having in place policies and procedures to conduct risk assessments to undergird their AML compliance program and an independent audit on a risk sensitive basis to test and confirm the effectiveness of their AML compliance program.

**Belize is rated as having a moderate level of effectiveness for IO.4.**



## Chapter 6 SUPERVISION

### 6.1 Key Findings and Recommended Actions

#### Key Findings

- a) Supervisory authorities have implemented licensing and registration requirements to prevent criminals and their associates from holding or being a beneficial owner of significant interest or holding a management function in a reporting entity. There are also requirements for ongoing periodic fit and proper monitoring, as reporting entities are subjected to fitness and propriety checks during the renewal processes, within specific periods, and based on triggered events.
- b) Belize has robust market entry measures for all required sectors with the exception of money changers<sup>52</sup>. This enables the easy identification of entities required to be supervised for AML/CFT obligations.
- c) Supervisors have demonstrated a good understanding of ML/TF risks at the sectoral level. This is largely based on the findings of the completed 2019 NRA and the ongoing 2022 NRA.
- d) Supervisors established an annual TFS questionnaire in July 2023 to be completed by reporting entities in addition to the long-standing requirement for annual submission of the AML/CFT questionnaire. This assist with improving supervisors' understanding of the sectoral and institutional ML/TF risks of their supervised entities.
- e) Supervisors engage in outreach and awareness activities with reporting entities to promote an understanding of their AML/CFT and TFS obligations and requirements.
- f) All supervisors use offsite surveillance and onsite examinations to assess reporting entities' compliance with their obligations. However, this is partially done on a risk sensitive basis, as the full implementation of risk-based AML/CFT supervision was at a nascent stage with the exception of CBB and OSIPP. The completion of institutional risk assessment exercises and timely updates to sectoral risk assessment exercises will assist with determining the frequency and intensity of supervision efforts.
- g) All supervisors are part of the 'Group of Supervisors (GoS)' working group and are guided by a MOU. As a result, there is good co-ordination, cooperation and communication between supervisors.
- h) According to Schedule III of the MLTPA, persons engaging in the activity of money and currency changing are required to be supervised by the CBB for AML/CFT obligations. However, at the time of the on-site visit (for the purposes of effectiveness) the money changers sector was not supervised by the CBB. However, the CBB has begun engaging the sector and has indicated that money changers are not a high risk or material sector as initially assessed in the 2019 NRA. Also, there is limited AML/CFT supervision for the private

<sup>52</sup> Information on money changers was submitted to the assessment team following the completion of the onsite visit, hence the team was unable to verify the information.

pensions sector as only the requirement for licensing or registration of pension administrators with the OSIPP, registration of pension plans and investment restrictions on pension fund assets have been implemented. However, pension plans are funded by contributions from employer and paysheet deductions from employees, making this sector less material.

- i) Supervisors have a range of enforcement measures that are proportionate and dissuasive, however, authorities have predominantly issued directives to comply with specific instructions and cease and desist orders. While monetary administrative penalties are limited with only the CBB and FSC imposing them.
- j) There is a collaborative approach to outreach and awareness amongst Supervisors. A range of activities, including industry specific training sessions (in-person and virtual), publications and guidance, to promote and strengthen the understanding of the AML/CFT/CPF obligations and ML/TF vulnerabilities of reporting entities.
- k) The supervisory activities, have significantly improved compliance culture and remedial action rates among reporting entities, particularly financial institutions (FIs), in the banking, credit union, insurance companies RSPs, and moneylenders sectors. The implementation of the annual AML Questionnaire, mandatory AML certification for compliance officers, and staff training initiatives have led to increased awareness and improved AML/CFT compliance across all sectors.

## Recommended Actions

- a) The FSC and the FIU should ensure that risk-based supervision is fully deployed throughout all sectors beginning with those risk rated as high in the NRA. Such activities should align with the risk profile of the reporting entities and sectors. AML/CFT risk-based supervision should be undergirded by supervisor's completion and documentation of updated sectoral and institutional risk assessments.
- b) Supervisors should also ensure full implementation of internal administrative monetary penalties regimes as intended by the legislation penalties that are proportionate and dissuasive.
- c) Both the CBB and OSIPP should ensure that all outstanding elements of AML/CFT supervision for money changers and private pensions respectively are implemented, immediately.
- d) All Supervisors should complete and document the analysis of AML/CFT questionnaires, to ensure the information on any potential vulnerabilities at both on the institutional and sectoral level is up to date.
- e) The FSC and FIU should complete a gap analysis relative to their resources to determine whether additional resources are required to facilitate adequate risk-based supervision. Strategies should be developed to fill gaps identified, ensuring that the frequency and timelines of supervisory tools deployed align with the reporting entities risk and the Supervisor's documented risk-based AML/CFT Strategy.

- f) All Supervisors should continue to provide outreach and guidance to reporting entities to maintain their understanding of AML/CFT obligations and enhance awareness of appropriate trends and typologies.

426. The relevant Immediate Outcome considered and assessed in this chapter is IO.3<sup>53</sup>. The Recommendations relevant for the assessment of effectiveness under this section are R.14, 15, 26-28, 34, 35 and elements of R.1 and 40.

### 6.2 Immediate Outcome 3 (Supervision)

427. There are four AML/CFT supervisory authorities in Belize. The FIU is the designated supervisor for DNFBPs: attorneys at law/other independent legal professionals, accountants, real estate, dealers in precious metals and stones and casinos. DNFBPs engaged in company formation activities (trust and company service providers, accountants and attorneys) are categorised as registered agents are licensed and supervised by the FSC. The FSC is also the regulator and supervisor for FIs such as trading in securities businesses, payment processing services and money transmission services. The CBB is the prudential and AML/CFT supervisory authority for FIs such as banks (domestic and international), payment service providers, including remittance service providers (RSPs/MVTS) and e-wallets, credit unions and moneylenders. OSIPP is the regulator for the insurance and private pension sectors however, only the former was fully supervised for AML/CFT requirements at the time of the on-site visit. Private Pensions administrators were only required to be licensed and or registered with OSIPP relative to AML/CFT supervision. Table 6.1 below provides a breakdown of FIs and DNFBPs in Belize, the relevant AML/CFT supervisor and the entities that they are responsible for supervising.
428. The AML/CFT supervisors of Belize, signed an MOU in 2020. This agreement, *inter alia*, guides coordination, mutual cooperation and the exchange of information for policy and operational purposes among the supervisors. The supervisors, collectively known through the formation the Group of Supervisors (GoS), is a sub-group of NAMLC (see IO.1). Article 2 of the MOU outlines the remit under which each supervisor can seek assistance and includes matters relating to, *inter alia*, investigation and enforcement in connection with financial crimes, monitoring of compliance, licensing and registration and information regarding beneficial ownership (BO). The GoS collaborate to conduct training, issue public notices and develop and issue guidelines to increase awareness among all reporting entities.
429. The activities of private pensions and money changers are covered under Schedule I of the MLTPA, however, AML/CFT supervision has not been fully implemented. For the private pension sector, only licensing or registration of administrators, including fit and proper requirements were being conducted, pension plans were registered and additionally investments are periodically assessed and monitored to satisfy the requirements under the PPA and PPR by OSIPP at the time of the onsite visit. The assessment team found that there is no active AML/CFT supervision for money changers. Nevertheless, the CBB has advised that measures are being implemented to ensure that money changers fall under their remit for AML/CFT supervision. Subsequent to the on-site visit, the assessment team was provided with a report from the CBB regarding the market entry controls that exist for money changers. The report highlighted, *inter alia*, that persons engaging in this activity are required to register, based on their location, with either the Department of Co-operatives or the

Belize Border Management Agency. Some of the operators are teachers and taxi-operators who engaged on a part-time basis. Further, the level of cash exchanged at the border is limited due to the increased use of credit cards, which is primarily driven by the better rates available to shoppers in Mexico when a credit card is used. Based on the fact patterns presented, the CBB has concluded that the sector is not material and does not pose a significant ML risk to the country. Due to the late submission, the assessment team was unable to analyse the effectiveness of this system. The assessment team weighted the absence of full AML/CFT supervision for money changers and partial supervision for the pension sector to be a moderate and minor deficiency respectively based on the lower materiality and importance of the sectors to Belize and the global financial system.

430. Section 81 (1) of the FSCA prohibits the activities of VASPs in or from Belize until December 31<sup>st</sup>, 2025. Belize conducted and published two crypto-currency risk assessment reports in 2021 and 2022 (see analysis in IO.1). Based on interviews conducted with public and private sector officials and reviews of credible open sources of information, the assessment team found no evidence of VASPs operating in Belize at the time of the onsite visit. The FSC also confirmed that it issued two cease and desist orders related to VASPs/VA activity in 2023.

**Table 6.1: Types of FIs and DNFBPs and their relevant AML/CFT Supervisory Authorities**

	Type of Entity	Number of Entities (as at 30.11.23)	Supervisor for AML/CFT
<b>FIs</b>	Domestic Banks	4	CBB
	International Banks	3	CBB
	Remittance Service Providers	4	CBB
	Credit Unions	8	CBB
	Payment Service Provider	1	CBB
	Moneylenders		
	• Domestic	48	CBB
	• International	1	FSC
	Money Changers	40	CBB
	Trading in Securities Businesses	22	FSC
	Moneylenders		
	• International	1	FSC
	Managing Services	3	FSC
	Payment Processing Services	3	FSC
	International Asset Protection	4	FSC
	Financial Advisor or Consultancy Services	6	FSC
	Money Transmission Services	2	FSC
	Insurance Companies		OSIPP
• Domestic	12		
• International	1		
Private Pensions	23	OSIPP	
<b>DNFBPs</b>	Registered Agents	102	FSC
	Attorneys at Law/Other Independent Legal Professionals	92	FIU
	Accountants/Auditors	24	FIU
	Real Estate Agents	253	FIU
	Dealers in Precious Metals and Stones	46	FIU
	Casinos	8	FIU

431. The assessment team considered factors such as the ML/TF risks, materiality and context of sectors, in drafting and assigning ratings. See Table 1.3 in Chapter 1.

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

432. Licensing, registration and fitness and propriety controls are robust and effective across all FIs in preventing criminals and their associates from owning, controlling or holding management functions or from entering the market. The supervisory authorities, particularly the CBB and OSIPP have in place a ‘Policing the Perimeter’ strategy to ensure that unlicensed or unregistered activity can be identified across the sectors. Most supervisors have established mechanisms such as the conduct of web searches and site visits to ensure unlicensed or unregistered activity is detected. In

addition, supervisors are guided by an MOU which facilitates the sharing of information. This assists with the verification of BO information and filtering criminal elements.

### **CBB**

433. The CBB has a robust licensing framework. The process begins with an introductory meeting, where the application process is explained, and a form provided. Applicants are required to complete Personal Biographical Reports (PBR), on the ultimate beneficial owners (UBO), shareholders with a 10% or more interest in the entity, directors, senior management including the compliance officer. The PBR is used to assess the fitness and propriety of everyone for their proposed roles. Photograph identification, police record, proof of address, character and bank references are also required in the submission. Financial statements for shareholders must also be provided. In instances where a foreign FI applies for a license, a “no objection” to the application from the FI’s home supervisor is also required.
434. Applicants to the licensing process are screened against open-source information, local and international sanctions list including, Belize Consolidated Sanctions List, UN Sanctions lists and Office of Foreign Asset Control (OFAC) list. The CBB also relies on the FIU, Belize Police Department (BPD) including the local branch of INTERPOL situated within the BPD to conduct background checks on applicants. Upon satisfactory review and analysis of the information submitted, a recommendation is made to the CBB’s Board of Directors to approve or reject the application.
435. Once approved, due diligence is conducted every three years or upon a trigger event to ensure the fit and proper requirements are maintained on UBOs, directors, shareholders, management, and officers. Any change in ownership, for example mergers, acquisitions, directors, management, and officers must also be approved by the CBB. A license application may be rejected due to incomplete information. Table 6.2(a) below shows the number of applications received, approved, and rejected by the CBB between 2018 - 2022. It should be noted, there were no applications from banks during the period.
436. CBB engages in activities such as ongoing surveillance, i.e., policing the perimeter including review of local media, open-source tools, investigating complaints by customers and engagement with the public to ensure unlicensed activities are detected. Where unlicensed activities are found, investigations are conducted and subsequent “cease and desist” orders are issued. The CBB has issued seven “cease and desist” orders during the period 2018 –2022 to entities that were operating as payment service providers and moneylenders without a license (see *Table 6.2(b) below* for details).

**Table 6.2(a): CBB - Summary of Licensing Application Received and Processed (2018 – 2022)**

Sector	Application	2018	2019	2020	2021	2022
<b>Credit Unions</b>	Received	1	-	-	-	-
	Approved	1	-	-	-	-
	Rejected	-	-	-	-	-
<b>Moneylenders Single Store</b>	Received	8	9	4	5	8
	Approved	5	5	2	3	8
	Rejected	1	3	2	0	0
<b>Moneylenders Master Agent</b>	Received	1	-	-	-	1
	Approved	1	-	-	-	1
	Rejected	-	-	-	-	-
<b>Pawnbroker Single Store</b>	Received	12	4	1	3	2
	Approved	8	3	1	2	2
	Rejected	2	2	-	1	-
<b>E-Wallet</b>	Received	-	-	1	2	2
	Approved	-	-	-	2	1
	Rejected	3	4	-	3	1

**Table 6.2(b) Cease and Desist Orders – CBB and OSIPP**

Year	Sector	No. of Cease-and-Desist Orders Issued	Supervisory Authority
2020	Insurance Agent	1	OSIPP
2022	PSP/ML	2/3	CBB
2023	ML	2	CBB

## FSC

437. Non-bank financial services, trading in securities businesses and registered agents sectors are required to be licensed or registered and regulated by the FSC (see Table 6.1).
438. The FSCs licensing regime is similar to that of the CBB. A completed application form along with a biographical affidavit, notarized passport, police record for each beneficial owner, director, shareholder, partner, officer and managers must be submitted. The process includes a fit and proper evaluation and the screening of all persons against open-source information, as well as domestic and international sanctions lists. The FIU and INTERPOL are also used to perform background checks on applicants, as appropriate. Where an applicant is supervised in another jurisdiction for financial services, a certificate of good standing from the home regulator is required. Where the applicant meets the eligibility criteria and demonstrates that it (including its key individuals)

satisfies the fit and proper standard, the FSC will notify the client that the application is successful. The license issued is valid for one year and is subject to annual renewal including fit and proper assessment.

439. Pursuant to the FSCA, registered agents are required to be licensed, regulated and supervised by the FSC. The licensing regime for the sole DNFBP under the remit of the FSC is the same as for its FIs.
440. In 2022, the FSC declined three applications due to the applicants failure to possess the relevant academic/educational qualifications, the adequate skills and practical experience relevant to the business for the type of license. Additionally, for one of the three it was determined that the findings were not consistent with the fit and proper requirements necessary for the issuance of the license.
441. The FSC also utilise mechanisms such as open-source searches, investigation of customer complaints lodged with the FSC and review of requests for information to detect, investigate and sanction unlicensed activity. Conducting unlicensed activity, including unlicensed VASP services is an offence under the (FSCA, s.23(2)) (FSCA, s.66). Unlicensed activity can also be detected through STR filings by reporting entities. Once the FSC is satisfied that unlicensed activity is taking place, a cease-and-desist order is issued and in most instances a warning notice is also issued. During the period 2018 – 2022, 177 cease and desist orders were issued along with 172 warning notices. Table 6.2 (c) below shows the number of actions taken by year.

**Table 6.2 (c) Actions Taken by the FSC re: Unlicensed Activity**

<b>Year</b>	<b>Cease and Desist Orders Issued</b>	<b>Warning Notices Issued</b>
2018	42	41
2019	32	31
2020	37	34
2021	50	50
2022	16	16
<b>TOTAL</b>	<b>177</b>	<b>172</b>

## **OSIPP**

442. OSIPP regulates and supervises the Insurance and Private Pensions sectors in Belize for licensing and registration purposes. Insurance business in Belize is required to be licensed. This includes insurers, insurance intermediaries, (agents and brokers) and insurance managers. Private pensions administrators can be licensed or registered depending on the nature of their relationship with the pension plan and its participants. For instance, when a board of trustees and or an employer serves as the administrator of a pension plan for employees, registration with the OSIPP is required by those parties' FIs.
443. Like the CBB and FSC, obtaining a license from OSIPP, requires UBOs, shareholders, directors and managers to submit the relevant application form, biographical affidavit, police record, valid picture identification documents, proof of address, references and payment of the relevant



application fees. All persons are screened using open-source data, and sanctions lists including the Belize Consolidated Sanctions Lists. Background checks by FIU and INTERPOL are also conducted. Case Study (6.1) illustrates the collaboration between OSIPP, FIU and foreign counterparts. All persons operating in the insurance sector (shareholders, directors, insurance managers, insurance intermediaries and senior management including compliance officers) must demonstrate that they are fit and proper before a license is issued. Further, where the word “insurance” is in a company’s name, OSIPP must provide its ‘no objection’ correspondence to the Registrar of Companies. Pension administrators licensed or registered under the Private Pensions Act are subjected to the same fit and proper requirements.

444. All insurance licenses are subject to an annual renewal process. However, the completion of a biographical affidavit is not a mandatory filing for the renewal of license applications, but is, however, mandatory for any changes in directors, shareholders and compliance officers or senior management. Annually, insurers are required to file a declaration of UBOs and submit a copy of their Annual Returns from the Companies Registry to OSIPP. Any change of 10% or more in shareholding or controlling interest requires the prior written approval of the Supervisor of Insurance. Any change of owners and directors needs the approval of OSIPP.
445. During the period under review, OSIPP issued one Cease and Desist letter to an insurance agent whose license had been revoked. Additionally, two public warning notices were issued in 2020 to entities who were not licensed to conduct insurance business and were doing so.

### Case Study 6.1. Fit and Proper Assessment of a Foreign Director

#### Summary of the Case

During the review of an application for a license submitted by an insurance company operating in Belize, the passport data of a director showed a mismatch in the screening platforms used by both OSIPP and the FIU. The FIU consulted with OSIPP on the enhanced due diligence of that director. Both FIU and OSIPP contacted their respective foreign counterparts to establish the identity of the director. The identity was established, and information gathered revealed no adverse findings on the persons.

#### Results

- Collaboration between the domestic agencies allowed for a deeper review of the fitness and propriety of the person.
- Collaboration between foreign counterparts of OSIPP and FIU contributed to proper review of an application for the acquisition of an insurance company.
- The robust Fit and Proper assessment of OSIPP was proven.

#### FIU

446. DNFBPs other than registered agents, are registered with the FIU to operate in accordance with the MLTPA and DNFBP Regulations. When registering, the applicant must provide information on all significant owners and directors. This includes information on the legal or beneficial owner of 10% or more interest in the applicant or its parent, information on persons who have the power, directly or indirectly, to exercise or control the exercise of, 10% or more of the voting rights in the applicant, or its parent; and information on persons with the power to appoint or remove one or more directors.

For legal persons, the application must be accompanied by corporate documents including registration certificates, certificates of good standing, articles of incorporation and bylaws and detailed extracts.

447. In addition to these requirements, sector-specific requirements must also be met and submitted to the FIU annually. For instance, casinos must submit a copy of the gaming license from the Gaming Control Board, attorneys at law must provide a practicing certificate and accountants/auditors that are chartered public accountants must provide a practicing certificate. DPMS that are jointly supervised by the CBB must provide a license issued by the CBB. Where due diligence searches reveal adverse findings, the matter is referred to the Investigations Department to seek assistance from local counterparts or INTERPOL in the case of a foreign national.
448. The FIU, through the GOS, can cooperate with all supervisors on supervisory matters including training and outreach, onsite examinations and verification of BO information.

### **6.2.2 Supervisors Understanding and Identification of ML/ TF Risks**

449. Overall, Supervisors have a good understanding of the ML /TF risks of the sectors they supervise. The foundation of their understanding is built from their participation in the 2019 NRA exercise, their contributions to the ongoing 2022 NRA, continuous cooperation and co-ordination amongst the GoS, information gathered through offsite surveillance and onsite examinations including the collection of data via their standard and ad hoc questionnaires, and typologies provided by the FIU and other international regulatory bodies. Supervisors are at varying stages of updating and documenting sectoral and institutional risk assessments. The completion of this exercise will result in an improved understanding of the ML/TF risks of reporting entities.

### **CBB**

450. The CBB's understanding and identification of the ML/TF risks associated with the FIs it supervises is based on information from several inputs. These include *inter alia* the results of the first NRA, preliminary findings of the 2<sup>nd</sup> NRA and offsite surveillance activities including the review of the data collected through the Financial Risk Assessment Returns which highlights the inherent risks as it relates to customer base, products, services and delivery channels. Banks and credit unions are required to complete the Domestic Financial Risk Assessment Return 1 (DFRA R1) and Credit Union Financial Risk Assessment Return 1 (CFRA R1) respectively. In addition, the annual AML/CFT questionnaire captures information on the internal controls in place to mitigate risks. Moreover, annual reports from the FIU as it relates to STR submissions and the conduct of onsite examinations, contribute to enhancing the CBB's understanding of institutional and sectoral ML/TF risks. The assessment team notes that for the period 2018 – 2022, the CBB completed 69 examinations *see Table 6.5* which highlights the sectors and number of examinations conducted by the financial supervisors.
451. Additionally, the CBB's understanding and ability to identify risks is informed through its conduct of institutional and sectoral risk assessments. The CBB has introduced a Risk Assessment Methodology (RAM) which categorised institutions and sectors according to their risk levels and develops a risk profile for each FI. The AML/CFT risk profile rates FIs on a five-point scale ranging from very low, low, medium, high and very high. The factors used to arrive at the risk rating includes: -
- the FI's structural characteristics which considers elements such as size, geographics, corporate structure, the systemic importance of the FI to the stability of the Belizean financial system; and

- its net or residual risk, which is determined by evaluating the FI's business risk and considers core business activities relating to its products, services and customers and assessing the adequacy of its risk management systems, including its corporate governance regime and AML/CFT compliance program (mitigants). The use of the RAM provides a sound approach to understanding risk within the FIs and sectors.

452. At the time of the onsite visit, the AML/CFT risk profiles were completed for banks and credit unions. RSPs and moneylenders remain incomplete. As it relates to sectoral risk assessments, only the RSPs was completed. A summary of the AML/CFT risk profiles of banks and credit unions, based on risk assessments completed in 2022 showed that more than half of the banks were rated as low, and seven of the eight credit unions were rated as low (*See Table 6.3 below* that highlights the AML risk profile rating of all banks and credit unions). The assessment team viewed the completion of FIs risk assessment as important, particularly for FIs in high-risk sectors such as RSPs. This enables the CBB to confirm individual ML/TF risk and informs the scope, frequency and intensity of its supervision activities including the conduct of onsite examinations as appropriate.

**Table 6.3 Banks and Credit Unions – AML Risk Profile Rating (2022)**

FIs	Structural Risk	Total Net Risk	AML Risk Profile Rating
Bank 1	Medium	Medium	Medium
Bank 2	Medium	Medium	Medium
Bank 3	Low	low	Low
Bank 4	Very Low	Low	Low
Bank 5	Very Low	Low	Low
Bank 6	Medium	Very Low	Low
Bank 7	Very Low	High	Medium
Credit Union 1	Low	Medium	Medium
Credit Union 2	Very Low	Low	Low
Credit Union 3	Very Low	Low	Low
Credit Union 4	Very Low	Low	Low
Credit Union 5	Very Low	Low	Low
Credit Union 6	Very Low	Medium	Low
Credit Union 7	Very Low	Low	Low
Credit Union 8	Very low	Low	Low

453. The money changers sector which was rated as high risk for ML in the 2019 NRA is currently unsupervised. Money changers operate in the informal economy at the borders with Mexico and Guatemala and facilitate currency exchanges for cross border trade and the movement of people. The NRA identified the inherent vulnerabilities such as its size/volume, client base, level of cash activity, frequency of international transactions and the difficulty in tracing transaction records in the sector. As part of their efforts to strengthen supervision of the money changers sector, the CBB has developed an Implementation Action Plan which entails the establishment of a supervisory framework which would place the sector under the remit of the CBB and a Money Changers Working

Group. A study conducted on the sector by the working group in 2023 revealed the business activities of the sector are not material and do not pose significant ML risk to the country as initially assessed in the 2019 NRA. Though efforts are ongoing to have the sector supervised for AML/CFT by the CBB, the assessment team considered the lack of AML/CFT supervision to be a moderate deficiency.

## FSC

454. Apart from the NRA, the FSC's understanding of its ML/TF risks is informed through several supervisory activities. These include the collection of data from its AML Questionnaire which cumulates information on the reporting entity's compliance with its internal controls processes. In addition the FSC conducts offsite examinations via regulatory reports such as the FSCREP2 which require FIs to provide information on their client base, services provided and filings of STRs, and FSCREP 5 which is submitted monthly by money transmission and payment processing services to provide data on the identity of the sender, receiver, source of funds and the transaction value. Both forms and the AML questionnaire state that the information provided is subject to confirmation and should the FSC determine that information is false or that the licensee has failed to comply with the standard conditions of the license, the relevant licensee may be subject to such disciplinary action as is considered appropriate. There was, however, a limited use of these offsite reports to inform onsite examinations as only eight were conducted, one of which was for a registered agent, and two for trading in securities business. Both sectors are risk rated as high. The limited number of examinations is too few to enhance the development and maintenance of the ML/TF risks within the sectors (see Table 6.4). The nature of the business and clients that its reporting entities serve i.e., persons who resided outside of Belize, makes for a higher level of non-face to face and cross border transactions which contribute to higher ML/TF risk profiles for the client base and by extension the FIs.
455. While the data collected from the various regulatory reports and supervisory tools assist with developing an understanding of risk, the FSC has not demonstrated how these data points were analysed during 2018 – 2022 to arrive at a risk rating for FIs and registered agents and as a consequence, the adequate development of a supervisory plan based on risks. Further, the FSC confirmed no sectoral or institutional risk assessments were completed for FIs and Registered agents. In the assessment team's view the above shortcomings in the FSC's supervisory work represents a major deficiency.

## OSIPP

456. OSIPP has a good understanding of the risks within the Insurance sector. This was attributed to their participation in the NRA exercises and the risk assessments conducted for each insurer. The risk assessment considers information gathered through its supervisory activities including the annual AML/CFT/CPF self-risk assessment tool, annual TFS Questionnaire, monthly submissions of the AML Risk Reporting forms, deficiencies identified through onsite examination reports and the results of independent audits.
457. OSIPP employs a risk matrix to assess the ML/TF risk of its FIs based on the type of customer, business relationship, product, and transaction. Depending on an FI's vulnerability to ML/TF risks, it is rated as low, medium low, medium high, and high. In 2022, OSIPP completed risk assessments and risk rated all insurers. The three life insurance companies were rated as medium to low. However, the rating assigned appeared to be subjective and is not necessarily replicable as there was no scoring mechanism used to determine the final rating. This is somewhat mitigated by the risk rating being vetted by the Senior Compliance Officer with the final review by the Supervisor of Insurance. During the onsite visit, OSIPP indicated that it is working on improving its risk matrix. The private pensions sector falls within the remit of the OSIPP. However, whilst

pension administrators are required to obtain customer due diligence, employ record keeping requirements and be subjected to fitness and proprietary testing, they are not supervised for AML/CFT obligations otherwise.

## **FIU**

458. The FIU has a good understanding of the ML/TF risks of its supervised DNFBPs. In addition to participating in the NRA exercises, this understanding of risks was developed through various means. An entity's initial assessment is based on information provided at registration and annual renewal. This information includes PEP status, whether the ownership or control is foreign or domestic, geographic location, size of business and the client base. A rating scale of high, medium or low risk is utilised.
459. Additionally, the FIU has conducted offsite and on-site examinations that have provided further information to facilitate an ongoing understanding of the risks associated with the DNFBP sector. However, the level of understanding of risks from these examinations would be limited as there were very few examinations conducted over the period under review (see Table 6.4).
460. The FIU has also implemented a TFS questionnaire to assist in the understanding of TF risks of individual businesses. The TFS questionnaire is required to be completed on an annual basis (see IO.11 for information on the level of compliance by entities supervised by the FIU in response to this questionnaire)
461. While the assessment team noted that some data is collected to develop a risk profile of the DNFBP sector, there is no evidence to support that the data is being used to effectively inform risk-based supervision. This is a very important aspect for consideration by the FIU given the size of the sectors (over 900 entities) and the resources available to exercise their supervisory functions.

### **6.2.3 Risk based Supervision of Compliance with AML/CFT Supervision**

462. Financial Supervisors have developed a supervisory framework using risk-sensitive measures to supervise FIs; however, these measures are at varying stages of implementation. AML/CFT risk-based supervision is undergirded by an understanding of the risk profiles of each FI and the sector in which it operates, coupled with an understanding of risk at the national level (NRA). CBB, OSIPP and the FSC have not analysed AML risk profiles of all their FIs and the sectors in which they operate. All financial supervisors documented their risk-based AML Supervisory Manuals, including the supervisory strategy that applies at each risk level in 2023.

## **CBB**

463. CBB's compliance department, which oversees AML/CFT supervision has eight members of staff who are responsible for assessing entities' overall AML/CFT compliance. The staff complement over the next year is expected to expand so that there is alignment with the CBB's strategic plan. FI's compliance with their AML obligations is supervised and monitored using offsite surveillance, including risk assessments and review of the financial risk assessment returns and onsite examinations. Onsite examinations may be full scope, risk based, special or thematic. The supervisory tools and measures applied are based on the ML/TF risk in the sector and the FI. The CBB has conducted institutional risk assessments (AML Risk Profiles) for the bank and credit union sectors, the two largest sectors within its remit. The assessment team notes that the CBB conducted 69 examinations, which included onsite visits to all banks, credit unions and remittance service providers during the period under review. Additionally, a thematic review of the moneylenders AML Policy Manual was conducted. See *Table 6.5* below which highlights examinations and desk-based

reviews completed by CBB and Table 6.3 above which highlights the risk rating of banks and credit unions.

464. The assessment team was not provided with risk profiles and supervisory plans that fully covered the period under review to confirm that the supervisory plans, including whether the type of onsite examination conducted, aligned with CBB's Supervisory Strategy, given the FIs AML/CFT risk profile. AML/CFT risk profiles, supervisory plans and examination schedules reviewed by the assessment team were for 2022 and thereafter. The defined AML supervisory strategy, which is risk sensitive, appeared to be in its early implementation phase across all sectors. See Table 6.6 for *the CBB Supervisory Strategy*, which assigns supervisory activities based on AML Risk Profiles. Thus, the assessment team was unable to determine whether the intensity of the supervisory activities aligned with risk profiles of FIs during the period under review. Most of the banks, credit unions and RSPs, however, would have had at least one onsite examination during the period.

**Table 6.4 Onsite and Desk Based Examinations conducted on FIs and DNFBPs (2018 – 2022)**

FIs	2018	2019	2020	2021	2022
<b>CBB</b>					
<i>Onsite Examinations</i>					
Domestic Bank	1	2	1	2	1
International Banks	4	0	0	0	1
Credit Unions	2	5	2	1	1
Remittance Service Providers	2	3	1	0	1
• RSP Agents	-	-	-	-	-
• RSP Branches	-	-	-	-	-
Payment System Operators	0	0	0	0	0
<b>Total</b>	<b>9</b>	<b>10</b>	<b>4</b>	<b>3</b>	<b>4</b>
<i>Desk Based Reviews</i>					
Moneylenders	0	0	0	33	6
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33</b>	<b>6</b>
<b>FSC</b>					
<i>Onsite Examinations</i>					
Money Transmission Services	1	0	0	0	0
Payment Processing Services	1	0	0	0	0
Trading in Securities Businesses	0	1	0	0	0
Registered Agents	1	0	0	0	0
<b>Total</b>	<b>3</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Desk Based Reviews</i>					

Money Services	Transmission	2	1	1	2	0
Payment Services	Processing	2	4	4	4	4
Trading Businesses	in Securities	44	31	31	29	25
Registered Agents		81	79	73	62	67
<b>Total</b>		<b>129</b>	<b>115</b>	<b>109</b>	<b>97</b>	<b>96</b>
<b>OSIPP</b>						
<i>Onsite Examinations</i>						
Insurance Companies		0	0	0	0	13
Insurance Intermediaries		0	0	48	0	44
<b>Totals</b>		0	0	48	0	57
		0	0	48	0	114
<b>Desk Based Reviews</b>						
Insurance Companies		2	4	4	14	32
Insurance Intermediaries		0	0	0	0	0
<b>Total</b>		<b>2</b>	<b>4</b>	<b>4</b>	<b>14</b>	<b>32</b>
<b>FIU</b>						
<i>Onsite Examinations</i>						
Accountants		5	1	0	0	0
Attorneys at Law/ Other Independent Legal Professionals		7	3	0	1	1
Casinos		0	4	0	0	0
DPMS		4	3	0	0	0
Real Estate		6	5	0	0	0
<b>Total</b>		<b>22</b>	<b>16</b>	<b>0</b>	<b>1</b>	<b>1</b>
<i>Desk Based Reviews</i>						
Real Estate		0	0	19	0	0

Table 6.5 CBB – Supervisory Strategy based on FI’s Risk Profile

	<i>Very Low</i>	<i>Low</i>	<i>Medium</i>	<i>High</i>	<i>Very High</i>
Score	0 – 1.49	1.50 – 2.49	2.50 – 3.49	3.50 -4.49	4.50 – 5.00
Desk-Based Reviews	Within 3 years		As the need arise		
Onsite Examinations	Examination within 4 years		2 – 3 years	Once within 18 – Month Cycle	
Intensity and Level of Scrutiny	Full-Scope/Risk-Based			Targeted review of specific high-risk areas	
Follow-up	Corrective Action remediated within one year of examination				
AML/CFT Questionnaire	Annually				
Ad-hoc Questionnaire	As the need arises				
Compliance Officers’ Meeting	As the need arise		Quarterly		
Support and Guidance	General AML/CFT Training – within 3 years		Focused AML/CFT Training – within 2 years	Focused and detailed AML/CFT training in specific areas annually	
External Audit Report	None		Annually		
Risk Assessments	Once within every 18-month cycle or based on trigger event		Once in every 12-month cycle or based on a trigger event		

### FSC

465. The FSC is in the developing stage of implementing its risk-based approach to AML/CFT Supervision as articulated in its Money Laundering, Terrorist Financing and Proliferation Financing Risk Management Policy, approved in December 2023. Supervision of AML/CFT by the FSC during the period (2018 -2022) consisted mainly of offsite surveillance measures that included the submission of reports monthly, quarterly and annually as well as questionnaires to facilitate desk-based reviews of FIs. Other than the assessment completed on its sectors through the NRA, no sectoral and institutional risk assessments were conducted by the FSC. For the period under review, onsite examinations were limited to three for FIs, compared with a total of over 30 licensed FIs (as at 2022). One of the 84 registered agents was examined in 2018. All sectors were rated as either high or medium high in the NRA. The assessment team was not provided with information on the selection process for the FIs and registered agents for examination. The FSCs Risk Management Policy includes a methodology to risk rate FIs and registered agents. Intensity and frequency of supervisory tools are applied based on that rating. However, due to the recent establishment of the policy, the assessment team was unable to examine whether its implementation was effective. Given these circumstances, in the assessment team’s view the FSC’s risk based supervisory approach needs to be strengthened, through a documented analysis and completion of institutional risk assessments with the intensity, frequency and scope of onsite examinations based on the risk level assessed for the reporting entity. See Table 6.4. that includes details on the number of examinations conducted on FIs by the FSC.



466. AML Supervision is spread among three departments in the FSC. Five members of staff are assigned to the Licensing and Authorisation Department, eight to the Compliance Department and five staff members are assigned to the Legal and Enforcements department. The FSC indicated at the time of the on-site visit they were in the process of recruiting five additional staff to support the Compliance Department’s functions. The additional staff coupled with training are intended to strengthen its risk-based approach to AML/CFT supervision.

## OSIPP

467. Risk based AML supervision at the OSIPP is also in the developing phase. The risk-based approach undertaken focuses its resources on insurers and intermediaries with higher risk profiles. It includes offsite supervision involving ongoing analysis of ML/TF risks and compliance, as well as the conduct of onsite examinations. Based on the FIs risk profile, size and structure the scope of onsite examinations and offsite reviews are determined. OSIPP’s risk rating of its FIs in 2022 confirmed, life insurance companies were in the medium to low-risk rating (in accordance with the NRA) as such, the frequency and the intensity of supervision would be moderate. All insurance companies were examined in 2022.
468. OSIPP’s Supervisory Engagement Model is a recent strategy (See Table 6.6) which calls for “strategic spot checks” for onsite examination for FIs ranked medium low or low risk. No time frame was given as to when these “strategic spot checks” should commence nor the areas to be covered, as such focused/thematic onsite inspections can be conducted at any time, especially when a flag is raised in any of the reports submitted during a review of compliance or with new amendments to legislations. Medium- high risk FIs are required to have onsite examinations every three years whereas lower risk FIs would be less frequent with strategic spot checks. Private pensions were not considered in the risk-based supervision strategy of OSIPP.
469. OSIPP’s Compliance Unit, which has a staff complement of four, is tasked with AML/CFT Supervision. This includes three Compliance Officers, one of which is a Senior Compliance Officer and a Registration Officer. Also, to assist with tasks such as ‘Policing the Perimeter’ activities staff was retained. There is no expected staff growth in the near term as the current resources allocated is deemed sufficient in relation to the materiality of the sector.

**Table 6.6: OSIPP – Supervisory Engagement Model**

Activity	High Risk	Medium High Risk	Medium Low Risk	Low Risk
Onsite Examination	Every 2 years	Every 3 years	Strategic Spot Check	Strategic Spot Check
AML/CFT/CPF Risk Self-Assessment Tool	Annually	Annually	Annually	Annually
AML Risk Assessment Report (AML Portal)	Monthly	Monthly	Monthly	Monthly
TFS Questionnaire	Annually	Annually	Annually	Annually

## FIU

470. The FIU has indicated that registration and renewal information is used to develop risk profiles for reporting entities. Information obtained during the NRA exercise is also used to identify and assess the

risks of the sector. According to Section 3.1 of the 'FIU Examination Handbook – Supervision of DNFBPs revised in December 2023, the risk profile of an entity may result in an examination being full-scope, targeted, thematic, follow-up, special or consolidated. Due to the infancy of this policy, the FIU was unable to illustrate effective implementation of risk-based supervision.

471. The FIU has conducted some on-site examinations on the various sectors. The process involves an exit meeting with key personnel of the reporting entity, the compilation of a report where feedback is given on the deficiencies identified and timelines for corrections. Based on the submissions, the FIU has a process in place for feedback and remedial action subsequent to the onsite. However, based on the information submitted on the size of the sectors, the level of onsite and offsite reviews conducted is low in comparison.
472. Table 6.4 highlights the examinations conducted by the FIU for the period under review. The real estate sector which was deemed high risk by the NRA had 11 onsite examinations and 19 off-sites inspections conducted over 2018 to 2019. One onsite examination was conducted in 2023. The assessment team considered the effects of COVID-19 for part of the reporting period, however, there is limited evidence that the sector received attention in consideration of a risk sensitive approach post COVID-19.
473. The FIU has four compliance officers and one senior supervisor for AML/CFT responsible for registration and supervision of over 900 DNFBPs across nine diverse sectors. Given the size of the sectors and the challenges experienced by the FIU namely, slow rate of compliance of reporting entities and low level of examinations conducted, the assessment team is of the view there is a need to increase human resources dedicated to AML/CFT supervision.
474. As part of the FIU's commitment to improve communication and collaboration among competent authorities, the FIU has signed MOUs with domestic and international agencies. The FIU is also the chair of NAMLC and is a member of the GoS. The ability to share information and collaborate with various supervisory agencies assists the FIU with supervision of the DNFBPs. There also exists joint supervision between the FIU and other Supervisory Authorities. The FIU along with the FSC supervises attorneys and accountants acting as registered agents. In addition, the FIU and the CBB jointly supervise entities within the DPMS sector engaging in the activity of a pawn broker. This coordination and collaboration also aid in increasing understanding of risks across sectors.
475. The FIU has undertaken training initiatives, to bring about awareness and compliance within the DNFBPs. For the period under review, the FIU conducted one outreach session on STR reporting for all DNFBPs and seven sector specific sessions on ML and TF indicators across all sectors. Intensive training sessions on TFS, information on new legislative requirements and ongoing ML/TF matters were conducted in 2023. In addition, guidance in the form of video and print material were circulated to all reporting entities. The FIU has also dedicated a section of their website to DNFBPs which provides detailed information on the registration process, AML/CFT requirements for effective compliance, penalties and fines.

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

476. This section of the report focuses on the breaches identified and sanctions issued. The sanctions that are in place from a technical compliance standpoint for breaches of the AML/CFT requirements by FIs and DNFBPs are effective, proportionate and dissuasive. These sanctions are also applicable to directors and senior management (see analysis of R.35) During the review period supervisors issued sanctions for various breaches of the AML/CFT obligations. In reviewing the remedial actions and sanctions applied, the assessment team found that supervisors have not used all of the enforcement measures available to

them. Commonly used among supervisors is the issuance of directives and recommendations to correct deficiencies identified, which have led to improvements in the overall compliance with AML/CFT obligations during the period under review for reporting entities supervised by CBB and OSIPP.

## CBB

477. CBB implemented a Guideline for Imposing an AML/CFT/CPF Administrative Penalty in December 2021 which details the measures they would apply when issuing an administrative penalty for non-compliance with AML/CFT obligations.
478. Generally, the practice has been, following an onsite examination or offsite review, CBB will identify deficiencies and issue corrective actions to the FI for completion within a timeframe, which is generally one year from the date of issuance. The CBB monitors the progress of remediation, through follow-up reporting by FIs and eventual follow-up visits when necessary.
479. During the period under review, the CBB issued 62 directives to FIs to comply with the instructions within the one-year period. Given the FIs compliance with the directives in most cases, the CBB did not escalate further. The remedial measures applied were effective in most instances as corrective action was taken. In reviewing examination reports issued in 2022, the assessment team noted a scenario where a domestic bank had challenges relative to compliance with certain requirements of the MLTPA. The CBB's AML Guidelines states where there are repeat deficiencies from a previous examination, the remedial measure would have to occur at the board of directors' level. In this instance, there was continuous non-compliance, as a result the assessment team is of the view that the issuance of a more dissuasive enforcement action may have been more appropriate, particularly given the size and importance of the sector.
480. The assessment team in reviewing an examination report for a credit union, noted multiple breaches related to the MLTPA and AML Guidelines across the credit union's AML compliance program, including falsely altering information previously provided to the CBB. The CBB subsequently issued a notice of sanction to the credit union. However, after considering the impact of the deficiencies identified including prudential concerns, the CBB appointed an administrator for the credit union referenced. This measure was taken after considering the critical deficiencies in the governance and risk management practices, as well as material weaknesses in internal controls that could destabilize the credit union. The primary objective was to restore safe and sound operations and support the long-term success of the credit union. As at the end of the MEVAL onsite, the credit union remained under the supervision of the administrator and is required to address the deficiencies identified by the CBB. The assessment team viewed this remedial measure taken by the CBB to be proportionate and dissuasive.
481. In addition to directives, the assessment team noted that seven cease and desist orders were issued to payment service providers and moneylenders collectively for operating without a license. Also, the maximum administrative penalty of US\$12,000 was levied in 2023 against a small international bank with total assets of less than \$65million and three years (2020 – 2022) of continuous operating loss, prior to the penalty. The breaches entailed repeat violations related to the compliance officer function, risk assessment and transaction monitoring related to loans payments. The dollar value of the administrative penalty was the maximum fine allowed under the CBB's penalty regime. In the assessment team's view, the value of the penalty was proportionate and dissuasive given the bank's financial position and condition. Further, it is noted that although there was a high turnover of the compliance officer position, an assistant compliance officer always remained, and other measures were in place to ensure that ML/TF risks were mitigated. *Case example 6.2* below highlights the administrative monetary penalty applied by the CBB.

482. Another example of sanctions provided was the non-renewal of the moneylender's license. In 2022, a moneylender's license was not renewed due to a lack of submission of information relative to CDD and financial information.
483. The CBB also revoked the licenses of two international banks in 2018 and 2019. During onsite examinations, concerns were noted regarding the safety and soundness of the bank's operations including liquidity and AML/CFT concerns. Despite being placed under enhanced supervision and given time-bound corrective actions, both banks failed to resolve the issues. Consequently, the CBB determined that revoking their licenses was the appropriate sanction which would also protect depositors and maintain financial stability. The revocation of these licenses, along with details of the identified weaknesses, were published and were considered proportionate, dissuasive and effective.

### **Box 6.2: Enforcement action taken by the CBB.**

#### **Summary of case**

In 2023, the Central Bank issued an administrative monetary penalty to an FI for failure to comply with AML/CFT requirements. The FI was fined USD12,000 (BZD\$24,000) in accordance with the Central Bank's Guidelines for Imposing an AML Administrative Sanctions Penalty.

The administrative penalty issued was the result of an on-site examination conducted in 2022, and a prior on-site examination conducted in 2018, which identified several unaddressed deficiencies in the AML/CFT compliance program. There were program violations which is a failure or absence of the required pillar of the AML/CFT program and recurring violations which are repetitive occurrences of the same or similar breach in the FI's AML/CFT program for non-compliance with the MLTPA.

The FI was given an opportunity to make representation which the Central Bank considered. However, given the severity of the matter and types of breaches, the FI was sanctioned accordingly.

## **OSIPP**

484. OSIPP has the same enforcement powers as the CBB, that is to administer a range of remedial measures and sanctions. During the period under review OSIPP issued 57 corrective actions across the insurance sector i.e., directives/recommendations and notices, in relation to onsite examinations and offsite reviews. The assessment team reviewed three onsite examinations reports that were issued in 2022 and found the recommendations/directives issued by OSIPP to be appropriate in the circumstances. The assessment team notes the period 2018 to 2021, with the exception of interviews with individual insurance agents, no onsite examinations were conducted. This was mainly due to COVID 19 protocols during 2020 and 2021. OSIPP, however, utilized the period to review policies and procedures and provided feedback to entities where they could improve or strengthen their AML/CFT controls.

## **FSC**

485. The FSC's use of enforcement actions during the period 2018 –2022 has been limited with regard to AML/CFT breaches. The FSC issued four administrative penalties, two for false and misleading information with respect to BO information with a US\$5,000 fine each, one for failure to maintain fit and proper status and the fourth for failing to adhere to record-keeping requirements. The latter was required to pay a fine of USD \$12,5000 and had its license revoked. Further, a trading in securities firm had its license revoked in 2019 for failure to maintain its fit and proper status (See case example in box 6.3) Additionally, as shown in Table 6.2 (c) above the FSC issued cease-and-desist orders and warning

notices to service providers operating without a license. Approximately 72 % of the warning letters which were escalated to cease and desist letters were issued to the trading and securities sector. These remedial measures are considered dissuasive. Table 6.7 below lists the enforcement actions taken by supervisors for the period under review. This is unlike the CBB and OSIPP where enforcement measures were issued principally as a result of onsite examinations and were mainly directives to correct specific actions to improve compliance with AML/CFT obligations. The FSC's limited use of enforcement action correlates with the low number of examinations conducted.

### Box 6.3 Enforcement action taken by the FSC

#### Summary of case

A trading in securities business had civil enforcement action taken against them in In April 2019 by an international regulatory body in a federal court against them and their affiliates. It is alleged that there was a \$75 million foreign currency trading scheme involving over 700 U.S. citizens. The action claimed that more than \$47 million was misappropriated for personal expenses, such as vacations and tuition fees.

On April 23, 2019, the FSC sent a show-cause letter to the company to justify why its licence should not be suspended due to its alleged involvement in the trading scheme. The company failed to respond and failed to address the charges brought by the international regulatory body regarding fraudulent solicitation and fund misappropriation.

Consequently, the FSC determined that said company was tarnishing Belize's reputation as a result a decision was taken to enforce the then legislation which authorised the FSC for good and proper cause after giving the licensee an opportunity to make representations, cancel or suspend a licensee granted under the Act. As a result, a public notice on the suspension of the company's licence was published to this effect.

Additionally, it was determined that principals, including its sole director, shareholder, and beneficial owner, no longer met the FSC's fit and proper requirements. Consequently, the FSC revoked the company's license for trading in financial and commodity-based derivatives instruments and other securities. A public notice on the revocation of Company A's licence was published to this effect.

**Table 6.7: Enforcement Actions taken by the Supervisors**

Enforcement Action Taken	CBB	FSC	OSIPP	FIU
Cease and desist	7	177	1	0
Corrective Actions	62	0	57	67
Administrative Monetary Penalty	1 (USD 12,000)	1 (USD12,500) 2 (USD 5,000)	0	0
Revocation of License	2	2	0	0

**FIU**

486. As indicated above, there exists a comprehensive legal framework that allows AML/CFT supervisors to issue a wide range of supervisory actions for non-compliance with AML/CFT obligations as outlined in R.35. This framework allows the supervisors of DNFBPs (FIU and FSC) the power to apply sanctions in accordance with the severity of breaches of the MLTPA and DNFBP Regulations. However, the assessment team found the full range of sanctions available to the supervisors were not applied in a manner that would allow for effective supervision of the DNFBP sector.-For the period under review, submissions from the FIU indicated that notices of non-compliance were issued to 67 entities found to be in violation of their registration requirements. Additionally, the FIU actively searches for unregistered DNFBPs through surveillance from open sources such as social media and through referrals from other regulatory bodies. Information sharing through the GoS working group also enhances the FIU's ability to identify unregistered DNFBPs. The FIU has indicated that unregistered DNFBPs are served with an Obligation Letter informing them of their obligation to register with the FIU. Failure to comply results in the issuance of a 2<sup>nd</sup> obligation letter. Should non-compliance persist the FIU issues cease and desist orders. This method has been effective in bringing about compliance with registration in the short term. Other than the issuance of notices of non-compliance and cease and desist orders, no further information was submitted to support that any other sanction or penalty in accordance with the range of measures available to be applied were administered to DNFBPs, supervised by the FIU.

**6.2.5 Impact of supervisory actions on compliance****CBB**

487. The CBB has conducted several activities which have had a positive impact on the compliance culture of its FIs, this includes the training and guidance provided through its onsite examinations and offsite tools. The CBB notes that once deficiencies are identified through their supervisory activities, FIs are proactive in remediating them within the prescribed timeline. As such, the deficiencies are generally not recurring. The banking sector had a 95% completion rate of the corrective actions within the allotted timeframes, whilst the credit unions, RSPs and moneylenders' sector were at 80%. Deficiencies relating to the compliance function have seen a reduction of approximately 50%. The CBB has advised of a decrease in the number of AML deficiencies in the domestic banking sector during the period under review as the analysis showed a decline from a peak of over 35 deficiencies in 2019 trending to just under 20 in 2022. Due to actions taken by the CBB, AML/CFT compliance across all sectors has improved with the adoption of best industry standards and practices incorporated into FIs AML compliance program.
488. Further in 2020, as a result, of weaknesses identified in the 2019 NRA the CBB issued a remedial measure to all its supervised sectors, requiring all Compliance Officers to be AML certified. This strategy was aimed at ensuring that compliance officers had the experience and expertise, to effectively execute their responsibilities and improve their respective FI's AML/CFT compliance framework. Since the issuance of the remedial actions, all compliance officers at banks and RSPs are now certified. There is currently a 95% compliance rate for the credit union sectors.

**FSC**

489. For the period under review, the FSC had primarily conducted supervision of its registered entities through offsite surveillance measures but had not conducted many onsite examinations (4 onsite for the period). The implementation of the annual AML Questionnaire across all sectors, which is mandatory for renewal, led to an increased awareness of their AML/CFT obligations and their

submission of the questionnaires suggests an improvement in the understanding and implementation of compliance measures.

490. Based on offsite supervisory efforts, the FSC has noted improvements in compliance in five core areas, namely, the existence of a compliance function, availability of written policies and procedures, conducting CDD and AML training for staff. The offsite surveillance measures primarily adopted are expected to be used to inform future onsite examinations to be conducted by the FSC as they implement their risk-based approach to supervision.
491. As of 2023, the FSC has also teamed up with the GoS to conduct joint virtual sessions for reporting entities to update them on changes to their AML/CFT obligations based on amendments to the MLPTA, including webinars on the new TFS requirements. This joint initiative has also improved compliance across all sectors and facilitated the speed with which all sectors were able to amend and implement new policies and procedures and measures for TFS to obtain compliance in this regard.
492. The FSC has reconstructed its compliance department including the addition of new staff to address challenges experienced in the exercise of their supervisory functions. This will assist with strengthening their resource capacity as they develop and implement their risk-based approach to AML/CFT supervision.

### **OSIPP**

493. At the conclusion of an onsite inspection, a report which outlines the deficiencies identified in the AML/CFT compliance framework of the FI with a deadline for remediation is issued. The OSIPP conducts follow up visits to monitor the progress of the corrective actions taken. OSIPP has seen several areas within their FIs AML/CFT compliance framework improved, due to its conduct of onsite examinations.
494. The positive impact of supervisory activities is demonstrated relative to CDD and staff training. During the conduct of examinations in 2014, CDD was observed as a deficiency across the insurance sector. At that time, the public was hesitant about providing personal information to the insurers. To rectify this, OSIPP along with the Organisation of Insurance Companies of Belize (ORINCO) developed a poster, to be displayed in all offices of insurance companies and insurance intermediaries, highlighting the requirements of CDD. In subsequent examinations conducted in 2017 and 2022 improvements in the collection of CDD were observed.
495. Also, through the conduct of the NRA exercise, it was noted that all staff had not received AML/CFT training. As part of its action plan, OSIPP had to remediate this deficiency by including proof of training as a requirement for license renewal. The results of this measure were seen in the results of examinations conducted in 2022, as all insurance companies had implemented annual training for their staff.

### **FIU**

496. The FIU previously described compliance as low as it pertains to the obligation of entities to register and implement corrective and mitigative measures for ML/TF risks among DNFBPs under their remit.
497. In response to this lack of compliance, increased focus on guidance and other supervisory measures of the FIU and by the extension the GoS, have resulted in an improved level of compliance by some DNFBPs, particularly in the larger and more established sectors such as attorneys and real estate agents. The outreach by supervisory authorities and subsequent extensive participation in the NRA exercises has led to an increased awareness of AML/CFT risks and obligations.

498. Outreach and offsite surveillance activities conducted during the period under review also led to an increase in registration as reporting entities sought to meet AML/CFT obligations. This prompted the FIU to implement new strategies to improve registration renewals including an automated system enhancing notifications for renewals.
499. Additionally, the FIU issued notices of non-compliance to 67 entities that were found to be in violation of the registration requirements. In response to the notice 33 of these entities were able to comply with corrective action to meet their registration obligations.

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

#### **CBB**

500. The CBB provides a range of activities to its FIs to promote understanding of their AML/CFT obligations and ML/TF risks. These include the conduct of outreach and awareness sessions, publications in the form of guidance on AML/CFT procedures, typologies and best practices, advisories on FATF's high-risk jurisdictions and other monitored jurisdictions, publication of CFATF/FATF Public Statements and the Belize consolidated sanctions list via the website or social media; publication of brochures 'AML Highlights,' and the issuance of annual AML questionnaires. In addition, the CBB conducts sector specific outreach sessions in person and virtually and also facilitates periodic compliance meetings with compliance officers
501. Interviews with the private sector confirmed that activities by the CBB have promoted and enhanced their level of understanding of AML/CFT obligations and ML/TF risks. Additionally, there is generally good interaction and feedback among the reporting entities and supervisors, including one on one or face to face interactions outside of scheduled training seminars and outreach.

#### **OSIPP**

502. OSIPP undertakes various measures to promote a clear understanding of AML/CFT obligations and ML/TF risks within the sector. These include Circulars in areas such as CDD, amendments to the MLTPA and action plans during COVID pandemic. In addition, OSIPP has produced an AML/CFT/CPF Risk Based Guidelines for the Insurance sector (2023) and the annual AML/CFT Assessment Tool (2022, updated in 2023) to assist insurers in identifying gaps that may exist within their AML compliance framework that requires remediation. OSIPP also holds quarterly industry meetings with the general managers and compliance officers which include the sharing of statistics from AML returns, overview of the types of STRs emanating from the industry and updates of legislative changes.
503. Additionally, OSIPP has identified training opportunities for its reporting entities including endorsing the Insurance Institute of Belize (IIBZ) AML training to the industry. In this regard, the OSIPP cancelled its planned AML training in 2018 and encouraged insurers staff to attend the IIBZ training. The IIBZ has held several conferences since 2018, i.e., 2019 and 2023 providing AML training to the insurance sector.

#### **FSC**

504. Two training sessions were conducted for the registered agents' sector by the FSC during the period under review, one in October 2019 and another in August 2022. The objectives of these sessions were to create an awareness of the revised licensing procedures/entry controls being implemented by the FSC for the sector. These sessions also provided sensitization on obligations related to the conduct of CDD. The FSC in 2023 as part of the GoS conducted virtual sessions on TFS and amendments to the MLTPA. The FSC along with the BIFSA also host quarterly meetings with industry stakeholders which are the licensees of the FSC including trading in securities businesses and registered agents, to discuss topical issues impacting the sector, including amendments to AML/CFT obligations.



## FIU

505. Similar to the CBB, the FIU promotes an understanding of AML/CFT risks by the publication of notices and advisories regarding CFATF/FATF public statements. For the period under review the FIU conducted seven outreach sessions across five sectors for DNFBPs in 2020 to build awareness of AML/CFT Obligations and STR Reporting. The sectors participating were casinos, real estate agents, accountants/auditors, attorneys and DPMS. There were no sessions conducted in 2021 and 2022. The assessment team notes the joint outreach sessions conducted in 2023 in areas such as TFS and the amendments to the MLTPA. Given the volume and risk profiles of the entities registered with the FIU the number of sessions conducted is inadequate. Reporting entities of the FIU would benefit from frequent sector specific training. The FIU's Guidance and Outreach Plan 2024 – 2026, however includes an aggressive schedule of outreach aimed at reaching all FIs and DNFBPs on a risk-prioritised basis.
506. **Table 6.8** below illustrates the number of outreach and awareness sessions conducted by all supervisory authorities for the period under review.

**Table 6.8: Outreach sessions conducted by all Supervisory Authorities for the period 2018 – 2022**

<u>Supervisory Authority</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>CBB</u>					
• <u>Training for FIs</u>	4	0	0	1	1
• <u>Compliance Officers Meetings (Banks)</u>	1	1	0	2	2
<u>OSIPP (Insurance sector)</u>					
• <u>Compliance Officer Meetings</u>	0	0	0	4	2
• <u>Quarterly Industry Meeting</u>	4	4	4	4	4
<u>FSC</u>	0	1	0	0	1
<u>FIU</u>	0	0	7	0	0

## Overall conclusion on IO.3

507. Belize exhibits some characteristics of an effective system. Licensing and registration requirements implemented by Belize adequately limits the possibility for criminals and their associates from to enter entering the financial sector. Further, ongoing supervisory engagement with reporting entities including onsite examinations although limited for certain supervisors, training sessions and publications, have enhanced compliance culture through improved CDD measures, increased certification of compliance officers, and increased staff training, promoting a clear understanding of AML/CFT obligations and ML/TF risks.
508. Risk-based supervision is in the early stages for most supervisors with the exception of CBB and OSIPP with the insurance sector. Progress includes creating risk-based supervision manuals and issuing AML/CFT questionnaires to enhance risk awareness. However, the FSC and FIU have not completed necessary sectoral and institutional risk assessments. Supervisory tools, particularly onsite examinations, need better alignment

with the risk levels of reporting entities and the Supervisors' AML/CFT Strategy. Most sectors supervised by the FSC and FIU are rated as high or medium-high for ML risk. Onsite examinations for FSC and FIU have been limited, despite the number of high-risk entities identified by the NRA. Major improvements in the supervisory measures adopted by the FIU and the FSC are therefore needed to ensure the level and intensity of supervisory activities are aligned with the level of the risk of the reporting entities and that their reporting entities have implemented appropriate measures to mitigate risk. Despite these challenges, FIs supervised by the CBB and the OSIPP generally remediate any AML/CFT deficiencies identified within the designated timeframes.

509. Money changers though required to be supervised by the CBB in accordance with the MLTPA, are currently unsupervised. Whilst the pension sector is supervised as it pertains to licensing and registration, assessors could not ascertain whether the ML/TF risks of the sectors are effectively managed and mitigated as OSIPP has not fully implemented its AML/CFT supervision for the pension sector. Given the risk and materiality of the two sectors, this was considered a moderate and a minor deficiency for the money changers and pension sectors respectively.
510. The number of sanctions imposed by Supervisors are relatively low, mostly involving directives to comply with a specific request that are generally completed within the given timeframe. Administrative money penalties for AML/CFT breaches are few for the period under review. Generally, a clear understanding of the AML/CFT obligations is communicated by the financial supervisors through for example AML questionnaires, guidelines, websites and periodic meetings with compliance officers, annual meetings with industry stakeholders. However, more enhanced training relative to STR reporting is required in particular for certain high-risk sectors given their low level of reporting.

**Belize is rated as having a moderate level of effectiveness for IO.3.**

## Chapter 7 LEGAL PERSONS AND ARRANGEMENTS

### 7.1 Key Findings and Recommended Actions

#### Key Findings

- a) Belize has a comprehensive and robust legislative framework that governs, *inter alia*, the formation of legal persons and arrangements and the maintenance of basic and BO information, with minor deficiencies existing. Despite the recent amendments to the legislation, in some instances, the authorities have comprehensively taken action to educate and raise awareness among registered agents (legal persons and arrangements formation agents) and legal persons and arrangements on the requirements of the legislation.
- b) The FSC is the competent authority responsible for oversight of legal persons and international trusts while the Belize High Court is the competent authority responsible for oversight of domestic trusts. Belize's legislative requirements make provisions for the incorporation of different types of legal persons with the main ones being companies, limited liability partnerships, limited liability companies and foundations. The information on how to establish a legal person and arrangement in Belize is publicly available. Trusts are the only type of legal arrangement permitted in Belize.
- c) Belize has identified and assessed the ML/TF risks associated with the abuse of legal persons created in the country. In its 2019 NRA, the authorities focused on the transparency matters related to legal persons (focusing on the availability of BO information) and risk associated with registered agents. In 2022 the jurisdiction commenced its 2<sup>nd</sup> NRA which was more comprehensive than the first NRA and assessed the ML/TF risks associated with the abuse of legal persons in more detail. The ongoing 2<sup>nd</sup> NRA took into consideration domestically available information and publicly available information from reputable international organisations such as the FATF. The ongoing 2<sup>nd</sup> NRA is at an advanced stage as of the completion of the onsite visit and was used to enhanced competent authorities' understanding of the ML/TF risks associated with the abuse of legal persons in the jurisdiction. The draft findings on the assessment of legal person were developed by the authorities and was awaiting approval.
- d) Belize has taken some actions to mitigate the ML/TF risks faced by legal persons and arrangements. This was done via the strengthening of legislation which, *inter alia*, prohibit the use of bearer shares and ensuring that nominees disclose their nominator. The jurisdiction has also implemented a mechanism whereby BO information is maintained in a centralised registry (Belize Company and Corporate Affairs Registry-BCCAR) which also serves as a risk mitigation measure and strengthen transparency. The assessment team nevertheless found that Belize should implement any necessary risk mitigation measures commensurate with the ML/TF risks identified in the ongoing 2<sup>nd</sup> NRA following its completion and approval.

- e) Belize utilises a multi-pronged approach to ensure that BO information is maintained in the jurisdiction. This is done via FIs and DNFBPs including registered agents, the legal persons and the BO registry that is maintained by the BCCAR. Accurate and up-to-date BO information is maintained and is available to competent authorities including LEAs in a timely manner. The BO information maintained in some instances is not accurate and up-to-date, especially in situations involving legal persons that have been struck from the company registry and for which the authorities are required to maintain records for five years. Further, there have been limited on-site inspections of registered agents to ensure that they are complying with their obligations.
- f) Trust law makes provision for BO information to be provided in a timely manner, this is not always the case given that instances of inordinate delays in provision of the information (see Box 7.5). The FSC has taken sanctions that are effective, proportionate and dissuasive against registered agents for breaches committed against the Companies Act.
- g) The FSC has demonstrated the use of its sanction powers through utilising its strike-off authority to sanction inactive companies. Additionally, where a company failed to file its annual returns and is struck off, for the company to be restored the company must pay a restoration fee of USD1,000. Despite the actions taken by the FSC, the FSC has conducted limited on-site inspections on registered agents to ensure that they are complying with their obligations under the Belize Companies Act (BCA) and where breaches are identified, effective, proportionate and dissuasive sanctions are applied.

## Recommended Actions

- a) Belize should finalise and approved the draft findings of the ML/TF risk assessment that forms part of the ongoing 2022 NRA and assess the risk associated with the abuse of legal persons. Additionally, competent authorities should implement any necessary risk mitigation measures which are commensurate with the ML/TF risks identified based on the finding of the ML/TF risk assessment.
- b) The FSC should conduct more on-site inspections of legal persons and registered agents to ensure that they are complying with the obligations including maintenance of accurate and adequate basic and BO information on legal persons and arrangements. Further, the FSC should ensure that where breaches are identified it applies sanctions that are effective proportionate and dissuasive measures.
- c) Belize should continue to take steps to ensure that legal persons are complying with the requirements, specifically complying with the obligations to submit all accurate and up-to-date information to the BCCAR using the Online Business Registry System (OBRS).
- d) Belize should continue to take steps to digitise the Domestic Trust Register which will ensure that BO information relative to legal arrangements is provided in a timely manner.

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

### **7.1 Immediate Outcome 5 (Legal Persons and Arrangements)**

#### **Introduction:**

512. Belize has in place a robust legislative framework that applies to the transparency of legal persons and arrangements, including timely access to accurate and up-to-date basic and BO information with minor deficiencies existing (see R.24 and 25). The legislation makes provisions for the creations of various types of legal persons. The main types of legal persons are Companies, Limited Liability Companies (LLCs), Limited Liability Partnerships (LLPs) and Foundations. Trust is the only type of legal arrangement permitted to be created within the jurisdiction. Although the legislative provisions governing legal persons and arrangements are robust, significant amendments were made by the authorities in 2022 and 2023, prior to the on-site visit. The assessment team considered the impact of these amendments on the authorities' and or private sector, especially the registered agents (given that they must be utilised to create legal persons by non- Belizeans). The findings of the assessment team are reflected in this chapter of the report and to some extent the findings in core issue 2.5 (Chapter 8- IO.2) and core issue 4.3 (Chapter 5- IO.4).
513. In 2022, the BCA repealed and replaced the International Business Companies Act and the Companies Act as a part of measures to mitigate risks associated with abuse of legal persons formed in Belize. The implementation of the Belize Companies Act (BCA) extinguished IBCs in Belize along with their preferential tax and lighter regulatory and reporting regime, now requiring not only economic substance in Belize but also declaring their tax residency, either in Belize or in another jurisdiction which does not appear on any adverse listings. Amendments to the BCA in July 2023 further strengthened the Registrar's ability to regulate companies in Belize with the requirement for BO information to be filed with the Registrar and uploaded into in the OBRS. Failure to file the BO information results in the company being struck from the Companies Register. All companies must now file director, shareholder and BO information with the Registrar via the OBRS. Additionally, amendments to the Trust Act now require trustees and trust agents to file an annual attestation on BO for all trusts with the Registrar mitigating risk with this legal arrangement.
514. Companies are denied access to any further company services from BCCAR until the BO information is filed. Similarly, BO information is required before a new company is registered. Implementing these measures resulted in an immediate increase in the percentage of companies with BO information filed with the Registrar and at the time of the on-site visit, close to 100% of active companies had filed their BO information, with the remainder expected to be filed by June 30<sup>th</sup>, 2024<sup>54</sup>. Similar implementation of the requirement to file trust attestation is expected to result in BO information being held by the Registrar for all trusts. Failure to comply will lead to trustees and trust agents incurring significant monetary penalties.
515. There are deficiencies related to the legal framework for Building and Co-operative Societies that impact on the effectiveness of the regime (see analysis of R.24). However, these deficiencies were considered by the assessment team as minor, taking into consideration risk, context and materiality

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<sup>54</sup> Post-onsite, Belize confirmed the number of active companies has reduced to 22,369 following further striking off and dissolutions, and that BO information is available in the OBRS for all of these companies.

(see Chapter 1 of the MER). Considering the foregoing factors, the focus of the analysis related to legal persons applies to companies, LLCs, LLPs and Foundations which are the material entities and are subject to the oversight of the FSC.

516. The FSC is the competent authority responsible for the oversight of the four main types of legal persons and international trusts, while the Belize High Court is the competent authority responsible for domestic trusts. The requirements of the Trust Act are applicable to both domestic and international trusts. The department within the FSC that is tasked with the oversight of legal persons and international trust is staffed by a total of 13 persons, supported by the entire team of the FSC comprising of 70 persons and the legal department. The department staff is supported by technology including an online filing platform (OBRS) which is discussed in greater details in the analysis to follow. The FSC considered the department to be adequately staffed, and the assessment team found no evidence to suggest otherwise.
517. The assessment team found there is a good level of the understanding of the ML/TF risks and vulnerabilities associated with the abuse of legal persons and some mitigating measures have been implemented to prevent the misuse of legal persons and arrangements. Despite the recency of the legislative framework, basic information is being largely maintained while BO information is being maintained to a moderate extent. There were limited inspections of registered agents to ensure that legal persons and arrangements are complying with the legislative obligation and in turn the FSC has imposed limited sanctions. The assessment team's findings are based on information provided by the jurisdiction including qualitative (case examples) and quantitative data (statistics) and interviews conducted with competent authorities and private sector officials.
518. To ensure that companies comply with the requirements of the 2022 BCA including the amendments in 2023, the Cabinet of Ministers of the Government of Belize granted approval to the FSC to administratively strike-off inactive companies that have failed to re-register with the FSC and comply with the requirements including those applicable to the maintenance and submission of basic and BO information. This approval was granted in November 2023. In December of 2023, just prior to the completion of the on-site visit, the Belize Company and Corporate Affairs Registry (BCCAR) within the FSC issued a public notice advising companies to file their annual return in accordance with the BCA or face the consequence of being struck from the registry. Notice was also issued on that same date advising companies to re-register in the Online Business Registry System (OBRS) by December 31, 2023 (following the completion on-site visit) or be subject to a restoration fee in accordance with the BCA and Regulations as of January 31, 2024.
519. Belize authorities advised that as of June 2023, 203,106 companies were registered under the International Business Companies Act, 2020 and the BCA which predated the enactment of the BCA, 2022. Further, the authorities advised that a total of 125,929 companies were dissolved, including through voluntary liquidation or compulsory liquidation dissolution prior to the enactment of the BCA, 2022. With the enactment of the BCA, 2022, only companies that were active or struck off had the opportunity to re-register at no cost within the first year to maintain an active status. Companies that were dissolved were required to apply through the Belize High Court to be reinstated. The assessment team was advised that as of December 2023, 25,147 companies which were formerly IBCs and local companies had re-registered via OBRS and 3,790 new companies were registered making it a total of 28,937 active companies on the Register. Of the 28,937 active companies, the assessment team was advised that 22,524 had foreign ownership and 6,413 had fully Belizean ownership. The accuracy of the foregoing information could not be verified by the assessment team.

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

520. As noted in the introductory paragraph, there are various types of legal persons operating in the jurisdiction as required by the legislative provisions with the main ones being those referenced in the paragraph above (see also Table 1.4 in Chapter 1). Information on the creation and types of legal persons can be found within the key legislative provisions that are referenced in R.24. Legal persons that are owned by non-Belizean or Belizean who do not hold a valid social security card must be created and registered by a registered agent that has a physical presence in the jurisdiction and is licensed with the FSC. The laws and Regulations pertaining to the creation and registration process for companies, LLCs and LLPs are available on the [FSC's website](#). Further, guidance including documentation required for the creation of legal persons are publicly available on the [Belize Companies and Corporate Affairs Registry \(BCCAR\)](#) website, social media platforms and on FSC's website. The FSC's social media platforms also provides guidance to the public on the registration process for companies. Persons wishing to obtain additional information on the creation of legal persons can also contact the BCCAR via their email address and contact number, both of which are publicly available on its website. The laws which are publicly available documents also provide some guidance and information on the creation of the different types of legal persons in Belize.
521. The information required to register legal persons in Belize include identification information on the various persons including shareholders, members, directors, partners, principal address of company's participants and LLPs and nature of business, contact information (see analysis in R.24 for additional information).
522. Regarding information on the creation of legal arrangements, information on international trusts is available on the FSC's website (in the legislation) whilst information on domestic trusts is available on the website of the Judiciary of Belize. International trust can only be created via a registered agent located in Belize.

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

523. Competent authorities demonstrated a good understanding of the ML/TF risks and vulnerabilities of legal persons created in Belize. The assessment team reached this conclusion based on the 2019 NRA's findings; findings of the draft risk assessment on legal persons (2023) which was produced as part of the ongoing 2022 NRA and assessed both ML and TF risks and discussions / interviews with competent authorities, including the FSC. The findings of the assessment team are detailed in the immediate paragraphs below.

#### **2019 NRA**

524. The 2019 NRA did not comprehensively address the ML/TF risks and vulnerabilities associated with legal person as it did not directly identify or assess the vulnerabilities associated with the extent to which legal persons can or are being misused for ML/TF. However, it considered and addressed the risk and vulnerabilities related to transparency of legal persons, primarily associated with the manual keeping of BO information and the inherent difficulty that it presents in obtaining access to such information by the different sectors and competent authorities. Further, the 2019 NRA did address the sectors in which legal persons operate, most notably DNFBNs, which include registered agents who are involved in the provision of services for trusts and company formation and management. Whilst the 2019 NRA did not directly identify and assess the ML/TF risks and vulnerabilities associated with legal person, it extensively identified and assessed the ML/TF risks associated with registered agents. As noted previously, registered agents must be utilised to create

and incorporate a legal person owned by non-Belizean (foreign legal persons). Eighty-nine percent of companies registered in Belize, which include companies with both Belizean and non-Belizean stakeholders were created by registered agents who were *rated medium-high* risk for ML. The 2019 NRA also included an assessment of the availability and access to BO information in Belize, which provided an understanding of the vulnerability of legal persons and arrangements to abuse.

**2022 Ongoing ML/TF NRA (Draft legal person's findings)**

525. The 2<sup>nd</sup> ML/TF NRA, which commenced in 2022 using the World Bank (WB) tool was ongoing and at an advanced stage as of the end of the onsite, is more detailed than the first and considered the ML/TF risks and vulnerabilities associated with legal persons within the jurisdiction. The Belize International Financial Services Sector (BIFSA), a private sector organisation comprising of professionals involved in the industry was part of the process and contributed to the NRA. The draft report, which was at an advanced stage, was provided to the assessment team during the onsite visit. Despite being incomplete, it does provide competent authorities with a more detailed and comprehensive understanding of the ML/TF risks and vulnerability than the first. The 2<sup>nd</sup> ML/TF NRA considered various sources of information and data including requests as part of the international cooperation mechanism (MLA requests), STRs, open source information such as Panama and Pandora papers and case examples. This material was gathered and reviewed by members of the Legal Persons and Legal Arrangements Working Group (LPLAWG).
526. Analysis of this data identified the potential ML/TF risks and vulnerabilities. The LPLAWG further considered the typologies and the case studies reaching the conclusion that the areas of abuse / threats arise from International Business Companies, use of anomalous complex ownership structures; use of control through power of attorney; use of trust/foundations in ownership/control structures; use of nominees; abuse of professional privilege; and the use of fake identification documents for registration / formation. The information reviewed from the ongoing NRA was sufficient to facilitate the drafting of a preliminary report in 2023 by the LPLAWG.
527. The preliminary findings of the draft report was reviewed by the assessment team and found to be reasonable (despite pending ministerial approval). Besides the information highlighted in the paragraph above, the draft legal person's risk assessment highlighted, *inter alia*, that companies were suspected of being misused for tax evasion and fraud, with some of the activities involved suspected foreign PEPs. The foregoing was identified via case studies.

**Activities of competent authorities.**

528. The activities of competent authorities including experience in responding to MLA, requests for information and STRs also acted as a catalyst to competent authorities understanding of the ML/TF risks and vulnerabilities associated with legal persons. This information was utilised as part of the ongoing 2022 NRA and was captured in the preliminary draft findings of the legal persons and legal arrangements typologies report.

**Box 7.1: Case example used to understand ML risk and vulnerability associated with the abuse of legal persons**

**Competent authorities: FSC**

**Impact on FATF Immediate Outcomes: 1 and 5**

**Case Summary**



A business operated under the name ABC for several years. The BCA 2022, Act No 11 of 2022 provides for restriction on company names, that is, no company shall be registered, incorporated, continued, merged, consolidated, under a name the use of which would contravene another enactment or the Regulations, or is identical or so similar in name under which a company is or has been registered, which in the opinion of the Registrar, be likely to confuse or mislead. The Deputy Registrar having access to the OBRS could see that the name reservation for the incorporation of a company, ABC Co. Ltd., was similar to ABC, which was likely to confuse or mislead and cause mischief.

In the Schedule to the BCA 2022, the consequential amendments to the Business Names Act, s.14A provides that the Registrar shall not register a business name of a firm or of an individual if that business name is the same or similar to the name of a company registered under the BCA 2022. The Registrar is given the discretion to register where the circumstances are that written consent is obtained from the first user of the name. The Registrar exercised his discretion and did not register, considering risks relating to misleading or confusing the Revenue in assessing the taxes due by either the business or the company or to evade the payment of taxes or rates, which would be a predicate offence.

Consequently, the identification of the vulnerabilities and the assessment of the risks has led to legislative amendment by way of BCA (Amendment) Act, 2023, Act No. 27 of 2023, to absolutely restrict the use of a business name that is similar or same as a company name. It is appreciated that in the 2019 NRA, tax evasion was one of the risks that was rated medium level, thus, Belize is aware of the risk of ML/TF as it relates to tax evasion.

### ***International Publication and training***

529. Besides the findings of the 2019 NRA, the 2023 draft legal person risk assessment and other international publications, competent authorities have also relied on international typologies such as the FATF Guidance on Beneficial Ownership of Legal Persons to enhance their understanding of the ML/TF risks and vulnerabilities associated with legal persons. Further, training sessions attended by competent authorities including the FSC served as an additional step in understanding how lack of transparency in legal persons can result in abuse by criminals and their associates (see Table 7.1 below).

**Table 7.1: Training attended by competent authorities.**

<b>Title of training</b>	<b>Date of attendance</b>	<b>Facilitator</b>
Risk Assessment of legal person, legal arrangements and BO- related issues	22-23 September, 2021	World Bank
New Modules on legal persons and arrangements, VA& VASPs, Misuse of NPOs for TF and Tax crimes	9-11.05.2022	World Bank
Beneficial Ownership and Transparency of Legal Persons	1.09.2022	OECD

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

530. Primarily through the amendments of legislation, Belize has implemented some measures to prevent the misuse of legal persons and arrangements for ML/TF purposes. Whilst the legislative framework is new, some reporting entities, specifically larger registered agents have implemented measures and practices such as CDD requirements to, *inter alia*, identify the directors, shareholders and BO to mitigate vulnerabilities and misuse of legal persons. Whilst Belize amended the legislation in 2023 to prohibit the issuance or exchange of bearer share warrants and certificates, the law was already in place prohibiting Belize companies from issuing or exchanging bearer shares. The assessment team reviewed the legislation in place prior to the 2023 Act prohibiting the issuance or exchange of bearer shares and found that bearer shares have been prohibited in Belize since 2017.
531. In 2021, legislation was amended to extend the prohibition to include bearer shares held by foreign companies and or share warrants. The prohibition included issuing, converting, registering or exchanging bearer shares. In 2022 further amendment to the BCA included provisions imposing sanctions relating to the prohibition. Prior to the prohibition of bearer shares in 2017, under the BCA and the International Business Companies Act, registered agents were required to provide the bearer share certificate within minutes of a request. The assessment team found that Belize has taken adequate steps to enforce the legislation and prohibit the issuance and exchange of bearer shares. The main measure taken to enforce the legislation was the requirement for all companies existing prior to the 27 November 2022 amendments to mandatory re-register with the BCCAR and companies with bearer shares issued not being re-registered. Companies that did not re-register by 28 November 2023 were struck off.
532. In July 2023, the BCA was amended requiring appointed nominee directors and shareholders to file with the Registrar a declaration of their status and *inter alia*, the identity of the nominee. Registered agents are required to file a declaration with the Registrar if a person is nominated director or shareholder. The assessment team was not provided with any data as to the number of declarations filed. Amendments to the legislation detailing the new requirements are available on the FSC, BCCAR and National Assembly's website.
533. The amendment to the BCA introduced a requirement for companies to in addition to obtaining and maintaining BO information to file the BO information with the Registrar. No additional filing is permitted by the legal person utilising OBRS and neither is a certificate of good standing issued to the legal person until BO information is entered. The authorities advised that this requirement has led to approximately 100% of BO information being provided to BCCAR via OBRS by the end of the onsite. However, the assessment team was unable to verify this information. The BCA also requires the nominee shareholders and nominee directors disclose their nominators. Evidence in the form of sanitised documentation was provided to the assessment team to demonstrate that nominees were completing the relevant forms disclosing their nominator. Under the amended Trust Act, trustees and reporting entities are required to keep accurate, up to date and current BO information for the trustees and reporting entities to provide the BO information to the Registrar upon request. Trustees or the Trust Agent of every Trust are also required to annually file an attestation report on the BO of the Trust.
534. Besides the legislative amendments, Belize implemented the BCCAR and implemented other risk mitigating measures such as striking off companies that have been inactive for a year. Four thousand, four hundred companies were struck off the register either due to not re-registering within the required period or failing to complete the required annual filings. Other examples of risk mitigating measures include the verification of information contained on the Register of Shareholders, Directors and BO information held by the registered agent against the Registers filed with the BCCAR.

Registered agents are also required to conduct CDD and screen stakeholders of the legal persons and arrangements under their management. The assessment team found that Belize will benefit from the finalisation and approval of the risk assessment and implementation of additional and robust risk mitigation measures commensurate with the findings of the risk assessment.

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

535. The legislative framework in place and applicable to the maintenance of adequate and current basic and BO information on legal persons is robust with minor shortcomings existing (see analysis of R.24). In 2022/2023, Belize significantly revised its laws that are applicable to legal persons by strengthening the regime. This section of the report details the mechanism in place and the extent to which competent authorities have access to adequate, accurate and current basic and BO information on legal persons. The actions taken by the jurisdiction including amendments to legislation, provision of guidance, training and educational outreach to its stakeholders (including companies and registered agents), development of the OBRS system to capture BO information by the FSC and the mandatory re-registration of companies within a specified time period have significantly strengthened its basic and BO information regime. The measures addressed previous challenges that would have existed in ensuring that accurate, adequate and up-to-date BO information as is reflected in the analysis of IO.2 (see section 8.2.4).
536. Belize utilised a multi-pronged approach to ensure that adequate, accurate and current basic and BO information on legal persons is maintained and accessed. These include, (i) FIs and DNFBPs, (ii) The FSC (via BCCAR and OBRS) and (iii) legal persons.

##### **Source 1: FIs and DNFBPs**

537. As part of their CDD functions, FIs and DNFBPs must identify and verify the BO of legal persons who are their customers (see Chapter 5/IO.4). The FIs and DNFBPs (including registered agents) that the assessment team met with are aware of this obligation and indicated that as part of their CDD requirements, the BO information is obtained. FIs and DNFBPs have developed a self-declaration form which requires legal persons to declare the relevant information on the directors, shareholders and the Ultimate Beneficial Owner (UBO). Regarding changes in BO, most FIs and DNFBPs, especially the registered agents, indicated that this is verified on a quarterly basis and in circumstances where the client returns to conduct additional business. Some FIs and DNFBPs (primarily the registered agents) during the interviews indicated that as part of the onboarding process/company formation stage, the person registering the entity will be informed that all changes to the legal persons should be communicated without delay and in any event within 15 days in accordance with s.86(2) of the BCA. Additionally, the Central Bank of Belize's (CBB) AML/CFT/CPF Guidelines mandates that information on the BO should be provided by the BO or the entity within one month to the FI.
538. The FIs and DNFBPs interviewed during the on-site visit communicated to the assessment team that in circumstances where they are unable to identify the BO (natural person), they will not conduct business with the legal person which is in keeping with their internal policies<sup>55</sup>. Further, FIs and DNFBPs indicated that in circumstances where the legal person has a complex structure, efforts will be made to pierce the corporate veil of each of the legal persons to identify the natural person who

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<sup>55</sup> The authorities advised that as of December 2023, banks reported that a total of 105 business relationships were either rejected or terminated due to concerns related to CDD. However, the assessment team was unable to verify this information, and the percentage pertaining BO information is unknown.

owns or controls the legal person or identify the person who has a senior management position. This is in line with FIs and DNFBPs policies and procedures. Boxes 7.2 and 7.3 are case examples that were provided to the assessment team by registered agents.

#### **Box 7.2: Rejection of customer following inability to identify the UBO.**

Impact on FATF Outcomes: IOs 4 and 5.

A small Corporate Service Provider (registered agent) requested an update for a company already registered with them, as the information on the UBO was not on file. The CSP asked for its standard due diligence documents, including a notarized passport copy, proof of address, professional and bank references, its internal questionnaire, and other necessary company documents with details about the UBO. Upon receiving the information, it was revealed that a Trust was named as the BO of the company. The CSP informed the client that, according to the legislation, the BO should be a living natural individual, and therefore, the beneficiaries, settlors, trustees, protectors (where applicable) and any other natural person exercising ultimate effective control over the Trust would be considered the BO of the company. The company conveyed to the CSP that the beneficiary of the Trust was a school, and naming an individual as the BO would be inaccurate since the school is governed by a board of directors. Given the complexity of the company's structure and the advice received, indicating an individual as the UBO became impossible. Consequently, after careful consideration, the decision was made by the CSP to resign as the registered agent

#### **Box 7.3: Identification of BO (Complex Legal Structure)**

Impact on FATF Outcomes: IOs 4 and 5.

This case represents an example of a complex trust structure and the steps taken to identify the UBO. In the case of unveiling a UBO in what was to be described as a complex structure, the registered agent had a potential client present a Belize company for transfer over to its administration with a natural person as Director but a company as the shareholder. The shareholder company held the shares as trustees for a trust. However, while all due diligence was collected on the company as Shareholder holding the shares in trust, to confirm the identities behind the trust, the registered agent requested the trust deed which would indicate the settlor and beneficiaries.

539. Through the supervisory framework (desk-based and on-site), supervisors ensure that FIs and DNFBPs including registered agents are complying with their obligations to maintain accurate and up-to-date BO information.
540. The CBB has entered into a MOU with the Group of Supervisors (GoS). The MOU with the GoS establishes a formal basis for cooperation, including exchange of information between and among supervisors. This MOU allows the CBB to request accurate and up to date information from the FSC. Through the MOU with the FIU, the CBB made 418 requests for additional information on shareholders and directors to the FIU.

#### **Source 2: BCCAR/OBRS**

541. OBRS is a secure and innovative web-based platform that facilitates all functions of BCCAR including registration of all businesses, post registration services, electronic filing, information services, and dissolutions. OBRS went live in November 2022. Before the implementation of OBRS, companies and registered agents were informed of the new obligations via email, social

media and the FSC's website. The FSC also held discussions with the private sector on the changes taking place. Given the amendments to the legislation, existing companies were required to re-register by November 28, 2023. Discussions held with the FSC during the on-site confirmed that approximately 100% of such companies have complied with the obligation to provide BO information, however, the assessment team was unable to verify this information. For companies (4,400) that have not complied, the FSC has acted to strike them from the companies' registry. To ensure that stakeholders are aware of the changes to the legislation and the new system, the FSC has provided training, guidance and outreach, specifically targeting registered agents and attorneys. A total of 109 registered agents and attorneys were provided with training during the period 2022-2023

542. A review of the OBRS company creation application form shows that all relevant information on legal person is required to be completed by the applicant, including registered agents, based on the fields that are contained in the application form. This includes information on identification and address of the directors, shareholders and UBO (see photograph below).
543. Interviews conducted with registered agents during the on-site visit confirmed that they are complying with the obligation to re-register. The re-registration process allows the FSC to capture BO information in OBRS. The FSC has developed a company registration form which explicitly requires companies to self-declare the BO information. Non-nationals of Belize are required to submit notarised copies of the accompanying documents to the registered agents. Reliance is placed on the registered agents to obtain and verify the identification and all relevant information accompanying the registration form capturing the BO information and to ensure that it is accurate. Failure to comply with the foregoing constitutes an offence for which the FSC has demonstrated that it has taken action (see Box 7.6). Regarding companies that are owned by Belizean, the FSC relies on the Belize social security database to which it has access to a means of verifying the information. Applications that contain incorrect social security information are automatically rejected by the system. No additional filing is permitted utilising OBRS until the BO information on the legal person has been entered. The assessment team was advised that of November 2023, a total of 3,535 companies were incorporated by registered agents onto the OBRS platform and 22,585 companies re-registered by registered agents and the information uploaded onto the OBRS platform in accordance with the mandate given to the FSC by the Cabinet of Ministers.

## Ultimate Beneficial Owners

***Timely access to BO information***

544. Competent authorities primarily the FIU and the Belize Police Department (BPD) as LEAs have access to the BO information that is maintained by the FIs, DNFBPs and legal persons through letters of requests that are sent to the FSC or directly to the FIs and DNFBPs using the FIU Director's letter (see analysis in core issue 6.1). In discussions held with FIs and DNFBPs including registered agents, the assessment team was advised that a response to a request for information is provided as soon as possible and within seven days of a request which was confirmed by the FIU, Belize Tax Service (BTS) and the BPD. The assessment team considered this to be timely. Competent authorities, specifically the FIU and BPD also have direct access to the OBRS database and can access all BO information in a timely manner (real time). The information presented in Table 7.4 represents the number of requests for BO made by the BPD. Access to the BO information via OBRS is not recorded, given that competent authorities do not have the requisite Application Programming Interface (API) which would be required for BCCAR to track their number of hits within the system. Therefore, the assessment team could not determine the number of times OBRS was accessed by competent authorities. The case examples in Box 7.4 demonstrate that BO information can be accessed in a timely manner. During the period 2020-2021, the National Central Bureau of the local INTERPOL office of the BPD processed a total of 133 requests for company information on behalf of its domestic and foreign counterparts. Similar to the BPD, the assessment team was advised that the information was provided within a seven days' time period and found no evidence to the contrary.

**Table 7.2: No. of request for BO by the BPD**

Year	2018	2019	2020	2021	2022	2023 (Dec 15)	Total
No. of request	06	05	15	5	3	5	39

**Box 7.4: Provision of BO information (FIU)****Relevant FATF Immediate Outcomes: IOs, 2, 5 and 6**

**Case 1:** The FSC received a request from the FIU on the 18 May 2023 requesting BO information of a licensee. The FSC was able to access the information from the BCCAR database and a response providing the requested information was shared on the 22nd of May 2023. As this was a local company, the certificate of incorporation, memorandum and articles of association, and the annual list of members and share capital were provided in addition to the BO information requested.

**Case 2:** The FSC received a request from the Attorney General’s Ministry on 17 February 2023. The request was received pursuant to the Mutual Legal Assistance and International Cooperation Act (MLAICA) from an investigative bureau. This request required a request for information pursuant to the Code of Conduct Regulations, 2001 to the information holder, a licensee of the FSC. The response was provided on 17 February 2023. The information requested was sourced from the information holder, including information for beneficial ownership as well as financial and banking information. The response providing all requested information was sent to the Attorney General’s Ministry on 28 February 2023.

**Case 3:** On April 19, 2023, the FIU sent a request to XYZ Limited (Registered Agents) regarding an investigation involving STAR Limited by a foreign jurisdiction’s LEA. STAR Limited was fully a subsidiary of the private company in question QRT Inc. This investigation aimed to determine whether QRT Inc. appeared in XYZ Limited’s database, who was QRT Inc. ultimate beneficial owner and who were the directors, secretaries and shareholders of QRT Inc. Additionally, the request also inquired whether there were any natural or legal persons of QRT Inc. who may have a connection with police and whether QRT Inc. was still active. As the registered agent, XYZ Limited was able to furnish answers to the above questions by 21 April 2023 after performing a search of their records.

545. The information presented to the assessment team shows that accurate and up-to-date BO information can be accessed to some degree. The FSC has made considerable progress through the OBRS mechanism to ensure that accurate and adequate BO information is uploaded and available based on the data presented. Nevertheless, the mechanism, especially the OBRS, is new and information was still being uploaded at the time of the onsite visit as the deadline for uploading basic and BO information and all supporting documentation had not expired. Further, the assessment team found that there are likely to be instances where the BO information may not be available and up to date, especially for companies that were struck-off from the companies’ registry (given the record-keeping requirement of c.24.9). The assessment team considered its findings referenced in IO.2, Chapter 8 (core issue 2.5) in arriving at its conclusion. The assessment team found that risks can further be mitigated by more inspections of legal persons and registered agents

to ensure that they are complying with their obligations. The assessment team considered and weighed the deficiencies that exist in the BO information regime and found them to be moderate.

### ***7.2.5 Timely access to adequate, accurate and current basic and beneficial ownership information on legal arrangements (Trusts)***

546. Basic and BO information on legal arrangements can be accessed by all competent authorities in a timely manner. The assessment team reached this conclusion based on a review of the legislation and the information provided by the competent authorities including case examples in Box 7.5.
547. Trustees are required to keep adequate, accurate and up to date information on the trust including BO information or information on any natural person exercising ultimate control over the trust. Trustees are required to provide BO information in a timely manner upon request from the Registrar. Additionally, the legislative framework provides that all competent authorities can require a reporting entity to provide information upon written request. The BO information can also be requested by FIs and DNFbps. There is no prohibition under Belizean law restricting the provision of BO information by trustees to competent authorities or FIs and DNFbps. Trustees are required to provide the information requested within 30 days of the request. The FSC has additional powers to require its licensees to provide information requested within 24 hours.
548. Requests for information regarding international trusts can be made via email or in writing to the Deputy Registrar of International Trusts by competent authorities. During the period under review, the Deputy Registrar received two requests for information from the FIU and one from the FSC. The information requested was provided to the FIU and the FSC. Despite the legislative requirement for the provision of the information in a timely manner, this is not always the case, as delays can occur as the case examples in Box 7.5 demonstrate. The authorities attributed delays in the case examples in Box 7.5 to the provision of clarifying information by the requesting authorities based a request for such by the FSC. Evidence of the foregoing was provided to the assessment team in the form of sanitised documents showing the FSC requesting clarification from the requesting authority about the request.
549. All competent authorities can make a request for information on Domestic Trusts to the Registrar of Domestic Trusts in writing or via email. The FSC has made two requests for information on Domestic Trusts, the information was provided by the Registrar of Domestic Trusts within two to three days.
550. Basic and BO information on legal arrangements can be accessed by all competent authorities in a timely manner. The assessment team reached this conclusion based on a review of the legislation and the information provided by the competent authorities. The assessment team was unable to assess whether the information pertaining to legal arrangements was accurate in the absence of adequate supervision and review of the manual domestic trust register. Given the relatively small size of the domestic trust sector, the low number of requests for information received for the sector, and the risk associated therewith, along with domestic trusts being used for family estate planning, the assessment team considered this deficiency to be minor.

#### **Box 7.5: Provision of BO information- Legal Arrangements**

##### **Relevant FATF Immediate Outcomes: IOs, 2 and 5.**

**Case 1:** On 16th September 2021, the FSC received a request pursuant to the Tax Information Exchange Agreement (TIEA) from a requesting jurisdiction. The purpose of the requests was for the determination, assessment and collection of taxes and investigation or prosecution of tax matters for an



International Trust. The information requested includes the Trust Deed, the beneficial owner, contact details, and financial and banking information. A 30-day request was sent on the 21st of October 2021 to the Registered Agent. A response was received by the FSC on the 18th of November 2021. The Trust Deed, Declaration of BO, KYC & CDD documents, financial statements and billing information were provided. The Registered Agent indicated that no bank accounts were held by the Trust. A final response was provided by the FSC on 14th December 2021.

**Case 2:** On 8 November 2021, the FSC received a request pursuant to the TIEA from a requesting jurisdiction. The purpose of the requests was for the determination, assessment, and collection of taxes for an International Trust. The information requested included the Trust Deed, Trustee, Nominee, Fiduciary, copies of meetings, assets held, loans, the beneficial owner, and financial and banking information. Due to a request for clarification, in-house legal advice sought, and the provision of a revised request from the requesting jurisdiction, a 30-day request was sent on the 14 March 2023 to the Registered Agent. A response was received by the FSC on the 27 of March 2023. The voided trust deed, minutes of trustee meetings, trust resolution, fiduciary service agreements, and the custodian agreement were provided. The Registered Agent indicated that no bank accounts were held by the Trust, confirmed that the Trustee was the Registered Agent, provided the address of the company that provided fiduciary services including the banking and accounting information. A final response was provided by the FSC on 29 March 2023. This timeframe is considered reasonable following receipt of a revised request in the context of the TIEA.

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

551. Belize has in place sanctions that are proportionate and dissuasive from a technical compliance standpoint (see analysis in c. 24.13 and c.25.8). During the review period (2018-2023), the FSC applied sanctions in the form of administrative penalties (USD5,000.00) against two of its licensees for providing false/misleading UBO information to the FSC (see case examples below).
552. In accordance with s.218 (1) of the BCA, the FSC has the authority to strike the name of a company in specific circumstances including where the company failed to appoint a registered agent, the company is carrying on business for which a license permit or authority is required under the laws of Belize without having such license, permit or authority or the company failed to file any annual return. On November 30<sup>th</sup>, 2023, the Cabinet of Ministers issued a brief authorising the FSC to administratively strike-off companies that have failed to re-register following the enactment of the BCA in 2022 and to ensure compliance with the legislation and the FATF Recommendations. As of November 29<sup>th</sup>, 2023, the FSC had struck off 4,400 companies. The foregoing companies do not have the option of being restored given that they have been struck off for five years and have been dissolved.
553. The actions taken by the jurisdiction demonstrate efforts are being taken to ensure that legal persons are not misused for ML/TF activities and ensure compliance with the FATF requirements. The assessment team nevertheless found that besides the striking off of companies, limited sanctions have been applied by the FSC, and this is likely due to the recent amendments to the legislation which have not been fully implemented and the limited number inspections conducted by the FSC. The application of sanctions by the FSC is indicative of the FSC's seriousness in taking actions against persons who commit breaches. The assessment team found that the sanctions applied were effective, proportionate and dissuasive given that the penalty was paid in a timely manner and the absence of recidivism.

### Box 7.6: Application of sanctions (2018)

For providing false/misleading information (Violation of Regulation 9 of the Financial Services Commission (Licensing) Regulations, 2007.

The Company provided false/misleading information in support of its license application with respect to the ultimate beneficial owner. The administrative penalty/fine that was levied was USD 5,000.00.

The FSC levied a penalty of USD 5,0000.00 against Company A's Registered Agent for supplying false/misleading information in the application of Company A for an application for license type 1 and license type 2. The Registered Agent was cautioned that it was their responsibility to conduct proper due diligence on an application before forwarding it to the FSC. With respect to that responsibility, the FSC determined that the Registered Agent failed to ensure that proper due diligence was conducted on the applications. The FSC also found through customary offsite surveillance that the Registered Agent, after it discovered that false/misleading information was supplied by Company A in its application, failed to bring the matter to the FSC's attention to correct the record.

The Registered Agent was directed to submit a written and detailed plan of action on corrective measures, inclusive of staff training, implementation of proper operational policies and procedures, and enhanced monitoring strategies, that the Company had implemented or would implement to address these concerns, within 30 days of receipt of their letter. Failure to respond by the specified deadline would lead to automatic suspension of the Company's license and a Public Notice to this effect would be issued.

The penalty was paid by the deadline and the plan was submitted by the deadline. Both actions were dissuasive.

## Overall conclusion on IO.5

554. Belize has a comprehensive legal framework that is supported by measures that makes provision for, *inter alia*, the formation and transparency of legal persons and arrangements. Although the legislative regime is relatively new in some instances, the assessment team found that the Government of Belize and the FSC have taken significant actions to ensure that industry stakeholders (including companies, registered agents and the public) were aware of the requirements including amendments and changes to the regime (prior to and subsequent to changes); to ensure that the industry was adequately prepared for the transition and comply with the requirements. As a result of the actions taken there was notable improvement in the level of compliance in the requirement to ensure that adequate, accurate and up-to-date basic and BO information can be obtained by relevant competent authorities in a timely manner.
555. The FSC and other competent authorities have demonstrated a good understanding of the ML/TF risks associated with legal persons and have taken some risk mitigation measures

albeit via the legislation to mitigate the risks associated with legal persons. Nevertheless, the assessment team found upon completion of the ongoing 2<sup>nd</sup> NRA any detailed risk mitigation measures commensurate with its findings should be implemented. .

556. Belize has employed a multi-pronged approach to ensure that BO information is maintained. Through the submission of data including case examples, the authorities including LEAs have demonstrated that accurate and up-date BO information related to legal persons is available. Nevertheless, given the recency of the legislation and past instances of the authorities' inability to provide BO information, the situation arise that BO information is not always and available, accurate and up to date (pre-legislative amendment and commencement of the Act). Whilst BO information is available relative to legal arrangements, the case examples provided to the assessment team demonstrate that same may be subject to delays where there is a request for clarifying information from the requesting authority in accordance with the TIEA.
557. The FSC has applied sanctions that are effective, proportionate, and dissuasive for breaches to the BCA. Nevertheless, there is a need for more inspections, specifically on-site inspections of legal persons and registered agents to ensure that compliance with the obligations and where breaches are identified sanctions are imposed. In arriving at the rating assigned, the assessment team considered and weighted the deficiencies that exist with the framework along with the recency of the legislation.
558. Overall, the assessment team considered and weighted the deficiencies that exist, taking into consideration the level of importance of the core issues and the risk associated with legal persons and context (non-Belizean legal persons and arrangements can only be incorporated by registered agents which must comply with AML/CFT requirements) of Belize and found them to be major.

**Belize is rated as having a moderate level of effectiveness for IO.5.**

## Chapter 8 INTERNATIONAL COOPERATION

### 8.1 Key Findings and Recommended Actions

#### Key Findings

- a) Belize has a comprehensive legal framework that is supported by policies and procedures including an SOP for handling mutual legal assistance (MLA) and extradition to effectively facilitate international cooperation via the formal mechanisms and other forms of cooperation by the various competent authorities (see R.37-40).
- b) The Attorney General Chambers (AGC) is the central authority that is responsible for the handling and processing of MLA and extradition requests. To ensure that MLA and extradition requests are processed in a timely manner, the AGC has, *inter alia*, issued guidance on its website related to the process for making MLA requests, implemented a case management system and developed and implemented SOPs. The International Legal Affairs Unit within the AGC is staffed by two Crown Counsel who are tasked (along with other responsibilities and duties) with the responsibility of handling and processing MLA and extradition requests.
- c) Belize has demonstrated that MLA requests received are processed in a timely manner. The jurisdiction received a total of 256 MLA requests for the period 2017-2022, six of which were declined as they related to civil and not criminal proceedings. During the corresponding period, two MLA requests were sent by the jurisdiction, one of which pertains to currency declaration (customs offence).
- d) Although the authorities have made limited requests using the formal mechanism such as MLA, most competent authorities have utilised other forms of cooperation including MOUs and mechanisms such as INTERPOL, regional and international taskforces and the Egmont Group to request information from their foreign counterparts. Information was requested to conduct investigation of ML and associated predicate offences, facilitate the analysis of STRs and the tracing and identification of assets. The FIU and the CED have also utilised other forms of cooperation mechanism to spontaneously share information with its foreign counterparts.
- e) Whilst the AGC has demonstrated that extradition requests were processed in a timely manner by the office, two out of the three extradition requests received were still subject to court proceedings (as part of Belize's due process system) at the time of the completion of the on-site visit. Although one of the extradition requests was received in 2018, it was processed by the AGC in a timely manner and is currently subjected to Belize's judicial process. This request has been subject to numerous appeals through the judicial system and therefore remained pending. Belize has effectively utilised legislation such as the Immigration Act to remove suspected criminals/fugitives from the jurisdiction. During the review period the authorities did not make any requests for extradition.

- f) Most competent authorities have demonstrated that information is provided in a timely manner when sought by international counterparts. Belize via the FSC has provided accurate basic and BO information to its foreign counterparts. Whilst the FSC has demonstrated that the information was provided in a timely manner, some requests that were made prior to the amendment of the BCA in 2022 and 2023 represented a delay in the process, taking into consideration the date the requests were received. Given the delay, the assessment team found that there was some delay in the process. Nevertheless, there was an improvement in the response rate by the FSC to its foreign counterparts following the amendments to the BCA.

## Recommended Actions

- a) The CED, FIU (Supervision) and CBB should utilise the international cooperation mechanisms that are at their disposal to request international cooperation when the need arises and in keeping with the risk and context of Belize. Additionally, the FSC and the FIU (outside of request sent via the Egmont Group Secure Website) should maintain statistics on international cooperation.
- b) The FSC should continue to take action to ensure that basic and BO information requested by foreign counterparts are processed and actioned in a timely manner as has been demonstrated following the strengthening of its BO regime.
- c) The AGC should provide further outreach and training to LEAs on the use of the formal mechanism for international cooperation including the legislative requirements that are required to be satisfied to make an MLA request and what type of assistance is available from the AGC.
- d) Belize should continue to make efforts to ensure that the extradition requests received are concluded and future extradition requests are addressed in a timely manner.
- e) The FIU and the BPD are encouraged to consistently make use of international mechanisms in the conduct of their operational functions, including the investigations of ML and the identification, tracing and confiscation of assets.

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

## 8.2 Immediate Outcome 2 (International Cooperation)

### Introduction

560. Belize has a comprehensive legal framework to render and seek international cooperation for a wide range of offences including ML/TF and associated predicate offences (see analysis in R.36-40). This legal framework is supported by policies and procedures including at departmental levels such as the Attorney General Chambers' (AGC) SOP for the receipt and processing of MLA and extradition requests. International cooperation is critical to Belize framework given the

transnational nature of predicate offences, ML, TF, Belize's geographical location and the diverse financial products and services that are offered in Belize.

561. Belize authorities have demonstrated that they have provided constructive and timely MLA to a large extent. The assessment team arrived at this conclusion, following a review of the information including case studies, statistics and policies and procedures. On the other hand, whilst the jurisdiction has received very limited extradition requests, two out of three of these requests remained outstanding (see analysis below). The authorities have made minimal use of MLA to seek international cooperation. Nevertheless, most competent authorities, primarily the BPD and FIU have utilised other forms of cooperation to seek information from foreign counterparts. The findings of the assessment team are detailed in the analysis of this chapter.
562. The information provided by the global network including the USA and Mexico as part of mutual evaluation process, in summary, indicate that there has been international cooperation using both formal and other forms of cooperation mechanisms with the assistance being satisfactory, the information provided in a timely manner and the relationships between the requesting countries authorities and Belize's competent authorities, particularly the FIU and the BPD is said to be good.

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

#### **MLA requests**

563. The AGC is the designated competent authority (Central Authority) responsible for the transmission and execution of MLA requests. This is done through its International Legal Affairs Unit (ILAU). The ILAU is comprised of two Crown Counsel who are governed by confidentiality requirements and are responsible for, *inter alia*, reviewing and processing the MLA requests alongside other responsibilities. The assessment team considered that the ILAU is adequately staffed given the number of MLA requests that have been received and processed in a timely manner. The mechanism for the timely processing and handling of MLA requests is guided by the AGC SOP. In accordance with the requirements of the SOP, MLA requests are prioritised based on the urgency of the matter, for example, the application for seizing and freezing of assets to prevent the dissipation of the assets, the time frame provided by the requesting country and the risk associated with the offence.
564. Within the AGC there exists a case management system which is designed to ensure requests are tracked and processed promptly. All MLA requests received are given reference numbers and added to the case management system. The AGC through the ILAU is responsible for making the decision which agency (for example, the BPD) the request should be disseminated to, for gathering the relevant information requested. Each Crown Counsel is responsible for monitoring the deadline given to the relevant agency or department to provide a response. This includes placing alerts in their respective automated diary system. By doing so, the Crown Counsel will receive a reminder on the deadline for which the information should be submitted and take necessary action if required. MLA requests are executed or declined with the approval of the Attorney General (AG). In circumstances where requests are declined, in whole or in part, the foreign state is notified and the reason for the decision is provided.
565. Further, to ensure that MLA requests are addressed in a timely and constructive manner, the AGC has published on its [website](#) the relevant information including guidance to foreign jurisdiction pertaining to the making of an MLA request to Belize. This includes "*Guide - How to make request.*" The AGC also maintains a close working contact with the requesting State through various points of contact via email, virtual meetings, telephone calls and instant messages using secure and private messaging chats.

566. The AGC has provided MLA for a range of cases during the review period. The assessment team found the information requested was provided in a timely manner and was of a good quality, as demonstrated by the responses from the Global Network as part of the assessment process and feedback provided to Belize by the requesting country. During the review period, 256 MLA requests were received and processed (see Table 8.1 below). The six requests refused by the AGC were as a result of insufficient information (one pager) provided by the requesting jurisdiction and the requests were not related to criminal matters. The MLA requests received, and actions were mainly applicable to the offences of ML and fraud. Most of the requests were from the USA and the Russian Federation. The assessment team found that the authorities are providing MLA requests in a timely manner as the requests received were processed between three to 14 days. The authority's ability to provide responses with useful information was demonstrated by the various case examples that were provided, some of which are referenced in the report including at Box 8.1 and the statistics. Further, evidence in the form of feedback from the requesting country was provided to the assessment team as a measure to demonstrate that the assistance provided was useful and of assistance to the authorities (see Box 8.4).

**Table 8.1 MLA Requests received.**

Year	Received	Processed	Granted	Refused	Pending
2017	61	61	57	4	0
2018	58	58	57	1	0
2019	28	28	27	1	0
2020	36	36	36	0	0
2021	40	40	40	0	0
2022	33	33	33	0	0
<b>Total</b>	<b>256</b>	<b>256</b>	<b>250</b>	<b>6</b>	<b>00</b>

#### **Box 8.1: Provision of MLA**

**Competent authorities involved:** FIU, the Attorney General's Ministry, the Belize Police Department, the Central Information and Technology Office.

**Impact on FATF Immediate Outcomes:** 1: Cooperation and Coordination among domestic competent authorities; 2: International Cooperation 6: Use of Financial Intelligence 8: Confiscation.

**Case Summary:** In 2018, a foreign jurisdiction contacted Belize's FIU for company information, customs information, suspicious transaction reports and migratory records in relation to John Doe. In 2019, the said foreign jurisdiction continued investigating the case where John Doe was suspected of using a darknet-based bitcoin mixer for laundering proceeds of drug trafficking offences and made an MLA request of Belizean authorities for assistance with gathering evidence for their investigation. The assistance involved conducting a search for and seizure of items relevant to the ML scheme. This request required working knowledge of crypto currencies and as such, the ILA Unit sought assistance from officers at the government's Central Information Technology Office (CITO) as well as police officers who had trained on crypto currency. This cooperation led to a successful search and seizure of the items requested, without any legal ramifications. The provision of the evidence to the foreign jurisdiction assisted them in

securing a guilty plea from John Doe who they were able to charge in February of 2020 with ML offences. As part of the plea, John Doe also agreed to the forfeiture of more than 4,400 bitcoin, valued at more than USD200 million at prices that day, and other seized properties that were involved in the ML conspiracy. The jurisdiction also issued a press release on the successful investigation and acknowledged the Belize authorities for the essential support they provided for the investigation. The press release can be found at the following links:

[Office of Public Affairs | Ohio Resident Charged with Operating Darknet-Based Bitcoin “Mixer,” which Laundered Over \\$300 Million | United States Department of Justice](#)

On February 24, 2022, the AGC wrote a letter to the foreign jurisdiction seeking asset sharing based on the valuable assistance provided by Belize’s competent authorities.

567. The AGC has also processed MLA requests related to the identification, freezing and confiscation of assets. This was demonstrated in the provision of statistics and case examples provided by the jurisdiction as demonstrated in Table 8.2 and Boxes 8.2 and 8.3. The authorities have received a total of one case per year related to the freezing and confiscation of assets between 2017 and 2021.

**Table 8.2: International Cooperation: Asset Recovery**

Type	2017	2018	2019	2020	2021
Investigation		<b>Case B:</b> Sale and delivery after the sale of unregistered security			Case E: Fraud
Prosecution	<b>Case A:</b> Fraud and ML			<b>Case C:</b> Fraud and ML	
Number and value of Asset Frozen			Case B: USD4.8 million	Case C: USD 700,000.00 (Real Property)  <b>Case D:</b> ML and operating and unlicensed money transmission business- USD300 Million	<b>Case E:</b> USD6.5 million, USD5.7 million and USD12.7Million
Number and value of asset confiscated	<b>Case A:</b> USD1.6 million				
Value of Asset Repatriated	<b>Case A:</b> USD1.6 million				



### Box 8.2: Provision of MLA request

**Competent authorities involved:** The FIU and the AGC

**Impact on FATF Immediate Outcomes:** 2: International Cooperation; 6: Use of Financial Intelligence; 8: Confiscation

#### Case Summary:

On April 14, 2016, the FIU received a request from the Financial Crime Enforcement Network (“FinCEN”) on behalf of the Federal Bureau of Investigation (“FBI”) through the Egmont Group of Financial Intelligence Units to provide banking account information, suspicious transaction reports on John Doe. John Doe was being investigated for fraud and ML. The information was requested immediately by the FIU. The bank responded by April 18, 2016, indicating that John Doe does have an account in Belize. Thereafter, a request was made by the FIU pursuant to s.11 of the MLTPA for the bank account to be frozen. In 2017, Belize received a request for assistance from the US Attorney Office for the District Colorado in relation to the investigation of John Doe and other co-conspirators for the offences of fraud and ML. John Doe and the other co-conspirators were being accused of fraudulently obtaining funds and diverting the funds into at least one bank located in Belize.

The Belizean authorities were being requested to trace the funds and to restrain all the funds at the bank. An order was obtained by the AGC to restrain the funds until the forfeiture proceeding in the USA was completed. In 2020, Belize received a supplemental request to forfeit the funds seized at the bank. Therefore, Belize had to enforce an external forfeiture order.

The AGC applied for the enforcement of the external order pursuant to Schedule VI of the MLTPA. The order was granted by the High Court and all the funds were remitted to the USA for the purpose of compensating the victims. The jurisdiction also issued a press release on the successful investigation and conviction of John Doe. The press release can be found at the following link:

[District of Colorado | Denver CPA Sentenced for Conspiracy to Defraud Xcel Energy and The IRS | United States Department of Justice.](#)

### Box 8.3: Provision of MLA request

**Competent authorities involved:** FIU, the AGC, the FSC

**Impact on FATF Immediate Outcomes:** 1: Cooperation and Coordination among domestic competent authorities; 2: International Cooperation and 8: Confiscation

#### Summary of Case

In 2023, a foreign country sent an urgent MLA request in relation to John Doe. The requests concerned the seizure of virtual currency in the account of John Doe and to transfer the seized assets to the seizure account of the foreign country. Upon receipt of the request, the AGC coordinated with the FIU and FSC to gather some pertinent information in relation to the request. Thereafter, an application for a seizure order was made to the High Court. The High Court granted the seizure order, and the order was served on the affected parties for their action. The affected entity complied with the order and the seized assets were transferred to the seized account of the foreign country. The Central Authority then shared a copy of the order via email with the foreign country and requested them to inform the AGC when they have received the seized assets in their account.

### Box 8.4: Feedback: USDOJ/Office of International Assistance

Although the volume of cases with Belize is low, Belize has proved a helpful and responsive partner, particularly with respect to asset forfeiture matters. Belizean authorities have successfully restrained assets on behalf of the United States on several occasions. Belize has also effectively executed mutual legal assistance requests related to money laundering. Of note, during the relevant rating period, Belize assisted in a money laundering case as noted in the following press release:

[Office of Public Affairs | Ohio Resident Pleads Guilty to Operating Darknet-Based Bitcoin ‘Mixer’ That Laundered Over \\$300 Million | United States Department of Justice.](#)

Belize’s central authority is cooperative and engaged in US request and we would generally advise that we have a solid working relationship.

#### *Incoming extradition requests*

568. The extradition process is governed by the Extradition Act 2023 which also makes provision to simplify and streamline the extradition process. There have been no requests for extradition under the new Act. Prior to the enactment of the new legislation, extradition was only executed where there was an existing bilateral treaty with Belize. The technical compliance regime which underpins the effectiveness of the regime is robust (see analysis in R.39). The process governing MLA requests is the same relative to extradition. Besides the legal framework, the AGC, which is the central

authority via the ILAU is responsible for handling and processing extradition requests and has in place an SOP governing the extradition process. The AGC prioritised extradition based on the urgency of the requests, for example, the limitation period, intelligence/evidence that the requested person may flee the jurisdiction and the timelines stipulated in the request.

569. All extradition proceedings are subjected to Belize's judicial process with the first step in the judicial chain being the Magistrate assessing the sufficiency of the evidence contained in the extradition request to determine whether extradition should be granted. During the review period (2018- Dec 15, 2023), Belize received a total of three extradition requests (see Table 8.3) all of which were submitted to the Court in a timely manner by the AGC for a sufficiency hearing. Two out of the three requests were pending before the Court, at the time of the conclusion of the on-site visit. The authorities were unable to locate the third individual. The Extradition Act also makes provision for simplified extradition process. This process was not utilised during the review period as it is dependent on the person requested for extradition waiving their rights to an extradition hearing. The assessment team was advised that the AGC and other stakeholders continue to liaise with the requesting state via channels such as emails and telephone conversations apprising them of the status of the extradition proceedings. The extradition requests received pertained to the offences of corruption, ML, conspiracy to commit fraud and manslaughter. Belize has effectively used alternative mechanisms within its legal framework to return fugitives to requesting countries such as removal orders and expulsion orders under the Alien Act and Immigration Act, respectively (see case example below).

#### **Box 8.5: International cooperation (MLA/ Removal Order) and Asset Sharing**

##### **Competent authorities: BPD and Immigration Department**

**FATF Outcomes:** IOs.1, 2 and 8.

**Case summary:** In October 2023, the BPD received a request from its U.S. counterparts that the target subject was in Belize illegally and is wanted for defrauding persons of over USD 57 million and laundering the proceeds by purchasing real estate (outside of Belize) and personal properties and living a lavish lifestyle. The BPD along with the Immigration Department obtained a search warrant for the residence in Belize of the target. The operation was successful as the target subject was located and was thereafter given an Order to Leave Belize by the Immigration Officer present during the search resulting in his return to the United States.

Further, the search of the residence resulted in seizure of evidence such as cash, credit cards, cellular phones, laptops and a motor vehicle.

The U.S. Department of Justice subsequently sent an MLA request to Belize requesting the item seized as well as requesting banking information on the target subject. The AGC executed the request in a timely manner, which led to the target subject pleading guilty to the offences in 2024. As a result, the motor vehicle seized during the operation was given to Belize as part of asset sharing.

**Table 8.3: Extradition Requests Received**

<b>Year</b>	<b>No of Requests</b>	<b>No. of Requests granted</b>
2017	0	0
2018	2	0
2019	0	0
2020	0	0
2021	1	0
2022	0	0
<b>Total</b>	<b>3</b>	<b>0</b>

570. The table shows that a limited number of extradition requests received were by the authorities. As noted, at the time of the on-site visit, while the AGC had processed the requests promptly and the judicial process was efficient, no extradition requests were granted due to the exercise of the right to appeal. The assessment team has recognised that given Belize’s constitutional and legislative framework, a person has a right to due process and therefore did not consider this to be a deficiency for the purpose of this report.

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

571. The AGC is also the Central Authority for sending MLA requests. Requests for outgoing MLAs are processed through the ILAU by assigned Crown Counsel. The Crown Counsel is responsible for the drafting of the outgoing MLA with input from the investigator assigned to the case. Requests for MLA must first be sent by one of the competent authorities. The ILAU has never refused to draft and send MLA requests on behalf of LEAs. The assessment team found that whilst there is a comprehensive MLA framework in place for seeking MLAs, supported by policy instruments, LEAs rarely seek legal assistance through this means to pursue ML investigations and associated predicate offences or to trace and identify assets. During the review period (2018-Dec 15, 2023), two MLA requests were sent, one to the USA in 2020 and the other to Mexico in 2021 relating to drug trafficking and corruption<sup>56</sup> offences which were rated as high and medium-high, respectively in the 2019 NRA. The offence also pertains to customs declaration offences. The information provided by the requested jurisdiction was considered to be useful by the authorities and used as part of the investigations. The assessment team did not consider the limited use of MLA request to be a significant deficiency given that most competent authorities, especially the BPD and the FIU have comprehensively used other forms of international cooperation to request information, which is the precursor to utilising the formal mechanism for international cooperation.
572. The AGC has provided training and sensitisation to LEAs on the type of assistance available through MLA and what is required to make a request. However, the assessment team found that further outreach and training should be provided.
573. Belize did not provide any evidence to demonstrate that MLA requests are being sought to identify, trace, restrain and confiscate assets that have been moved abroad which is in keeping with the context and risk profile of Belize. However, through the use of other forms of cooperation (see Box 3.15-

<sup>56</sup> Also include offences under the Customs Regulations Act (CRA).

Chapter 3) the authorities, primarily the FIU have demonstrated that they are prepared to use other forms of cooperation to trace assets that have been moved abroad. Further, Belize has not sought MLA to pursue TF cases which is commensurate with the risk profile of the jurisdiction.

574. Outgoing requests for extradition are governed via the same legal provision as incoming extradition requests and under the SOP between the BPD, the AGC, and the Director of Public Prosecution (DPP). During the period under review, Belize did not seek the extradition of any person which is consistent with the risk profile of the jurisdiction (taking into consideration that the investigations of ML offences mainly involved nationals of Belize). The foregoing is also consistent with the limited number of extradition requests that were received by the jurisdiction. The authorities advised that when the need arises, extradition requests will be sought.

### 8.2.3 Seeking and providing other forms of international cooperation for AML/CFT purposes

#### *Financial Intelligence Unit (FIU)*

575. The FIU sought and provided international cooperation in the conduct of its functions (analysis of STRs and investigations of ML). Requests for information were sought via the Egmont Group of FIUs of which the FIU became a member in 2009. The FIU also sought information from non-Egmont Group members via, *inter alia*, MOUs. The FIU has a robust mechanism including SOPs for handling requests (see R.40 analysis). Based on the statistics provided by Belize, for the period 2018 – 2023, a total of 383 requests for financial intelligence and relevant information was received via the Egmont Group of FIUs from various jurisdictions. The FIU processed and responded to all 383 requests (see Table 8.4) within a timely manner. Requests for information were handled within 7-14 days of their receipt. Requests for information are prioritised based on risk and the timelines specified in the request. The time period in which these requests are addressed is also dependent on the availability of the information that is being requested. Examples of the timeliness and quality of the information provided by the FIU to foreign counterparts were presented to the assessment team in the form of case examples (see for example, Box 8.4). In circumstances where the requesting or requested FIU is not a member of the Egmont Group of FIU, the FIU relied on an MOU with the requesting country to provide the financial intelligence requested. The information shows that the number of requests received by the FIU continues to increase daily. In some instances, the information provided by the FIU to its foreign counterparts has led to useful outcomes as demonstrated in Box 8.1, as the MLA request was sent based on the information that was provided by the FIU.

**Table 8.4: No of Requests received by the FIU (2018-20223)**

Year	No of Requests
2018	80
2019	64
2020	78
2021	79
2022	45
2023 (Dec 15)	37
<b>Total</b>	<b>383</b>

576. During the period 2018-2023 (Dec 15), the FIU made a total of 54 requests for information from foreign counterparts. These requests were related to, *inter alia*, STRs, criminal records, BO

information and financial information (see Table 8.5 and Box 8.5). In addition to requesting information, the FIU have spontaneously shared information with its foreign counterparts following the analysis of an STR, in circumstances where it suspects that a criminal activity may have been committed (see Table 8.5 and Box 8.6). The assessment team was advised that other mechanisms outside of the Egmont Group of FIUs such as emails are utilised by the FIU to request information from foreign counterparts, however, the data was not provided to the assessment team.

**Table 8.5: No. of requests via the Egmont Group Secure Website.**

<b>Year</b>	<b>No of Requests sent</b>	<b>Purpose of Requests</b>
2018	2	STRs, Criminal Record information
2019	14	BO information, STRs and Financial information
2020	2	STRs, Financial information and BO information
2021	14	STRs, Financial information and BO information
2022	6	STRs, Financial Information and BO
2023 (Dec 15)	16	STRs, Financial Information and BO
<b>Total</b>	<b>54</b>	

**Table 8.6: No. of Spontaneous Disseminations.**

<b>Year</b>	<b>No of Spontaneous Disseminations</b>
2018	12
2019	8
2020	10
2021	16
2022	8
2023 (Dec 15)	9
<b>Total</b>	<b>63</b>

### Box 8.6: International cooperation/use of financial intelligence

#### Competent authorities: FIU and the BPD

**FATF Outcomes:** IOs.2, 6, 7 and 8.

**Case summary:** The FIU received an STR from a bank concerning two individuals (J and H). Following which, analysis was conducted by the FIU- Analytical Department (AD). The analysis included the obtaining and reviewing of financial and other relevant information including criminal antecedents which shows that the person J was previously arrested for firearm offences. Information was also obtained by the FIU which showed that Person J was a citizen of foreign jurisdiction. Intelligence received also revealed that person J was arrested in 2021 and found with the sum of BZD 78,600.00 (USD39,300.00).

A request for information was made by the FIU via the Egmont Group Secure Website (ESW) to the foreign jurisdiction requesting information such as person J's income and whether he was the UBO of any legal persons.

Following the analysis conducted by the FIU-AD, an intelligence report was disseminated to the FIU- Investigative Department which resulted in person J and H and their associates subjected to a series of interviews. The FIU also obtained a cash detention order for the total sum USD10,910 and BZD14,292 (USD62,146.00) seized from person J.

Following the investigations, the cash was returned as it was found that the cash was derived from legitimate business activities.

### Box 8.7: Spontaneous dissemination

Relevant FATF IOs: 2, 4 and 6

**Summary:** On March 5, 2022, the FIU received a STR from an independent legal person regarding a request for closing services for a real estate transaction involving Vendor Person B. Having conducted their due diligence the reporting entity found that Person B was charged with securities fraud scheme and was sentenced to 18 months in prison. Person B had previously pleaded guilty to federal tax evasion charges (1997) and was sentenced to 33-month prison sentence. The transaction was declined by the reporting entity who suspected that the funds to purchase the property may be from illicit activity.

The FIU conducted its analysis and gathered all relevant information on Person B including BO information, financial records and criminal background checks. Following its analysis, the FIU shared the results with the jurisdiction in which Person B was convicted. The FIU granted permission to the jurisdiction authorities for the information to be shared with LEAs, following a request for such.

### ***Belize Police Department (BDP)***

577. The BDP is a member of several regional and international intelligence and cooperation organisations including INTERPOL, the Association of Caribbean Heads of Special Branch, Directors of Intelligence for Central America, South America and Taiwan, Association of Directors of Chiefs of Police for Central America, Mexico, the Caribbean and Colombia, Grupo Conjunto do Intelligencia Fronteriza (GSIF), the Association of Caribbean Commissioner of Police, and the Asset Recovery Network for the Caribbean (ARIN CARIB). The authorities advised that they have provided and exchanged information about ML/TF to several international organisations. However, the assessment team was not provided with any statistics related to the number of requests received or the response timeline, except for requests received via ARIN-CARIB and INTERPOL and therefore was unable to verify the information. Between October 2018 and July 2020, the BPD received eight requests for information through the ARIN CARIB (see Table 8.7 below) and 316 requests via INTERPOL (see table 8.8).

**Table 8.7: No of requests/ Information sharing received via ARIN CARIB**

<b>Year</b>	<b>No of Requests</b>	<b>Requesting Authority</b>	<b>Criminal Activity</b>
2018	1	USA	ML/Drug Trafficking
2019	2	Anguilla and USA	Fraud and ML
2020	1	Ukraine	No criminality: Recommendation on asset forfeiture
2022	2	USA and Czech Republic	ML
<b>2023</b>	<b>2</b>	Ukraine and Czech Republic	ML
<b>Total</b>	<b>8</b>		

**Table 8.8: No. of requests received via INTERPOL.**

<b>Year</b>	<b>No of Requests</b>
2019	93
2020	70
2021	51
2022	68
2023 (June)	38
<b>Total</b>	<b>316</b>



578. INTERPOL was one of the main channels for requesting information by the BPD. The authorities also advised that INTERPOL was also utilised by other competent authorities such as the FSC to request information. During the period 2019-2023 (Dec 15), a total of 516 requests for information were sent (see Table 8.7). The requests for information were primarily related to, *inter alia*, information on predicate offences and BO information and were various countries located primarily in the Europe.

**Table 8.9: No. of requests sent via INTERPOL.**

Year	No of Requests
2019	101
2020	120
2021	107
2022	131
2023 (June)	57
<b>Total</b>	<b>516</b>

579. The information represented in Table 8.8 shows that a significant number of requests for information were sent via INTERPOL and demonstrates the use of international cooperation by the BPD to a large extent. It should be noted that the information may underrepresent the extent to which the BPD is requesting information from foreign counterparts given that the BPD has liaison officers in different jurisdictions which are used to exchange information (see case example below). This information is not always recorded. These liaison officers are attached to agencies located in jurisdictions that situated next to Belize and where some of the ML risks are shared.

#### **Box 8.8: International Cooperation (Use of Liaison Officers)**

##### **Competent authorities: BPD and the Immigration Department**

**FATF Outcomes: IO 2:**

##### **Case summary:**

In November 2023, the Belize Liaison Officer at the Grupo Conjunto Inteligencia Fronteriza (GCIF), a multinational border intelligence group received information from its Salvadoran counterparts that the target subject was wanted in El Salvador for sexual assault on a minor and for possession/carrying of a weapon of war by virtue of an arrest warrant issued by a court in El Salvador.

The LEA acted quickly upon the information and was able to locate and arrest the target subject. The Belize Immigration Department issued an Order to Leave pursuant to the Immigration Act and was able to successfully hand over the target subject through INTERPOL Guatemala, where he was then handed over to the Salvadoran authorities.

580. The BPD also exchanges information through participation in different LEAs' operations including those held in Central America where criminal proceeds and predicate offences are targeted. Some of the operations undertaken with other Central American countries during the review period, include "Operations Maya" (targeting criminal gangs); "Operations ORCA IX" (targeting trafficking of firearms); "Operation Impacto VI" (targeting trafficking in stolen vehicles); "Operation Diamante" (targeting narcotics trafficking) and "Operation ITZEL IV" (targeting trafficking in persons and

migrant smuggling). The BPD has also utilised controlled delivery as part of its international cooperation regime as is demonstrated in the case referenced in Box 8.9.

#### **Box 8.9: International Cooperation (Controlled Delivery and MLA request)**

**Competent authorities involved:** BPD.

**Impact on FATF Immediate Outcomes:** 1: Cooperation and Co-ordination among domestic competent authorities and 2: International Cooperation

#### **Summary of Case**

In 2019, Jurisdiction A requested the assistance of the BPD to assist in the execution of a controlled delivery. This operation sought to dismantle a criminal organisation specialised in drug trafficking between Jurisdiction A and the South American region. The conveyance transporting the narcotics was closely monitored with the assistance of one of the neighbouring jurisdictions until it arrived at the location of the cargo's unloading. As a result of this controlled delivery, eight people were apprehended in Belize and a large quantity of cocaine was seized. Additionally, an MLA request was made by the US authorities to obtain copies of all records and information gathered as part of the Belizean investigation and to interview LEA and prosecutors who seized or took custody of the evidence. The persons were deported to their home countries and were subsequently extradited to jurisdiction A to stand trial.

581. The BPD has apprehended numerous fugitives and expelled<sup>57</sup> them from the jurisdiction. During the period 2019 to 2023 (April) a total of 19 fugitives were expelled to Argentina, El Salvador, Honduras, Guatemala, Nicaragua and Germany for various offences including murder, gang affiliation, rape, tax evasion and commercial fraud that were committed in the identified jurisdiction (see Table 8.10 below).

**Table 8.10: No. of Expulsion**

<b>Year</b>	<b>No</b>	<b>Criminality</b>
2019	4	Tax evasion, murder, aggregated homicide, domestic abuse and aggregated robbery and kidnapping
2020	3	Murder, fraud, aggregated extortion and possession of firearm/terrorism
2021	5	Aggregated homicide, extortion and murder
2022	4	Murder, rape and gang affiliation
2023	3	Commercial fraud and gang affiliation.
<b>Total</b>	<b>19</b>	

<sup>57</sup> No extradition proceedings were conducted.

### **Customs and Excise Department (CED)**

582. The CED has several mechanisms in place to facilitate the exchange and request international cooperation including via the Caribbean Customs Law Enforcement Council (CCLEC) and mutual assistance agreement with the US Customs and Border Patrol (CBP). The CED is also a member of the Joint Intelligence Operation Center (JIOC), a fusion centre which allows for the conversion of information into intelligence and share same with foreign counterparts. The CED has a close working relationship with its customs counterparts, through which informal requests for information are received via email. During the period 2017-2022, the CED received a total of 29 requests for information. Most of the requests pertains to matters relative to importation which the authorities indicated are likely associated with smuggling and were sent by Guatemala (see Table 8.11 below). All requests were processed between 1-11 days.

**Table 8.11: No. of requests received by CED.**

<b>Year</b>	<b>No of Requests</b>	<b>Offence/Nature of Requests</b>	<b>Response time (Working days)</b>
2017	3	Transaction request, return of stolen vehicle and Exportation request	5-7
2018	1	Exportation request	3
2019	5	Importation request	3-10
2020	9	Importation request and aircraft/passenger information	3-15
2021	7	Importation request and Export declaration	1-11
2022	4	Importation request, narcotics/contraband and suspected counterfeit	2-6
<b>Total</b>	<b>29</b>		

583. During the review period, the CED sent a total of two requests for information to one of Belize's neighboring jurisdiction, pertaining to fuel data and an invoice. The CED also shared via CCLEC 23 spontaneous disseminations to other customs officials. Whilst the CED has received and processed several requests for information in a timely manner, the number of requests for information made by the CED is not commensurate with the ML risk profile of the jurisdiction especially relative to the cross-border movement of cash and BNIs and given Belize's geographical location.

### **Belize Tax Service (BTS)- Request for tax information**

584. The International Cooperation Unit (ICU) of the BTS is responsible for processing requests related to tax matters. The Unit is staffed by a team of four people. Incoming requests for information are received and processed within 3-14 days of the request. During the period 2018-2022, the ICU received 63 requests for information via Automatic Exchange of Information agreement (AEOI-containing several reports- see Table 8.13), Mutual Competent Authority Agreement (MCAA) and the Tax Information Exchange Agreement (TIEA) (see Table 8.12). Belize has also exchanged information relative to taxation with 64 countries.

**Table 8.12: No. of requests for tax information**

Year	TIEA Requests	MCAA Requests	AEOI Requests	Total Requests processed
2018 (April-Dec)	5	11	3	19
2019	3	7	1	11
2020	4	2	0	6
2021	1	7	0	7
2022	6	15	0	21
<b>Total</b>	<b>19</b>	<b>41</b>	<b>4</b>	<b>63</b>

**Table 8.13: No. of AEOI Reports transmitted.**

Year	No. of reports
2017	31,916
2018	158,777
2019	233,456
2020	258,686
2021	284,299

585. Apart from the information processed by the BTS, the FSC received 194 requests for tax information between 2018-2022, of which 190 were processed. Four requests were declined given that the companies were not registered in Belize, or the companies were struck-off and the statutory period of five years retention of information had passed. The assessment team was advised that there are 52 requests for information currently pending response. The reasons for the delays in providing the information are the same as those referenced in paragraph 586 including legislative deficiencies which were subsequently addressed by the jurisdiction.

#### **FIs and DNFBPs' Supervisors:**

586. The regime to facilitate the exchange of information by supervisor is robust and most were enacted/implemented just prior to the on-site visit (see analysis in R.40). Besides the legislative framework, some competent authorities such as the Office of Supervisor of Insurance and Private Pension (OSIPP) and the Central Bank of Belize (CBB) has signed MOUs to facilitate the exchange of information. No request for information was made by the different supervisors (FIU, CBB and OSIPP) for AML/CFT purposes. During the period 2018-2023, OSIPP nevertheless made a total of eight requests, all of which were related to company acquisition (checks on the shareholders), director appointment (request information on the approval provided by the home supervisor), license status, pension registration status, companies (information regarding the company license. For the corresponding period, OSIPP received two requests for information which were processed. The assessment team was advised that all requests sent and received by OSIPP were related to prudential supervision (market licensing and registration). Correspondence provided to the assessment team shows that the FSC has utilised international cooperation to conduct fit and proper checks of persons associated with its licensees. The number of requests

made by the FSC is unknown but was not considered by the assessment team to be a major deficiency given the evidence provided.

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

587. This section of the report should be read in conjunction with Chapter 7 of the MER (legal persons and arrangements and the maintenance of basic and BO information). Basic and information on all legal persons is available from the FSC upon request from competent authorities (see R.24 and IO 5). Belize has employed a multi-pronged approach for the maintenance of basic and BO information. The legislative framework relative to maintenance of basic and BO information is new, nevertheless, the registered agents<sup>58</sup> based on interviews conducted by the assessment team communicated that adequate and accurate basic and BO information was maintained prior to the amendment to the legislation. BO information relative to legal arrangements is maintained as a result of the Trusts Act. Belize has not received and provided any information relative to legal arrangements during the review period.
588. Basic and BO information can be exchanged by the various competent authorities including the FIU and the BPD via INTERPOL. The FSC is the competent authority that is tasked with the maintenance of BO information with the legal persons and arrangements and FIs and DNFBPs also having that responsibility as Belize has adopted a multi-pronged approach for the maintenance of BO information. During the period 2018-2022, a total of 151 requests for BO information were received from foreign counterparts and 98 responses were provided (see Table 8.14). During the corresponding period, a total of 153 requests for information on legal ownership (basic information) were received and 106 responses were provided (see Table 8.15).

**Table 8.14: No. of requests for BO information received and responses provided.**

Year	2018		2019		2020		2021		2022	
	Requested	Provided	Requested	Provided	Requested	Provided	Requested	Provided	Requested	Provided
	36	18	23	13	31	14	44	35	17	18
<b>Outstanding</b>		18		10		17		9		

589. The information represented in the above table shows that there has been a continuous drive to provide BO information. Based on the increases in the responses provided to BO information requests between 2018 -2022, approximately 35.8% of the requests for BO information received by the jurisdiction remained outstanding. The authorities advised that in 50 of the requests received, the FSC exhausted its ability to retrieve the BO information which was sought from the registered agent. This information was not available elsewhere. The authorities noted that this situation was remedied with the enactment of the BCA in 2022 and the creation of the Online Business Registry System (OBRS). The authorities advised that some of the reasons for not providing the information include no nexus between the persons/entities being investigated and the companies to which they were alleged to be associated (as provided by the registered agents) and a small number of requests for information sought may have been for companies that were struck-off and the older register did not list the natural person as the BO.

<sup>58</sup> Companies owned by non-Belizean must be registered using the service of a registered agent.

**Table 8.15: No. of requests for legal ownership information received and responses provided (Basic Information).**

Year	2018		2019		2020		2021		2022	
	Requested	Provided	Requested	Provided	Requested	Provided	Requested	Provided	Requested	Provided
	37	22	22	13	28	15	45	37	21	19
<b>Outstanding</b>		15		9		13		8		3

590. The number of requests for basic information (legal person information) follows a similar trajectory to requests for BO information. The information in the table shows that the authorities have improved their capacity to provide basic information, nevertheless, for approximately 31.4 per cent of the requests received, the authorities did not provide the information requested. The reasons for not providing the information are similar to those stated above.
591. Despite the existence of circumstances where the FSC was unable to provide basic and BO information, the data presented in Tables 8.14 and 8.15 demonstrate that there was a notable increase in the level of compliance by the FSC to provide basic and BO information to its foreign counterparts. The data is also supported by the case examples provided to the assessment team including that which is referenced in Box 8.10. The increase in the level of compliance to provide basic and BO information was largely due to the amendments of the legislation relative basic and BO information including the BCA.

### Box 8.10: Provision of BO information (International Cooperation)

**Competent authorities involved:** FSC.

**Impact on FATF Immediate Outcomes:** 2: International Cooperation; and 5 (BO information- legal person)

#### Case Example 1:

Belize received an EOIR request from a foreign jurisdiction on 12 February 2020 under the TIEA. The request was related to legal and BO information. A request for information was sent to the holder information located in Belize on 26 February 2020 and a response was provided to the FSC on 8 April 2020. The response was formally provided on the 8 April; however, email communications took place between the due date and the receipt date. A final response was sent by the FSC to the requesting jurisdiction on 14th April 2020 (48 days). This response included incorporation documents and company registers including members, shareholders, and BO.

#### Case Example 2:

Belize received a EOIR request from a foreign jurisdiction on 3 October 2022 under the Mutual Administrative Assistance in Tax Matters. The request was related to shareholder information. A request for information was sent to the holder of the information located in Belize on 6 October 2022 and a response was provided to the FSC on 24 October 2022. A final response was sent by the FSC to the requesting jurisdiction on 28 November 2022 (56 days). This response included not only the Register of Shareholders but also the Register of BO.

## Overall conclusions on IO.2

592. Belize has in place a comprehensive legal framework that is supported by policies and procedures to ensure that international cooperation can be rendered in a timely manner. The AGC which is the Central Authority for the receipt of MLA and extradition requests have demonstrated that MLA requests received were handled, processed and actioned in a timely manner. While extradition requests received were actioned promptly by the AGC, there have been delays in concluding the extradition proceedings as these requests are subject to due process (court proceedings). Belize has not made any extradition request given that the need for such a request had not arisen at the time of the completion of the onsite visit. Belize has sought international cooperation using the MLA process.
593. LEAs specifically the FIU and the BPD have sought international cooperation using different mechanisms including INTERPOL and the Egmont Group of FIU and have provided international cooperation. Whilst international cooperation is generally provided in a timely manner by competent authorities, the assessment team found that there were several instances where there were delays in processing requests for basic and

BO information, representing a delay in the process. Additionally, in some instances data related to requests for information was not available for the FIU and the FSC.

594. Overall, the assessment team considered and weighted the deficiencies based on the level of the importance of the core issues taking into consideration the factors of context and ML/TF risks and considered them to be moderate.

**Belize is rated as having a substantial level of effectiveness for IO.2.**



## Annex A TECHNICAL COMPLIANCE

This section provides detailed analysis of the level of compliance with the FATF 40 Recommendations in their numerical order. It does not include descriptive text on the country's situation or risks and is limited to the analysis of technical criteria for each Recommendation. It should be read in conjunction with the Mutual Evaluation Report.

Where both the FATF requirements and national laws or regulations remain the same, this report refers to analysis conducted as part of the previous Mutual Evaluation in 2011. This report is available from the [CFATF's website](#).

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

This Recommendation was issued in February 2012 and is being evaluated for the first time during this mutual evaluation. R.1 requires countries to assess and apply a risk-based approach (RBA).

**Criterion 1.1:** The MLTPA (s.11) and the AML/CFT/CPF Strategy (s.5.2.1) mandates that the FIU and Belize identify and assess its ML/TF risks. Belize completed its first ML/TF NRA in 2019 using the World Bank Tool which involves all competent authorities and private sector authorities. Belize also conducted two cryptocurrency (VASP) risk assessments in 2021 and 2022. In July 2022, the jurisdiction commenced its 2<sup>nd</sup> ML/TF NRA which involved all competent authorities and relevant private sector authorities and builds upon the first NRA. The on-going NRA is expected to be completed by the third quarter of 2024 and includes an assessment of the risk associated with legal persons and the nature of threats posed by terrorist entities to NPOs. Preliminary reports on the NPO and legal person risk assessments findings were drafted and awaiting finalisation and approval. The preliminary findings nevertheless provide the authorities with an understanding of the risk associated with, *inter alia*, legal persons and NPOs (see IOs 1, 5 and 10 further information).

**Criterion 1.2:** The National Anti-Money Laundering Committee (NAMLC) is a creature of statute and is the authority responsible for the co-ordinating actions to assess risks (s.77B of the MLTPA).

**Criterion 1.3:** The risk assessment is required to be kept up to date (every five years) (s.77B of the MLTPA). This is further reflected in the National AML/CFT/CPF Strategy which also mandates that the authorities conduct sectoral risk assessments as necessary (s.5.2.1). Belize has demonstrated this as it has conducted two VASPs risk assessments and is currently<sup>59</sup> conducting its 2<sup>nd</sup> ML/TF NRA.

**Criterion 1.4:** The NAMLC and competent authorities are required to provide appropriate targeted information on the results of NRAs and sectoral risk assessments to, *inter alia*, all relevant competent authorities and reporting entities (s.5.2.1 of the National AML/CFT/CPF Policy and Strategy). Belize has published the findings of the first (2019) NRA on various competent authorities' websites including the FIU and the CBB. Further, the authorities have conducted outreach and presentations as a means of communicating the findings of the 2019 NRA (see analysis in IO.1).

**Criterion 1.5:** The National AML/CFT/CPF Policy and Strategy mandates that all competent authorities be guided by the results of the NRA and sectoral risk assessments in applying the risk-based approach. Moreover, the government is also required to be guided by same when allocating resources to competent authorities in an effort to prevent and mitigate ML/TF (s.5.2.1). Competent authorities

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<sup>59</sup> At the time of this report

have allocated resources (e.g. through increased staffing) and implemented measures (e.g. establishment of working groups and task forces) as well as training for reporting entities and competent authorities (see detailed analysis in for example, in IOs.1 and 3) as means of mitigating ML/TF risks.

**Criterion 1.6:** All of the FATF requirements are applicable to FIs and DNFBPs.

**Criterion 1.7:** Belize has mechanism in place to address sub-criteria (a). FIs and DNFBPs are required to establish risk mitigation mechanisms which include: (a) the application of enhanced measures where the reporting entity's risk assessment identifies a higher risk;(s.18(7)(c) of the MLTPA). Further, Belize has imposed an additional requirement for FIs and DNFBPs to give consideration of the national risk assessment results or conclusions or the reporting entity's risk assessment results or conclusions (s.18(7)(a) of the MLTPA).

**Criterion 1.8:** FIs and DNFBPs may apply SDD in the circumstances where they have reasonable grounds for believing after assessing the risk, there is a low risk of ML/TF by the customer or the transaction which is consistent with Belize ML/TF risk assessment; and the reporting entity has no suspicion of ML/TF (s.18(1) (bb) of the MLTPA).

**Criterion 1.9:** Supervisory authorities are required to monitor FIs and DNFBPs compliance with its AML/CFT/CPF legal requirements on a risk sensitive basis and take necessary measures for ensuring compliance by FIs and DNFBPs or groups with their AML/CFT/CPF legal requirements. (s. 21 (2) (aa) of the MLTPA). Belize has fully complied with the requirements of R.26 and R.28 (specifically c.26.4-26.6) and c.28.5 (risk-based measures).

**Criterion 1.10:** FIs and DNFBPs are required to take appropriate steps including the use of risk mitigation mechanisms to identify, assess and understand its ML/TF risks depending on the type of customers, business relationships, countries or geographic areas, services, delivery channels, products or transactions involved, and shall-

- a) document the risk assessments (s. 18(10) of the MLTPA.).
- b) consider all the relevant risk factors (including risk mitigation measures under s.18 of the MLTPA which are comprehensive) before determining what is the level of overall risk and the appropriate level and type of mitigation to be applied (ss.15(6E) (dd), 18(10) and 18(1)(xi) (aa) of the MLTPA.
- c) keep risk assessment up to date (s.18 (10) of the MLTPA)
- d) as part of the risk mitigation measures, provide risk assessment information to supervisory authorities and the FIU (ss.18(7)(b) and 18(9) of the MLTPA, respectively)

**Criterion 1.11:** FIs and DNFBPs are required to:

- a) establish a compliance programme and maintain internal policies, procedures, controls and systems approved by senior management and take such other measures as it considers appropriate to adopt a risk-based approach to its compliance programme. (ss.18(1)(b) and 18(5) of the MLTPA). They are also required to establish risk mitigation mechanisms which include taking into consideration the NRA results or conclusions or the reporting entity's risk assessment results or conclusions. (s.18(7) of the MLTPA).
- b) monitor and manage compliance with, and the internal communication of such policies and procedures to prevent activities related to ML/TF. (s.18(1)(b)(xiii) of the MLTPA). Further, the obligation pursuant to s. 18(1)(b) of the MLTPA to maintain controls and risk-based measures requires FIs and DNFBPs to enhance such controls as required; and

- c) mitigate risk through mechanisms which include the application of enhanced measures where the reporting entity's risk assessment identifies a higher risk. (s.18(1)(b)(xii)(cc) of the MLTPA).

**Criterion 1.12:** FIs and DNFBPs are only permitted to take SDD when there are reasonable grounds for believing that there is a low risk of ML/TF, the reporting entity has no suspicion of ML/TF (see c.1.9). Belize is compliant with the requirements of c.1.9-1.11.

### ***Weighting and Conclusion***

All Criteria are addressed. **R.1 is rated Compliant**

### **Recommendation 2 - National Cooperation and Coordination**

R.2 (formerly R.31) was rated 'NC' in the 3<sup>rd</sup> round MER on account that there was no mechanism in place for policy makers, supervisors, and other competent authorities to co-operate and where appropriate co-ordinate domestically with each other concerning the development and implementation of policies and activities to combat ML and TF. R.2 was revised to facilitate cooperation and co-ordination relative to PF and to ensure that AML/CFT requirements are compatible with data protection and privacy or other similar provisions.

**Criterion 2.1:** Belize's has a National AML/CFT/CPF Policy and Strategy (NP&S), updated as recently as February 2023, was developed and adopted by the NAMLC based on the findings on the 2019 NRA. The NP&S was approved by the Cabinet and is binding on all national authorities. provides direction to all national authorities on the implementation of the country's strategies for ensuring a strong and effective AML/CFT/CPF framework and is binding on all national authorities. The NP&S is based on, *inter alia*, the findings of the 2019 NRA, 2020 NAP and emerging risks faced by the jurisdiction following the NRA including those experienced during the COVID-19 pandemic. Additionally, the NP&S is required to be reviewed, at least annually, and as necessary following any significant developments such as identification of new and emerging typologies.

**Criterion 2.2:** The NAMLC established pursuant to s.77B of the MLTPA is the co-ordinating body responsible for national AML/CFT Policies.

**Criterion 2.3:** Belize has a range of mechanisms in place which enable policy makers, the FIU, LEAs and supervisors to co-operate, co-ordinate their operational efforts, and exchange information, regarding the development of AML/CFT policies domestically with each other.

*Policy Level:* s.77B (1) of the MLPTA creates the NAMLC and sets the basis upon which cooperation is facilitated. Further, the NAMLC has established three working groups within its structure, including the Policy and Legislative Drafting Working Group (P&LDWG), the Financial Crimes Working Group (FCWG) which allows for strategic and operational cooperation and co-ordination the operational agencies; and the Group of Supervisors (GoS) which is a platform for all four supervisory authorities to, *inter alia*, co-ordinate at the policy level.

*Operational level:* The mechanisms which facilitate policymaking, including the working group structure of the NAMLC, also facilitates cooperation, co-ordination and information sharing at the operational level. This is bolstered by s.75C (1) of the MLTPA which requires supervisory authorities to expeditiously take such steps as it considers appropriate to co-operate with domestic law enforcement agencies and regulatory authorities and s.75C (3) of the MLTPA which provides for the sharing of documents and information. Additionally, the FIU is mandated to ensure co-ordination and cooperation between competent authorities and government agencies and co-operate with and provide assistance to LEAs and other regulatory or supervisory bodies relating to financial crimes in

accordance with the MLTPA. MOUs signed between the different competent authorities also facilitates cooperation at the operational level.

**Criterion 2.4:** NAMLC’s statutory mandate pursuant to a.77B(1) of the MLTPA also applies to proliferation financing (PF). All the obligations reposed in the NAMLC, through which mechanisms to enable cooperation for AML/CFT are realised, apply equally, and have ipso facto resulted in competent authorities having similar cooperation mechanisms to combat PF.

**Criterion 2.5:** Belize has mechanisms in place to facilitate cooperation and co-ordination between the relevant authorities to ensure the compatibility of AML/CFT requirements with Data Protection and Privacy Rules and other similar provisions (s.77B (1)(e) of the MLTPA) The NP&S notes, *inter alia*, that the NAMLC is the focal point of contact for co-ordination and cooperation in developing policies and implementing AML/CFT/CPF operational steps which are harmonised with legislative requirements on data protection and privacy and related matters for the time being in force. Such harmonisation is required to be the shared responsibility of all competent authorities (chapter 2 of the NP&S). Such cooperation and co-ordination are effected through the P&LDWG which, in reviewing policy and legislation to be amended, enacted or implemented, reviews against the requirements of applicable data protection and privacy rules and consults with national data protection authority as needed.

### ***Weighting and Conclusion***

All criteria addressed. **R.2 is rated Compliant.**

### **Recommendation 3 - Money laundering offence**

In its 3<sup>rd</sup> round MER Belize was rated PC and LC for former Recommendations 1 and 2, respectively. The deficiencies include: the range of narcotic drugs and psychotropic substances set out in Tables I and II of the Annex to the Vienna Convention were not included in the Misuse of Drugs Act; illicit arms trafficking, extortion, piracy and insider trading were not criminal offences and the offence of theft in the MLTPA contained a threshold property value of BZD5,000. In its the 8<sup>th</sup> FUR, Belize was considered to have addressed the requirement to the level of LC.

**Criterion 3.1:** Belize has criminalised ML on the basis of the Vienna and Palermo Conventions pursuant to s.3(1) of the MLTPA). The material elements of ML under s. 3(1) parallel the tenets of Article 3(1)(b) and (c) (i) of the Vienna Convention and Article 6(1) of the Palermo Convention and covers the offences such as *conversions or transfer, conceals or disguises, acquires, possesses or uses and participates in, associates with or conspires to commit*. Further, Belize has fully ratified and implemented the Articles of the Conventions into domestic law (see analysis in R.36).

**Criterion 3.2:** The predicate offences for ML cover all serious offences in Belize or offences which if it occurred in any other country would constitute an offence in Belize (ss.2 and 2B of the MLTPA). Belize has adopted an all-crimes approach which therefore incorporates offences in all of the FATF designated categories of offences. Therefore, any unlawful conduct can represent a predicate offence for ML (MLTPA, s. 2 and 2B).

**Criterion 3.3:** Belize does not apply the threshold approach.

**Criterion 3.4:** The ML offence extends to any property, regardless of its value, that directly or indirectly represents the proceeds of crime (s.3(1) of the MLTPA). The definition of “property” includes “funds, assets of every kind however acquired, in any form including electronic or digital, wherever situate, whether in Belize or elsewhere” (s.2 of the MLTPA).

**Criterion 3.5:** ML is a stand-alone offence in Belize and thus there is no requirement for a person to be convicted of a predicate offence when proving that property is the proceeds of crime. It is sufficient to prove that the property was derived from a specific kind, or kinds of conduct and the conduct is unlawful; or the circumstances in which the property was handled leads to the irresistible inference that the property could only have come from unlawful conduct (s.3(2) of the MLTPA).

**Criterion 3.6:** Predicate offences for ML extend to all offences which if occurred in any other country would constitute predicate offences in Belize. The definition of “offence” includes conduct that if occurred in another country and if occurred in Belize, would be unlawful. Proceeds of crime means property that constitutes a person’s benefit from an offence, or it represents such a benefit (ss. 2 and 2B of the MLTPA).

**Criterion 3.7:** In Belize, the offence of ML is also applicable to persons who commit the predicate offence. It is not necessary to establish the identity of the perpetrator of a predicate offence on a ML charge, thus, allowing the offence of ML to apply to persons who commit the predicate offence (s.3(2) of the MLTPA).

**Criterion 3.8:** In Belize, the intent and knowledge required to prove the ML offence can be inferred by factual circumstances. The ML offence requires the elements “knowing or having reasonable cause to believe” to prove the offences, allowing for the intent and knowledge to be inferred based on objective factual circumstances (MLTPA, s. 3(1)). Additionally, the case of *R v Anwoir (2008) EWCA, Crim, 1354* establishes that the intentional element of the ML offence can be inferred from the objective factual circumstances based on circumstantial evidence.

**Criterion 3.9:** The sanctions in place are proportionate and dissuasive. In assessing the proportionality of the sanctions, the assessment team took into consideration, the sanctions that are in place for other criminal offences. A natural person upon conviction can be liable to a fine not exceeding one million dollars Belizean dollars (USD500,000.00), or to imprisonment for a term not exceeding 20 years, or to both (s 4(a) of the MLTPA).

**Criterion 3.10:** Proportionate and dissuasive sanctions apply to legal persons convicted of ML. A convicted legal person is liable to a fine not exceeding two million dollars (USD one million) (s.4(b) of the MLTPA). Further, the Court can disqualify any individual (director or manager) from holding certain positions for a specified period (s.6 of the MLTPA).

**Criterion 3.11:** Belize’s law criminalised the relevant ancillary offences of attempting, facilitating inciting, aiding, abetting, counselling, procuring and conspiracy (ss. 3 and 7 of the MLTPA).

### ***Weighting and Conclusion***

All criteria are addressed. **Recommendation 3 is rated Compliant.**

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

R.4 (formerly R.3) was rated ‘LC’ in the 3<sup>rd</sup> round MER. The deficiency at the time was on account of the small number of ML convictions demonstrated ineffective implementation which may be due to insufficient training of the law enforcement agencies (LEAs) and judiciary.

**Criterion 4.1:** Belize has measures enabling it to confiscate property whether held by criminal defendants or by third parties:

- (a) *Property laundered* – Tainted property, is any property that is the proceeds of crime or is derived from the proceeds of crime (s.2 (b) of the MLTPA), can be forfeited upon

conviction (s.49 of the MLTPA). The definition of property is sufficiently broad and implies that property laundered can be confiscated (s.2 of the MLTPA).

(b) *Proceeds of (including income or other benefits derived from such proceeds), or instrumentalities used or intended for use in, ML or predicate offences* - Instrumentalities are captured within the meaning of tainted property (s.2 (a) of the MLTPA) and can be forfeited upon conviction (s.49 of the MLTPA). Civil assets recovery permits the recovery of recoverable property (c.37 of the Civil Asset Unexplained Wealth Act (CARUWA) and unexplained wealth, including income and benefit from crime (c.66 of the CARUWA).

(c) *Property that is the proceeds of, or used in, or intended or allocated for use in the financing of terrorism, terrorist acts or terrorist organisations* - property that is the proceeds of, or used in, or intended or allocated for use in TF, terrorist acts or terrorist organisations can be subject to confiscation (s.74 of the MLTPA). Cash that is terrorist property is captured under the meaning of tainted property (s.2 of the MLTPA) and is also subject to forfeiture using the provisions of s.49 of the MLPTA and s.74 of the MLPTA.

(d) *Property of corresponding value* - Instead of ordering tainted property to be forfeited, an order for an amount equal to the value of the said property can be made pursuant to s.54 of the MLPTA. The applicable conditions for such action are detailed at s.54 (a) to (e) of the MLPTA.

**Criterion 4.2:** Belize has measures which enable its competent authorities to:

(a) identify, trace, and evaluate property that is subject to confiscation through production orders, (s.23 of the MLPTA); search warrants (s.27, 28, 30 of the MLPTA); and monitoring orders (s.32 of the MLPTA). For civil asset recovery the measures include Tracing property. (s.12 of CARUWA) preliminary unexplained wealth orders (s.59 of CARUWA); production orders (s.71 of the CARUWA); search warrants (ss.74 and 75 of the CARUWA); customer information orders (s.77 of the CARUWA); disclosure orders (s.85 of the CARUWA) and account monitoring orders (s.81 of the CARUWA).

(b) restrain tainted property (ex parte application), thus prohibiting the disposal or otherwise dealing with such (ss.39 and 40 of the MLPTA); seize cash: derived from the commission of an offence; intended by any person for use in the commission of an offence; or involved in ML or TF (s.38 of the MLPTA); prohibit any person from disposing of any money or other property linked to a financial crime by utilising attachment orders (s.11 of the MLPTA); freeze property through the use property freezing order in respect of recoverable property (s.21(4) of the CARUWA).

(c) take steps to void any conveyance or transfer of property not made for valuable consideration to a person acting in good faith (s.51 of the MLTPA). Further, the ability of competent authorities during a seizing, restraint or freezing act to take physical custody of the property is designed to ensure that the actions of the defendant/respondent or third parties do not prejudice the authority's ability to confiscate (s.40 (1) (A) and (B) of the MLTPA). Moreover, the defendant or any person is prohibited from disposing or otherwise dealing with the property when such is restrained (s.40 (1)(i) of the MLTPA).

(d) take other appropriate investigative measures through the powers described in R.31.

**Criterion 4.3:** The rights of bona fide third parties are subject to protection (ss.47(4),52,65, 67(8)(b) of the MLTPA and ss. 15,37(4),47 and 55 of the CARUWA).

**Criterion 4.4:** The management and where necessary the disposal of property frozen, seized or confiscated are provided for in Belize (ss.40, 50 and 67(7) of the MLTPA; s. 25 of the CARUWA). Mechanisms also exist in other legislation such as the Misuse of Drugs Act and the Lost and Abandoned Property Act.

### ***Weighting and Conclusion***

All criteria are addressed. **R.4 is rated Compliant.**

## **Recommendation 5 - Terrorist financing offence**

In its 3<sup>rd</sup> round MER, Belize was rated PC with SRII due to deficiencies related to the definition of “funds” and the prosecution of the TF offence. Belize addressed these deficiencies with amendments to the MLTPA. Current R.5 was revised in 2015 and 2016 to cover “funds or other assets”, and to address the threat posed by Foreign Terrorist Fighters (FTFs).

**Criterion 5.1:** Belize criminalises TF based on TF Convention. The TF offence includes providing or collecting funds or other property by any means, directly or indirectly, to be used in whole or in part by any person, to plan, prepare or commit a terrorist act. (s. 68(1) MLTPA). Further, the term “terrorist act” covers a range of violent acts, including those set out in the treaties listed in the annex to the TF Convention (s. 2C(1)(a)(i) MLTPA). The action or threat of action must be intended to influence a government or an international organisation or to intimidate the public or section of the public (s.2C(1)(b) MLTPA). The ancillary offences of conspire, participate, aid and abet, facilitate, counsel, procure, directing and contributing are all criminal acts (ss.2 and 68(2) of the MLTPA).

**Criterion 5.2:** TF offence extends to any person who by any means, directly or indirectly, wilfully provides or collects funds or other property, with the intention that they should be used or in the knowledge that they are to be used in whole or in part in or outside of Belize to plan prepare or commit a terrorist act (s. 68(1)(a)(i) MLTPA) or by a terrorist or terrorist organisation for any purpose (s. 68(1)(b) MLTPA). The term ‘property’ includes possessions and assets of every kind however acquired and wherever situated (s. 2(1) MLTPA).

**Criterion 5.2 bis:** TF offence includes the financing of individuals who travel to another state for the purpose of planning, preparing, committing or participating in a terrorist act or providing or receiving training related to terrorism. (s. 2C(2)(i), 68(1)(a)(iii), 68(2) MLTPA).

**Criterion 5.3:** TF offence extends to any funds or other property (s. 68(1) MLTPA). Funds are defined as assets and benefits of every kind, whether corporeal or incorporeal, tangible or intangible, movable or immovable (s.2 of the MLTPA). A similar definition exists for property and includes economic resources (s.2 of the MLTPA). Based on the foregoing, the definition is sufficiently broad to cover funds or assets from legitimate or illegitimate sources.

**Criterion 5.4:** TF offence does not require that the funds or property be used to carry out or attempt a terrorist act or are linked to a specific terrorist act. The TF offence is committed irrespective of the occurrence of a terrorist act or whether the funds have been used to commit such an act (s. 2(3) of the MLTPA). Further, the TF offence is committed irrespective of the occurrence of a terrorist act or whether the funds have been used to commit such an act (s. 68(3) MLTPA).

**Criterion 5.5:** The intent and knowledge required to prove the TF offence can be inferred from objective factual circumstances (s. 2(3) MLTPA).

**Criterion 5.6:** The sanctions that are in place are proportionate and dissuasive when analysed against sanctions for other criminal offences in Belize. Natural persons found guilty of a terrorist offence can be sentenced to a term up to life imprisonment and can be liable to an unlimited fine (s.5(a) MLTPA).

**Criterion 5.7:** The sanctions in place for legal persons are proportionate and dissuasive when analysed against sanctions for other criminal offences in Belize. Legal persons are liable to a fine at the discretion of the Court (s.5(a) MLTPA). Penalties are also applicable to the natural persons associated with legal person. These include preventing such persons from holding directorship for a period of time (s.6 (1) and (2) of the MLTPA). Additionally, the Court may revoke business license, order that the body of persons be wound up, forfeit the property of the body of persons to the State, prohibit the body of persons from performing any further activities and order the de-registration or de-certification of the body of persons (s. 6(3) MLTPA).

**Criterion 5.8:** It is an offence to: (a) attempt to commit the TF offence (s.68(2)(b) MLTPA); (b) participate as an accomplice in a TF offence or attempted offence (s.68(2)(d) MLTPA); (c) organise or direct others to commit a TF offence or attempted offence (s.68(2)(a) MLTPA); and (d) contribute to the commission of one or more TF offence(s) by a group of persons acting with a common purpose (s. 68(2)(e) MLTPA).

**Criterion 5.9:** Belize utilises an all-crimes approach; therefore, all offences including TF are predicate offences for ML (s. 3 MLTPA).

**Criterion 5.10:** The offence TF offence applies regardless of the location of the financier or the terrorist/terrorist organisation (s. 68(1) of the MLTPA). Belize has extra-territorial jurisdiction over offences regardless of the locations where the offences occurred (s.10 of the MLTPA). Further, references to terrorist acts include action which occurs outside of Belize, references to property include property situated outside of Belize and references to the public includes the public of any country other than Belize (s. 2C (4) MLTPA).

### ***Weighting and Conclusion***

All criteria are addressed. **R.5 is rated Compliant.**

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

In its 3<sup>rd</sup> Round MER Belize was rated as PC for R.6 (formerly SR.III). Deficiencies identified included s.76 of the MLTPA not specifically requiring expeditious assistance; the effectiveness of provisions for the freezing of assets; limited definition of terrorist property; no legislation or provisions to publicly delist persons or entities in a timely manner and no legislation or provisions requiring competent authorities to communicate to the financial sectors actions taken under the freezing mechanism; Belize addressed majority of the deficiencies in its 8 FUR through amendment to the relevant legislation and guidelines to an acceptable standard of LC.

### **Criterion 6.1:**

- a) The Minister responsible for foreign affairs (hereinafter referred to as the Minister-for this Rec) to be the competent authority for proposing names to the 1267/1989 and the 1988 Committee (s.68A(1) of the MLTPA).
- b) A person or entity must first be designated domestically (UNSCR 1373) by the Court pursuant to s.68(5F) (c) of the MLTPA prior to the Minister making a request to the Sanctions Committee or Security Council for persons or entities to be designated if the person or entity is listed in accordance with s.68A(1) of the



MLTPA. The mechanism for identifying target for designation based on the designation criteria set out in the analysis of c.6.2 (b) applies (see analysis of c.6.2(b)).

- c) The evidentiary burden of reasonable grounds applies when making a decision on whether or not to make a proposal for designation (see analysis c. 6.2 (d)). A proposal for designation is not conditional upon the existence of criminal proceedings based on the requirements set out in the analysis of c.6.2 (b) and (c).
- d) The Minister when making a request to the respective Sanctions Committee has to follow the procedures or the standard forms as adopted by the relevant Committee (68A(3) of the MLTPA).
- e) The Minister when making a request to the respective Sanctions Committee has to provide as much relevant information as available on the proposed name, including sufficient identifying information and a statement of case containing as much detail as is available based on the proposed listing (68A(3) of the MLTPA).

**Criterion 6.2:**

- a) The Courts (Judge) is the competent authority is the competent authority that is responsible for designating persons or entities that meet the specific criteria for designation as set forth in the UNSCR1373, as put forward by the either on the country's own volition or after examining and giving effect to, if appropriate the request of another country (s.68(5F) of the MLTPA).
- b) The Director of the FIU may collect and solicit information from foreign and domestic competent authorities and the public to identify persons, entities or vessels that meet the relevant criteria for designation set out in s.68(5C) of the MLTPA. Additionally, sub-section (5B) provides that the Director may enter into a memorandum of understanding with any foreign or domestic competent authority for the purposes of sub-section (5A) (s. 68(5A) of the MLTPA).
- c) The Director upon receipt of a request made on behalf of another country to make a prompt determination on whether the criteria for designation as set out in s.68(5C) (s. 68B(4) of the MLTPA) is satisfied. The criteria for designation in section 68(5C) provides that there must be reasonable grounds that the person or entity meets the designation criteria in order for the Director to apply to a Judge for an Order.
- d) The criteria for designation pursuant to s.68(5C) of the MLTPA provides that there must be 'reasonable grounds' that the person or entity meets the designation criteria in order for the Director to apply to a Judge for an Order. Proposal for designation is not conditional upon the existence of a criminal proceedings based on the requirements set out in the analysis of c.6.2 (b) and (c), above.
- e) The Director may, where he deems necessary, make a request to another country to initiate proceedings for a listed person to be designated as a listed person in that country (68(5V) of the MLTPA). Sub-section (5W) provides that when making an application under new sub-section (5V), the Director shall provide to the relevant authorities of the country, as much identifying information and specific information to support that application that is available.

**Criterion 6.3:**

- a) The Director may collect and solicit information from foreign and domestic competent authorities and the public to identify persons, entities or vessels that meet the relevant criteria for designation on the basis of reasonable grounds (s.68 (5A) and 5(C) of the MLTPA. Additionally, the Director may enter into an MOU with any foreign or domestic competent authority for the purposes of sub-section (5A) (s.68 (5B) of the MLTPA).
- b) An application referred to in sub-sections 68(4)(b) [in relation to designations made by the UN] and 68(4)(c) [in relation to designations made pursuant to UNSCR 1373] to be made *ex parte* to a Judge of the High Court in Chambers, without delay (s.68(5F) (a) (i) of the MLTPA).

**Criterion 6.4:** Regarding UNSCR 1267, The Director (of the FIU) is required to maintain a list of designated persons and maintain frequent contact with the UN to ensure that the list remains current (s.68 (4)(a) of the MLTPA). Further, the Ministry of Foreign Affairs, Foreign Trade and Immigration (MFAFTI) and the FIU have established an SOP to ensure, *inter alia*, the list is updated within hours of UN designation by the information relative to amendments to the list is communicated immediately to the FIU via the MFAFTI. In circumstances where the director is satisfied that a person or entity or their associates have been designated, the Director shall without delay apply to a Judge for an order under s.68(5F)(a) (s.68(4)(b) of the MLTPA). The Judge is required to hear the application without delay (s.68(5F)(a)(iv) of the MLTPA). Belize established practice directions for the Supreme Court (Gazetted in July 2023) to ensure, *inter alia*, applications are heard and served on the FIU without delay.

Upon application by the Director, the Judge shall, by Order, declare the person or entity to be a listed person for the purposes of the Act (s.68(5F)(b)) and the Order issued shall have the effect of immediately freezing all property owned or controlled by the person or entity (s. 68(5F)(e) of the MLTPA). The Order is served immediately upon the FIU (s. 68(5N) of the MLTPA).

Parallel to the process under s.68(5F), pursuant to s. 12 of the MLPTA, once the relevant criteria are satisfied, the Director can issue a Notice published in the Gazette ordering the immediate freezing, *inter alia*, all of the assets owned or controlled by the listed person. If an Order pursuant to s. 68(5F)(a) of the MLTPA is not made within seven days by the Court, the order freezing the assets will cease to have effect.

The FIU is required to immediately circulate a new consolidated list or amendment to the list electronically to all FIs and DNFBPs (s.68(5Q)(c) and (d) of the MLTPA). The effect of this requirement is FIs and DNFBPs are bound by ss. 12 (a) freezing orders and 68(5F)(e) Orders (freeze without delay) of the MLTPA.

In relation to UNSCR 1373, pursuant to s.68(5C) of the MLTPA where the Director has reasonable grounds to suspect a person meets the UNSCR 1373 criteria for designation, the Director shall without delay apply to a Judge for an Order under s.68(5F)(a) of the MLTPA. Section 68B of the MLTPA allows for the Director to receive requests to list persons from other countries and upon receipt of the request the Director shall make a prompt determination of whether the criteria for designation as set out in s.68(5C) has been met. In both instances, an application has to be made by the Director to a Judge for an Order pursuant to s.68(5C) but the Director may issue a Notice in accordance with s.12 of the Act immediately triggering TFS. The other freezing mechanisms identified of ss.12 and 68 (4) and (5F) noted above apply.

### Criterion 6.5:

- a) An order issued pursuant to s.68 (5F) of the MLTPA shall have the effect of immediately freezing all property (ss. 68(5F)(e), 68(5P)(a) of the MLTPA) of all listed persons and relevant third parties. Further, s.12 (1) of the MLTPA requires that the Director may by notice publish in the Gazette, an order to immediate freeze all properties of the listed persons and relevant third parties. The provision in s.12 represents a complimentary and parallel process to the requirement of s.68(5F) which is the primary process. See the analysis in c.6.5 (b) and (c) below relative to the category of properties to be frozen. The Order and s.12 Notice are binding on all natural persons, giving that it is an offence for any person to transfer, convert, disposes or move any property that is frozen (s.68 (5G) of the MLTPA). The freezing mechanisms under ss.68 and 12 of the MLTPA are ex-parte applications. Given the regime in Belize and the application being an ex-parte one and freezing has immediate effect, it is implicit that freezing occurs without prior notice. Belize has developed and provided guidance to the public which focuses on, *inter alia*, the requirement to freeze without delay<sup>60</sup>. The Guidance provides, *inter alia*, that all Belizean citizens, entities and persons are required to adhere to the TFS requirements, if they are (a) carrying out activities within Belize; or (b) established under the laws of Belize even if operating abroad. The FIU is also authorised to seize cash that has nexus to TF including that related to belonging to or is held in trust for, a terrorist organisation which is additional/complimentary aspect of the TFS-TF regime.
- b) The obligation to freeze extends to property owned or controlled by the listed person, that is wholly or jointly owned or controlled, directly or indirectly, by the listed person; that is owned or controlled by a person or entity that is acting on behalf or, at the direction of, the listed person; or that is derived or generated from property owned or controlled directly or indirectly by the listed person (s. 68(5F) of the MLTPA).
- c) A national of Belize or any other person who makes any property or financial or other related services available, directly or indirectly, wholly or jointly– (a) for the benefit of a listed person; or (b) to a person or entity which is owned or controlled by a listed person; or (c) to a person or entity which is wholly or jointly owned or controlled, directly or indirectly by a listed person; or (d) to a person or entity acting on behalf of, or at the direction of, a listed person, commits an offence (s.68(5H) of the MLTPA) and is subject to the same penalties prescribed terrorism offence (see analysis in R.5).
- d) Where the FIU is served with an Order in accordance with sub-section 68(5N), the FIU shall serve, without delay, the Order on the FI where the account is specified in the Order (s.68(5O)). Additionally, pursuant to s. 68(5Q) of the MLTPA, the FIU is mandated to maintain a consolidated list of orders issued under s. 68(5F) of the MLTPA which shall be circulated every three months or when a new Order has been made to all FIs and reporting entities. Further, the FIU has developed Guidance to

<sup>60</sup><https://fiubelize.org/wp-content/uploads/2023/06/GUIDANCE-TO-THE-PUBLIC-ON-TARGETED-FINANCIAL-SANCTIONS-IN-BELIZE.pdf>

the Public on Targeted Financial Sanctions in Belize and Guidance on Assessing Name Matches for Targeted Financial Sanctions.

- e) FIs and DNFBPs shall upon notification of a New or Updated Consolidated List are required immediately notify the FIU if any of the Listed Persons have property in their custody or control and made an STR if the listed person, inter alia, attempts a transaction (s. 68(5R) of the MLTPA).
- f) Section 68(5J) of the MLTPA provides that the Order issued in accordance with sub-section (5F) or s.12 may make provisions to preserve the rights of a *bona fide* third party acting in good faith.

**Criterion 6.6:**

- a) Where a person or entity has been placed on the Resolutions 1267 (1999), 1989 (2011) and 2253 (2015) List or the 1988 List on the basis of a request by the Minister responsible for foreign affairs, and he is satisfied that the person or entity no longer meets the criteria for listing, the Minister responsible for foreign affairs may petition– (a) the 1267, 1989 and 2253 Committee for removal of the person or entity from the Resolutions 1267 (1999), 1989 (2011) and 2253 (2015) List; or (b) the 1988 Committee for removal of the person or entity from the 1988 List (s.68A(6) of the MLTPA),
- b) The Director is required to review Orders made under s. 68(5F) of the MLTPA every six months to determine whether the criterion for listing is still satisfied. If the criterion for listing is no longer satisfied the Director must make an application to a Judge to have the order set aside (s. 68(6) of the MLTPA).
- c) The Director, listed person or any other person affected by an Order made pursuant to s.68(5F) of the MLTPA can apply to the High Court to set aside or vary the Order (s. 68(9) of the MLTPA).
- d) Where a person or entity has been placed on the 1988 List the Minister responsible for foreign affairs shall, as far as practicable, inform the person or entity of the availability of the focal point for de-Listing for the purposes of petitioning the removal from the respective sanctions list, as the case may be.
- e) Where a person or entity has been placed on the Resolutions 1267 (1999), 1989 (2011) and 2253 (2015) List , the Minister responsible for foreign affairs shall, as far as practicable, inform the person or entity of the availability of the UN office of the Ombudsperson for the purposes of petitioning the removal from the respective sanctions list, as the case may be.
- f) Any other person affected by an Order made pursuant to s.68(5F) of the MLTPA can apply to the High Court to set aside or vary the Order and the Court shall not set aside the Order unless the Court is satisfied that the applicant is not a designated entity or listed person (s.68(9) of the MLTPA).
- g) The Director of the FIU is required to publish in the Gazette an order for delisting by the Courts. The law further mandates that the Director takes action to publicise the Courts decision for delisting (s.68(9) of the MLTPA). Section 68(5Q) (c) of the MLTPA requires the FIU to immediately circulate a new consolidated list of any deletion or variation, to the consolidated list. Belize has provided guidance and training to reporting entities on TFS-TF including delisting requirements. Belize

has developed “*Guidance to the public on obligations and rights in respect of Anti-terrorism and Proliferation of WMD*” which contains mechanism for unfreezing of funds and the actions that should be taken regarding same. Further, communication sent by the FIU to FIs and DNFBPs regarding delisting contains, *inter alia*, guidance on the unfreezing of funds and other assets of the delisted person or organisation. This information was reviewed and verified by the assessment team.

**Criterion 6.7:** Section 68D of the MLTPA provides for the allowance of expenses upon application by a Judge. Further, a Judge is not permitted to vary a s. 68(5F) Order of the MLTPA without first notifying the relevant UN Committee.

### ***Weighting and Conclusion***

All Criteria addressed. **R. 6 is rated Compliant.**

### **Recommendation 7 – Targeted financial sanctions related to proliferation<sup>61</sup>**

This is a new recommendation and was therefore not assessed in the 3<sup>rd</sup> Round.

**Criterion 7.1:** TFS-PF is implemented without delay in Belize by way of the provision of the MLTPA and SOPs established by the various agencies. The Director of the FIU is required to maintain a list of designated persons and maintain frequent contact with the UN to ensure that the list of designated entities and vessels remains current (s.68 (4)(a) of the MLTPA). Further, the Ministry of Foreign Affairs, Foreign Trade and Immigration (MFATFI) and the FIU have established an SOP to ensure, *inter alia*, the list is updated within hours of UN designation and the information relative to amendments to the UN list being communicated immediately to the FIU via the MFAFTI. In circumstances where the director is satisfied that a person or entity or their associates have been designated, the Director shall without delay apply to a Judge for an order under s.68(5F)(a) (s.68(4)(b) of the MLTPA). The Judge is required to hear the application without delay (s.68(5F)(a)(iv) of the MLTPA).

Belize established practice directions for the Supreme Court (Gazetted in July 2023) to ensure, *inter alia*, applications are heard and served on the FIU without delay. The Registrar of the High Court shall serve Order on the FIU immediately (s.68(5N)). An Order made shall have the effect of immediately freezing all property (s.68(5F)(e) of the MLTPA)). The consolidated list and any amendments shall be served on all FIs and regulated entities immediately (s. 68(5Q) (c) and (d) of the MLTPA). Similar provisions apply to vessels. Further, in accordance with s.12, the Director of the FIU may publish an order in the Gazette ordering the immediate freezing of all property without prejudice to the powers of the court. Parallel and complementary to the process under s.68(5F), pursuant to s. 12 of the MLPTA, once the relevant criteria are satisfied, the Director can issue a Notice published in the Gazette ordering the immediate freezing, *inter alia*, all of the assets owned or controlled by the listed person. If an Order pursuant to s. 68(5F)(a) of the MLTPA is not made within seven days by the Court, the order freezing the assets will cease to have effect.

### **Criterion 7.2:**

- a) The analysis referenced in c.6.5 is also applicable for TFS-PF. All natural and legal persons within the country to freeze, without delay, the funds or other assets of designated persons and entities as an order obtained from the court has immediate freezing effect (s.68(5F)(e) of the MLTPA). A complementary and parallel

<sup>61</sup> On 18 October 2023, the TFS elements of UNSCR 2231 expired. Therefore, assessors did not assess the implementation of UNSCR 2231.

requirement also exist pursuant to s.12 of the MLTPA authorising the Director to take specific actions. The Order and s.12 Notice are binding on all natural persons, giving that it is an offence for any person to transfer, convert, dispose or move any property that is frozen (s.68 (5G) of the MLTPA). The freezing mechanisms under ss.68 and 12 of the MLTPA are ex-parte applications. Given the regime in Belize and the application being an ex-parte one and freezing has immediate effect, it is implicit that freezing occurs without prior notice. The freezing mechanisms under ss.68 and 12 are ex-parte applications. Given the regime in Belize, it is implicit that freezing occurs without prior notice. Belize has developed and provided guidance to the public which focuses on, *inter alia*, the requirement to freeze without delay and the obligations applicable to the public.

- b) The obligation to freeze extends to (i) property<sup>62</sup> owned or controlled by the listed person, (ii) that is wholly or jointly owned or controlled, directly or indirectly, by the listed person; (iii) that is owned or controlled by a person or entity that is acting on behalf or, at the direction of, the listed person; or (iv) that is derived or generated from property owned or controlled directly or indirectly by the listed person (s. 68(5F) (e) of the MLTPA).
- c) It is an offence to make funds or other assets available to designated persons or entities. A national of Belize or any other person who makes any property or financial or other related services available, directly or indirectly, wholly or jointly– (a) for the benefit of a listed person; or (b) to a person or entity which is owned or controlled by a listed person; or (c) to a person or entity which is wholly or jointly owned or controlled, directly or indirectly by a listed person; or (d) to a person or entity acting on behalf of, or at the direction of, a listed person, commits an offence (s.68(5H) of the MLTPA). The penalty for a breach of the law is the same as that which is applicable for terrorism (TF) (see analysis in R.5).
- d) Where the FIU is served with an Order in accordance with sub-section 68(5N), the FIU shall serve, without delay, the Order on the FI where the account is specified in the Order (s. 68(5O) of the MLTPA). Additionally, pursuant to s.68(5Q) the FIU is mandated to maintain a consolidated list of orders issued pursuant to s.68(5F) which shall be circulated every three months or when a new Order has been made to all FIs and reporting entities. Further, the FIU has developed Guidance to the Public on TFS in Belize, “*Guidance on Assessing Name Matches for TFS*” and “*Guidance to the Public on Obligations and Rights in Respect of Anti-Terrorism and Proliferation of WMD.*” Further, the FIU’s SOP “*Implementation of TFS*” explicitly provides at s.2.2.1 (ix), a detail process for communication of the designations to reporting entities.
- e) FIs and DNFBPs are required to forthwith/immediately disclose to the FIU the nature and form of property held by the institution for the benefit or control of the listed person and file an STR regarding any attempted transaction (ss. 68 (5R) and (5S) of the MLTPA).

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<sup>62</sup> The definition of property in the MLTPA is comprehensive and include assets of any kind, whether corporeal or incorporeal, tangible or intangible, movable or immovable, however, acquired including funds.

- f) The rights of bona fide third parties acting in good faith are protected when implementing the obligations of the Recommendation (ss.68(5J) and 5F of the MLTPA).

**Criterion 7.3:** Supervisors are responsible for supervising each reporting entity or group to ensure compliance CPF obligations (s.21 of the MLTPA). The mechanism outlined in R.26-28 allows supervisors to also monitor compliance. Various sections in the MLTPA, including s.68(5P)(b) of the MLTPA sets out the CPF obligations for reporting entities. The 2020 MOU between the Group of Supervisors allows the FIU to alert supervisors on breaches by reporting entities to ML/TF/PF requirements, triggering enforcement mechanism. In addition to the powers of supervisors to sanctions as required under R.27 and 28, there are sanctions for failure to comply with CPF obligations (s.68 (5G) of the MLTPA).

**Criterion 7.4:**

- a) Where a person or entity has been placed on the 1718 List, the Minister responsible for foreign affairs shall, as far as practicable, inform the person or entity of the availability of the UN office of the Ombudsperson or focal point for De-Listing, as appropriate, for the purposes of petitioning the removal from the respective sanctions list, as the case may be. The FIU has also prepared and widely disseminated public guidance on the Obligations and Rights in Respect of Anti-Terrorism and Proliferation of WMD which includes guidance on applying for de-listing.
- b) Any other person affected by an Order made pursuant to s.68(5F) of the MLTPA can apply to the High Court to set aside or vary the Order and the Court shall not set aside the Order unless the Court is satisfied that the applicant is not a designated entity or listed person (s. 68(9) of the MLTPA).
- c) The MLTPA allows for the variation of an Order to allow for the access to funds in accordance with the procedures set out in the UN resolutions and in instances at the approval of the relevant committee (s.68G of the MLTPA -1718 List).
- d) The mechanism for immediately communicating to FIs and DNFBPs de-listing and unfreezing of property is governed under a combination of provisions- ss.68 (5Q)(a); 68(5Q)(c) and (d) and 68(5O)(c) of the MLTPA. The FIU is required to immediately circulate the Consolidated Lists and amendments of the list to all FIs and DNFBPs. Circulation is completed electronically through the FIU's Electronic Document Portal which all reporting entities subscribed to (this was verified by the assessment team). Additionally, the Reporting Entities receive an alert from the Document Portal. Further, the FIU has provided written guidance to FIs and DNFBPs which is available on their website and includes 'Assessing Name Matches for Targeted Financial Sanctions, Public obligation and Rights in Respect of Anti-Terrorism and Proliferation of Weapons of Mass Destruction and guidance to the public on Targeted Financial Sanctions.

**Criterion 7.5:**

- a) Section 68(5M) of the MLTPA provides that nothing in s. 68 or s. 12 of the MLTPA shall prohibit –(a) the addition of interest or earnings due on an account frozen in accordance with sub-section (5F) or s. 12; or (b) payments under contracts, agreements or obligations that arose prior to the making of an Order under sub-

section (5F) or s.12, provided that any such payments are paid into an account specified in accordance with sub-section (5J)(c) of the MLTPA.

- b) On 18 October 2023, the TFS elements of UNSCR 2231 expired. Therefore, assessors did not assess the implementation of UNSCR 2231

### ***Weighting and Conclusion***

All criteria addressed. **R.7 is rated Compliant.**

## **Recommendation 8 – Non-profit organisations**

In its 3rd round MER Belize was rated as NC for R.8 (formerly SR. VIII). The deficiencies included 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 and no outreach programme to the NPO sector in Belize to raise awareness. Some of the deficiencies were addressed by Belize in its 8<sup>th</sup> FUR. In June 2016, R.8 and its Interpretive Note were significantly amended to better align their implementation with the risk-based approach and to clarify the subset of NPOs which should be made subject to supervision and monitoring.

### **Criterion 8.1:**

- a) At the completion of the onsite visit, Belize had identified a total 85<sup>63</sup> NPOs that falls within the FATF definition of NPOs. These NPOs are engaged in educational, religious, arts and culture and social services activities.
- b) Belize has taken action to identify the nature of TF threats to NPOs through the conduct of the 2019 NRA. The 2019 NRA rated the sector’s vulnerability as medium- high and noted, *inter alia*, NPOs are vulnerable to misuse of TF should they have access to considerable sources of funds and have a global presence. Despite being ongoing, the 2<sup>nd</sup> NRA<sup>64</sup> is more detailed than the first as it provides more information relative to the risk associated with NPOs. The risk associated with the NPO sector was considered as *medium-low*. Through the process (including the drafting of a report) Belize has identified *inter alia*, the threat posed by terrorist entities (including FTF) to NPOs which are at risk as well as how terrorist actors abuse those NPOs.
- c) Belize has taken action to review the adequacy of measures including laws and take proportionate and effective actions to address the risks identified. As a result of the first NRA and legislative review, Belize enacted and implemented an NPO Act, 2023, appointed a Registrar of NPOs and established the NPO Best Practice Committee in accordance with s. 3A(1)a of the NPO Act. Belize also amended the MLTPA which included the establishment of the National Targeted Financial Sanction Task Force (NTFSTF) with the NPO Registrar as a member in accordance with s.77C(2)(e) of the MLTPA as amended. The FIU also published a guidance.
- d) Belize has periodically reassessed the sector by reviewing new information on the sector potential vulnerabilities to terrorist activities to ensure effective implementation of measures. This is evident from the 2<sup>nd</sup> NRA that was being conducted during the on-site visit in which the NPO sector was being assessed.

<sup>63</sup> The FSC was in the process of still registering NPOs. The deadline for completion registration of NPOs was February 2024 (post-onsite visit).

<sup>64</sup> The second draft of the NPO risk assessment was prepared by the NPO Working Group in October 2023.



Further, national AML/CPF Policy and strategy (NP&S) requires the NRA be conducted at least every five years and the NP&S be reviewed, at least annually, and as necessary following any significant developments such as changes to the FATF Standards or the identification of new and emerging typologies. Section 3A (4)(b) provides for collaboration between the Registrar and NAMLC to determine the criteria to be used for determining the TF risk profiles of NPOs.

**Criterion 8.2:**

- a) The NPO Act at various sections including ss. 4, 9 and 16 contain clear policies to promote accountability, integrity and public confidence in the administration and management of NPOs. The measures include requirements for NPOs to implement internal accounting and administrative procedures necessary to ensure transparent and proper use of its financial and other resources, keep accounts and other records in relation to its business, requirements for the NPO Registrar to maintain a register that is accessible to the public with information that includes the name, address, purpose, activity and identity of the comptroller and senior officers, for NPOs to provide accurate information to the registrar (providing false information is an offence) and for the promotion and undertaking outreach and educational programmes to raise and deepen awareness among NPOs.
- b) The NPO Registrar is required to promote and undertake outreach and educational programmes to raise and deepen awareness among NPOs and the wider public about the potential vulnerabilities of NPOs to TF abuse and TF risks, and the measures NPOs can take to protect themselves against such abuse (s. 3A(4)(d) of the NPO Act). Further, FIU is required to educate and create awareness to the public on matters relating to ML/TF/PF (s. 11(10)(g) of the MLTPA). The FIU has since published the FATF Typologies Report- ‘Risk of Terrorist Abuse in NPOs’ on its website which is accessible to NPOs as part of the educational programme. Further, in 2023 the FSC has published and made available guidance to on “Best Practices for NPOs to mitigate the risk of TF abuse” developed by the NPO Best Practice Committee. Training and outreach sessions were conducted with the NPO sector by the FIU (former supervisor) and the FSC between 2019 and 2023, focusing on several areas including registration and annual filing obligations, procedures to prevent the chance of being unwittingly involved in ML/TF, terrorism and TF and NPO best practices to mitigate TF abuse.
- c) The Registrar of NPOs has an obligation to work with NPOs to develop and refine best practices to address TF risks and vulnerabilities and thus protect them from TF abuse (s.3A(4)(e) of the NPO Act). This is achieved through the NPO Best Practices Committee established in accordance with s.3A(1)(a) of the NPO Act and which includes the Registrar, NPOs and other public and private sector stakeholders. The Committee has developed guidance on “Best Practices for NPOs to mitigate the risk of TF abuse” (see analysis in IO.10 for more details).
- d) NPOs are encouraged to conduct transactions via regulated financial channels, wherever feasible (*FSC Best Practice Guidance for NPOs- s.16*). To raise awareness relative to the content of the Guidance, training and outreach was provided to the sector and the guidance was made available on the [FSC website](#) and other social media pages. The authorities also advised that the guidance was disseminated via email to NPOs.

**Criterion 8.3:**

The FSC has taken steps to promote the effective supervision or monitoring of NPOs that are risk of TF abuse through various mechanisms including the issuance of guidance and the development of a three-year NPO action plan which includes the risk-based supervision of NPOs. Legislatively, the Registrar of NPOs is required to implement a ML/TF risk-based supervisory or monitoring programme for NPOs (s.3A of the NPO Act). Further, the Registrar, may from time to time, institute onsite inspections of NPOs to enable the Registrar to determine how well the NPO is complying with the requirements of the Act (s.10 of the NPO Act). The scheduling of these onsite examinations is guided by, *inter alia*, collaboration between the Registrar and the NAMLC and the annual review threshold in s.7 of the Annual Return.

The FSC has also developed an ML/TF/PF Risk Management Policy which was approved and became effective on 12<sup>th</sup> December 2023 and outlines the plan of action regarding supervision of NPOs, including mitigating the risk of TF abuse of NPOs and the implementation of supervisory activities using a risk-based approach. Additionally, the FSC has undertaken and implemented a number of supervisory measures to demonstrate that risk-based measures apply to NPOs at risk of terrorist financing abuse including:

The development of an examination work plan using a risk-based approach to determine the examination cycle and thereafter the number and type of examinations to be conducted. High risk sectors are allotted a cycle of 18 months. The examination work plan has also been developed based on sector risk ratings. These risk ratings are to be reviewed once annually at a minimum. Desk-based reviews of the regulatory NPO files transmitted from the FIU has been completed. This review identified the number of NPOs that fall within the FATF definition of NPOs and those in the religious and social services sector identified as higher risk. A risk-based schedule for onsite inspections of NPOs has been developed using the findings of the desk-based review and the preliminary findings of the ongoing NPO risk assessment. One onsite examination of an NPO in a higher-risk sector has been completed and feedback provided on the findings including deficiencies to be addressed and timelines for addressing the deficiencies.

**Criterion 8.4:**

- a) The registrar is required to implement a monitoring program for NPOs (s.3A of the NPO Act). Further, provision is made for the Registrar, from time to time, to institute onsite inspections of NPOs to enable the Registrar to determine how well the NPO is complying with the requirements of the Act (s.10 of the NPO Act).
- b) NPOs are liable for sanctions that are proportionate and dissuasive. Where the NPO Registrar discovers a breach of any obligation by an NPO, the NPO Registrar may impose one or more of the following measures, after giving the NPO a reasonable opportunity to make representations, whether on its own or on its behalf– (a) written warnings; (b) issue a directive to comply with specific instructions to ensure compliance with the obligations of the NPO; (c) ordering regular reports from the NPO on the measures it is taking; and (d) such other measure as may be prescribed by Regulations (s.11 of the NPO Act). Sanctions also include cancellation of NPO registration and forfeiture of NPO property (s.12 of the NPO Act) and removal of the controller(s)(s.13 of the NPO Act).

**Criterion 8.5:**

- a) Section 77B of the MLTPA provides for the establishment of the NAMLC which includes all competent authorities including the NPO and NGO Registrars who is the Director of the FSC. The Policy and Legal Drafting Working Group of NAMLC is responsible for keeping national AML/CFT/CPF policies and strategies and legislative framework under review. This includes policies, strategies and legislation impacting NPOs. Further, the Group of Supervisors of NAMLC provides an institutionalised framework for cooperation amongst all four supervisors, including the FSC in its capacity of both the NPO & NGO Registrar.
- b) The NPO Registrar is required to, *inter alia*, conduct inquiries and investigations by virtue of the provision of s.13, specifically sub-section 4. Where the NPO Registrar discovers facts likely to constitute indication of ML/TF/PF he shall so inform the FIU without delay and shall cooperate with the FIU, the DPP, any LEA or any competent authority for the purposes of any investigation or inquiry arising out of such referral. The FSC that is responsible for the supervision of the NPOs is a well-established and experienced supervisory agency with the relevant capacity. Further, the Registrar can appoint an external person to conduct inquiries where there are grounds to suspect that an offence of ML or TF or breaches to any law (s.13(3) of the NPO Act).
- c) The Registrar of NPOs has full access to information on the administration and management of NPOs during the course of an investigation based on the requirements of ss.10 and 13 (4) of the NPO Act. The Registrar and LEAs also have access to basic and BO information that are maintained in accordance with the requirements of R.24 A Police officer can apply for a monitoring order before a judge or magistrate directing an NPO to give information to a police officer or authorised officer of the FIU (s.32 of the MLTPA). In circumstances where an investigation or inquiry is being conducted by an LEA, the Registrar has a duty to co-operate and provide information to the investigators (s.13 (15) of the MLTPA).
- d) Where the NPO Registrar discovers facts likely to constitute indication of ML/TF/PF, he shall so inform the FIU without delay and shall cooperate with the FIU, the DPP, any LEA or any competent authority for the purposes of any investigation or inquiry arising out of such referral (s. 13 of the NPO Act).

**Criterion 8.6:** The NPO Registrar may, on the written request of a foreign regulatory authority, do any of the following– (a) exercise any powers conferred on the NPO Registrar, by this or any other Act, to require a person to provide information or produce documents; (b) make any application the NPO Registrar is authorised to make under this Act; or (c) disclose information or provide documentation to a foreign regulatory authority whether the information or documentation– (i) was obtained by the exercise of a power specified in paragraph (a); or (ii) is otherwise in the possession of the NPO Registrar and its disclosure is not prohibited under this Act or any other law (s.14 of the NPO Act).

### ***Weighting and Conclusion***

Belize has in place a comprehensive technical compliance framework to address the requirements regarding NPOs. Most of the important elements of the R.8 are addressed. In addition to the legislative framework the Authorities have taken action to identify the nature of threats posed to NPOs through the conduct of its NRAs 2019 and the ongoing 2022 NRA. The Authorities have also taken steps to promote the effective supervision or monitoring of NPOs and are able to demonstrate that risk-based measures apply to NPOs at risk of TF abuse. **R.8 is rated LC.**

## Recommendation 9 – Financial institution secrecy laws

R. 9 (formerly R.4) was rated PC in Belize’s 3rd round MER. The deficiencies include no provision for the designated supervisory authorities the CBB, SOI, IFSC and Ministry of Finance to share information among themselves. These deficiencies were addressed by amendments to the provisions in the MLTPA 2013 as reported in Belize 4<sup>th</sup> FUR.

**Criterion 9.1:** There is no financial secrecy laws that inhibit the implementation of the FATF Recommendations in Belize-

*Access to financial information by competent authorities:* Section 81 of the MLTPA overrides secrecy obligations or other restrictions on disclosure to give effect to the provisions of the MLTPA. Section (11)(1)(k) of the MLTPA empowers the FIU to request information from any FIs and DNFBPs, supervisory authorities, law enforcement agencies and other domestic agencies for the purposes of the MLTPA. Further, supervisors have the power to, *inter alia*, compel the production of documents and records necessary to conduct their functions. Access to financial information is also available via several other supervisory legislation including the Domestic Bank and Financial Institutions Act (DBFIA-s.79), National Payment System Act (NPSA-s.28), Credit Union Act (CUA-s.60 (3), Financial Services Commission Act (FSCA-s.50) and the Insurance Act (s.213). LEAs have access to financial information (see analysis of R.31).

*Sharing of Information between competent authorities and with foreign counterparts:* From a technical compliance standpoint, Belize has a robust regime that facilitates the sharing of information between competent authorities. Financial information is shared among competent authorities via, *inter alia*, the various working groups such as the GoS and MOUs (see analysis of R.2). Sections 75(C)(1) and (2) of the MLTPA provides for a supervisory authority to cooperate with foreign regulatory authorities and law enforcement agencies in Belize including the sharing of documents and information. The FIU is also authorised to share information with other competent authorities in accordance with ss.7 and 11 of the MLTPA. Further, as is demonstrated in the analysis of R.37-40, the formal and other forms of cooperation mechanism allow Belize to share financial information with foreign counterparts, with no issues regarding secrecy (see analysis of c.37.4 and 40.5).

*Sharing of Information among FIs:* FIs that are members of a financial group are permitted to share information, including customer and STR information (s.19A of the MLTPA- see analysis of R.18, specifically c.18.2). Financial secrecy does not inhibit the sharing of information under R.13, 16 and 17 (see analysis of R.13 (rated Compliant), R.16 (rated Compliant) and R.17 (rated Compliant)).

### **Weighting and Conclusion**

Criterion addressed. **R. 9 is rated Compliant.**

## Recommendation 10 – Customer due diligence

R.10 (formerly R. 5) was rated NC in Belize’s 3<sup>rd</sup> round MER due to deficiencies in customer verification measures, ownership and control structure requirements, ongoing and enhanced due diligence obligations and customer due diligence triggered STR considerations. The deficiencies were addressed by amendments to the MLTPA as noted in Belize’s 6<sup>th</sup> FUR to the level of LC.

**Criterion 10.1:** Reporting entities as defined in s.2 of the MLTPA include entities who carry out activities listed in Schedule 1 of the MLTPA. These include all activities conducted by FIs as defined by the FATF in the Glossary. The above measure complies with the requirement of the criterion. Reporting entities are required to keep customer accounts in the true name of the account holder (s.16

of the MLTPA). Further, reporting entities are prohibited from setting up or maintaining an anonymous account, anonymous passbook or an account in a fictitious name for any new or existing customer (s.16(2A) of the MLTPA).

**Criterion 10.2:** Sections 15(1) and 15(2) of the MLTPA require FIs to establish and verify the identity of any customer by requiring an identification record or other reliable independent source document when:

- a) establishing a business relationship.
- b) for transactions amounting to or above BZD30,000 (USD15,000) or its equivalent in foreign currency whether carried out in a single transaction or several transactions that appear to be linked.
- c) for conducting occasional transactions that are wire transfers pursuant to s.19 of the MLTPA, which covers requirements of Recommendation 16 and its Interpretive Note.
- d) when there is a suspicion of ML or TF.
- e) when there are doubts about the veracity or adequacy of previously obtained customer identification data.

**Criterion 10.3:** FIs are required to establish and verify the identity of any customer by requiring an identification record or other reliable independent source document (s.15(1) of the MLTPA). Customer means a person or entity purchasing or using a service or commodity and includes an applicant for the services of a business and a client (s. 2 of the MLTPA). The definition is broad and was interpreted by the assessment team to include permanent or occasional, and natural or legal persons or legal arrangements.

**Criterion 10.4:** FIs are required to take necessary measures to ensure that a person who is acting or appears to be acting as a representative of a customer is legally authorised to act for the customer (s.15(3)(a)(i) (aa) of the MLTPA). Additionally, CDD is required to be conducted to identify and verify the identity of the person acting or appearing to act for the customer (s. 15 (3)(a)(i) (bb) of the MLTPA).

**Criterion 10.5:** FIs are required to obtain information on customers that are legal persons or legal arrangements, to adequately identify them, the BO and ultimate natural persons providing the funds of such legal persons or legal arrangements and take reasonable measures to identify and verify the nature of their business, their legal status, ownership, and control structure of the customers (s.15(3)(c) of the MLTPA). BO is defined in s.2 of the MLTPA and fully complies with the definition in the FATF Glossary.

**Criterion 10.6:** FIs when establishing a business relationship are required to obtain information on and take steps to understand the purpose and intended nature of the business relationship the nature of the customer's business and the source of funds (s.15 (3) (a) of the MLTPA).

**Criterion 10.7:** FIs are required to conduct ongoing monitoring of a business relationship (s.15(3A) of the MLTPA). Ongoing monitoring is defined in s.15(3C)(b) of the MLTPA to include:

- a) scrutinizing transactions undertaken throughout the course of a relationship (including the source of funds where necessary), to ensure transactions are consistent with the reporting entity's knowledge of the customer and his business risk profile.
- b) keeping documents, data or information in the CDD process up-to-date and relevant by undertaking reviews of existing records (in all circumstances). The standard applied by Belize is higher than

that of the FATF as this is not conditional on the customer being higher risk but is applicable in all instances.

**Criterion 10.8:** FIs are required to obtain information on customers that are legal persons or legal arrangements, to adequately identify them, the BO and ultimate natural persons providing the funds of such legal persons or legal arrangements and take reasonable measures to identify and verify the nature of their business, the legal status, ownership, and control structure of the customers (s 15(3)(c) of the MLTPA).

**Criterion 10.9:** FIs are required to obtain information on legal persons and legal arrangements and take reasonable measures to identify and verify the nature of the business, the legal status, ownership, and control structure (s. 15(3)(c) of the MLTPA). As detailed in subsection 15(3)(ii)(iv) (ff). of the MLTPA, some of these measures include information on:

- a) full name and trade name, date and place of incorporation or similar evidence of establishment or existence and legal form.
- b) information about the legal powers that regulate and bind the legal person or legal arrangement, name of trustee and ultimate settler for trusts and identities of directors for legal persons.
- c) registered office address and, if different, mailing address and address of the principal place of business.

**Criterion 10.10:** The requirement in the MLTPA to identify the BO of legal person is comprehensive. It includes, *inter alia*, FIs adequately identifying the BO of customers that are legal persons (s. 15(3)(c) of the MLTPA). Further, in the case of a legal person only, identifying and verifying the identify of a natural person (either person of control or ownership) by some means and, identifying a relevant natural person holding the position of a Chief Executive Officer (CEO) or a person of equivalent or similar position to a CEO (s.15(3)(c)(xviii) of the MLTPA).

- a) The above measure allows for ascertaining the identity of the natural person who ultimately has a controlling ownership interest through subsection 15(3)(c)(xviii). Additionally, the definition of BO complies with the requirements of the FATF and includes BO is the person who ultimately owns or controls more than 25% of the shares or voting rights in a legal person; and
- b) and (c) Section 15 (3)(c)(xviii) (aa) and (bb) provides for identifying the names and verifying the identity of the natural person having the position of the CEO or a person of equivalent or similar position of the CEO. The foregoing section is sufficiently broad, and the assessment team interprets this to mean that FIs are required to identify the natural person exercising control over the legal person through other means who holds the position of a senior management official (equivalent or similar position of a CEO). In addition to the above requirements the provision mandates the identifying of a natural person who is a chief executive or who holds a similar position in the legal person.

**Criterion 10.11:** (a) FIs are required to obtain information on legal arrangements, to adequately identify them, the BO and ultimate natural persons providing the funds of such legal arrangements (s.15(3)(c) of the MLTPA). The requirement makes provision for identification and verification of identity of the customer, trustee and ultimate settler for trusts (s.15 (3)(c)(iii) of the MLTPA). Section. 2 of the MLTPA defines BO in the case of a trust to include an individual who is entitled to a specified interest in the trust property, the class of persons in whose main interest the trust is set up or operates, the person who has control over the trust, the settlor, and the protector, if any.

These measures allow for the identification and verification of the trustee, settlor, protector, any person who has control over the trust and the class of persons in whose main interest the trust is set up or operates. Further, FIs are required to apply CDD measures to beneficiaries as soon as the beneficiary is designated and for the beneficiary that is designated by characteristics or by a class. The FI is required to obtain sufficient information concerning the beneficiary to satisfy the relevant person that it will be able to establish the identity of the beneficiary at the time of pay out (s.15(2A) (b) of the MLTPA).

(b) The provisions of s.15 (3) (c) of the MLTPA are applicable to legal arrangements in general although s.15(3)(c) references trust. Section 15 (2A) is applicable to all legal arrangements and requires, *inter alia*, the identification of the beneficiary.

**Criterion 10.12:** FIs are required to apply CDD measures on a beneficiary in the case of a life insurance policy as soon as the beneficiary is designated (s. 15(2A) of the MLTPA). (a) FIs are required to take the name of the beneficiary that is identified as a specifically named natural person, legal entity, or legal arrangement (15(2A) (a) of the MLTPA). (b) FIs are required to obtain sufficient information to satisfy itself that it will be able to establish the identity of the beneficiary, designated by characteristics, class or other means, at the time of pay out (s 15 (2A) (b) of the MLTPA). (c) The verification of the identity of the beneficiary under a life insurance policy must take place before or at the time of payout (s.15(3)(c)(xix) of the MLTPA). The foregoing is applicable to investment related insurance policy given the definition of “policy” pursuant to s.2 of the Insurance Act. Further, where the reporting entity carries on insurance business it is required to identify each beneficiary under long term or investment linked policies issued or be issued by the reporting entity and verify the identity of each beneficiary (s.15(2A) (c) (xix) of the MLTPA).

**Criterion 10.13:** FIs are required to include the beneficiary of a life insurance policy as a relevant risk factor in determining the extent of enhanced CDD measures to be applied in accordance with s.4A which requires a FI to apply on a risk-sensitive basis enhanced CDD measures (s.15 (4AA) of the MLTPA). Further, s. 15 (4A) (f) of the MLTPA provides for EDD to be applied on a risk sensitive basis and enhanced monitoring be undertaken if any other situation arises, which by its nature could present a higher ML/TF/PF risk. The identification and verification of the beneficiary of life insurance policies or trust may take place after the business relationship has been established provided that it takes place at or before the time of pay out (s.15(3)(c)(xix) of the MLTPA) regardless of whether same represents a higher or lower risk.

**Criterion 10.14:** Verification of identity must be completed during the establishment of a business relationship, or the carrying out of an occasional transaction, or after the establishment of a business relationship (s.15(3) (ca) of the MLTPA) if:

- a) there is little risk of ML or TF provided that the verification is completed as soon as practicable after contact is first established. (s.15(3) (ca)(ii) of the MLTPA);
- b) it is necessary not to interrupt the normal conduct of business. (s.15(3) (ca)(i) of the MLTPA); and
- c) any ML or TF risks that may arise should be effectively managed. (s.15(3) (ca)(iii) of the MLTPA).

**Criterion 10.15:** FIs are required to adopt risk management procedures consistent with the Act concerning conditions under which a customer may utilise a business relationship prior to verification of the customer’s identity (s. 15(6A) of the MLTPA).

**Criterion 10.16:** Section 15(3B) of the MLTPA requires a FI to (a) apply CDD measures at appropriate times to existing customers on a risk-sensitive basis by (b) assessing the risk that any business relationship or occasional transaction involves or will involve ML/TF, depending on the type of customer, business relationship, geographic areas, services, delivery channels, product or transaction and (c) being able to demonstrate to the supervisory authority (i) that the extent of the due diligence measures applied is appropriate having regard to the circumstances, including the risks of ML/TF and (ii) that it has obtained appropriate information to carry out the required risk assessment. Further, s.15 (3B) (c) of the MLTPA requires FIs to (i) apply due diligence measures to existing customers on the basis of materiality and (ii) at appropriate times, taking into account whether and when these measures had been applied to the customer and the adequacy of the data collected.

**Criterion 10.17:** FIs are required to apply EDDs and ongoing monitoring on a risk-sensitive basis in specific high-risk situations as detailed in subsections (a) to (f) of s.15(4A) of the MLTPA. The above provisions require enhanced CDD measures on a risk-sensitive basis which would mandate such measures where the ML/TF risks are higher.

**Criterion 10.18:** Section 15(5B) of the MLTPA stipulates that an FI is not required to apply the full CDD measures in circumstances where (a) after assessing the risk, the FI has reasonable grounds for believing that there is a low risk of ML and of TF; and (b) the FI has no suspicion of ML or of TF. The foregoing provision allows FIs to apply simplified CDD measures where lower risks have been identified, through an analysis of risks by the FI.

The law makes provision allowing FIs to conduct SDD on specific types of customers. These include an AML/CFT regulated institution including those subjected to the MLTPA and a company listed on an appointed stock exchange (s.15 (5D) of the MLTPA). Further, SDD is applicable to specified insurance products (annual premiums no more than BZD2000.00 (USD1000.00) or a single premium of no more than BZD 5000.00 (USD2500) is paid on a single policy, insurance contract for the purpose of pension scheme with no surrender clause and cannot be used for collateral, pension or similar schemes that provides that retirement benefit for employees). Whilst there has been no ML/TF risk assessment of the foregoing thresholds, the insurance and pension fund sectors are both considered as low risk based on the findings of the NRA and therefore does not represent higher risk scenarios. Further, the MLTPA at various sections mandates that EDD must be conducted in situations that represent a higher risk for ML/TF including at s.15 (4B).

**Criterion 10.19:** (a) Where FIs are unable to apply CDD measures in accordance with the provisions of the MLTPA, it must (a) not open an account or carry out a transaction for the customer, (b) not establish a business relationship or carry out an occasional transaction with the customer, (c) terminate any existing business relationship when the reporting entity is unable to undertake ongoing monitoring with respect to the relationship (s.15 (6B) of the MLTPA). (b) Where an FI is unable to perform CDD in accordance with the provisions of the MLTPA it shall file an STR with the FIU (s. (6E) of the MLTPA).

**Criterion 10.20:** FIs are not required to perform CDD measures where it suspects that a transaction relates to ML/TF, and it believes that performing CDD may tip-off the customer or potential customer to that suspicion (s. 15(6D) of the MLTPA). Additionally, where an FI is unable to perform CDD in accordance with the provisions of the MLTPA it shall file a STR with the FIU (s.15(6E) of the MLTPA).

### ***Weighting and Conclusion***

All Criteria addressed. **R. 10 is rated Compliant.**



## Recommendation 11 – Record-keeping

R.11 (formerly R.10) was rated PC in the 3<sup>rd</sup> round MER. The deficiencies included no requirement for FIs under the supervision of the CBB, SOI and the FIU to ensure that records are available on a timely basis to domestic competent authorities upon appropriate authorisation. These deficiencies were addressed by amendment to the MLTPA, as noted in Belize 4<sup>th</sup> FUR.

**Criterion 11.1:** FIs are required to maintain records of all transactions (s.16(1)(a) of the MLTPA). Records are kept for a period of at least five years from the date the relevant business or transaction was completed, or termination of business relationship (s.16 (4) (a) of the MLTPA).

**Criterion 11.2:** FIs are required to maintain records of a customer’s identity and evidence thereof from any CDD measures or ongoing monitoring, all account files and business correspondence relating to business relationship and written reports established in accordance with s.17 which covers suspicious transaction monitoring and reporting, and results of any analysis undertaken (s.16(1)(b), (c) and (d) of the MLTPA). Records must be kept for a period of at least five years from the date the relevant business or transaction was completed, or termination of business relationship whichever is the later (s. 16 (4) (a) of the MLTPA).

**Criterion 11.3:** FIs are required to keep transactions records that are sufficient to permit reconstruction of individual transactions and that can be used as evidence for prosecution of an offence (s 16(4B) and (4C) of the MLTPA).

**Criterion 11.4:** FIs are required to ensure that customer information and transaction records are available swiftly to domestic competent authorities upon proper authority (s. 16(4D) of the MLTPA).

### *Weighting and Conclusion*

All criteria addressed. **R. 11 is rated Compliant.**

## Recommendation 12 – Politically exposed persons

Belize was rated LC for R.12, (formerly R.6) in its 3<sup>rd</sup> round MER. The deficiencies included no requirement for senior management to approve continuing a relationship with an existing customer who subsequently becomes or is found to be a PEP. These deficiencies were addressed by virtue of amendments to the MLTPA as noted in the 4<sup>th</sup> FUR.

**Criterion 12.1:** PEP is appropriately defined in the MLTPA and complies with the definition of PEP in the FATF Glossary. The definition is also applicable to family members and close associates. (ss. 2A (2) and (3) of the MLTPA). The categories of PEPs in Belize (domestic, foreign and persons having been entrusted with a prominent function by an international organisation) are all captured in the provisions of the MLTPA.

- a) FIs are required to have appropriate risk management systems to determine if a potential customer, customer, or BO is, is likely to be, is found to be or becomes a PEP, or family member or close associate of the PEP (s.15(3)(d) of the MLTPA).
- b) FIs shall, where a potential customer, customer or BO is, is likely to be, is found to be or becomes a PEP, or family member or close associate of the PEP, obtain the approval of senior management before establishing or continuing a business relationship with the customer or potential customer (s. 15(3)(d)(ii) of the MLTPA).
- c) FIs shall, where a potential customer, customer or BO is, is likely to be, is found to be or becomes a PEP or family member or close associate of the PEP, to take reasonable measure to establish the

source of funds and source of property<sup>65</sup> of the customer, potential customer, the PEP or family member or close associate of the PEP as appropriate (s. 15(3)(d)(iii) of the MLTPA).

- d) FIs are required to have appropriate risk management systems to determine if a potential customer, customer or BO is, is likely to be, is found to be or becomes a PEP, or family member or close associate of the PEP and if so (v) requires that those systems contain a component, enhanced ongoing monitoring of the business relationship with the customer s.15(3)(d) of the MLTPA).

**Criterion 12.2:** (a) The requirement of s.15(3)(d) of the MLTPA as noted in sub-criterion 12.1(a) above is applicable as it requires a FI to have appropriate risk management systems to determine if a potential customer, customer, or BO is, is likely to be, is found to be or becomes a PEP which as defined in the MLTPA includes both domestic PEPs and persons entrusted with a prominent function by an international organisation. (b) All the requirements of criterion 12.1 (a-d) applicable to foreign PEPs are also applicable to domestic PEPs and persons who are, or have been, entrusted with a prominent function by an international organisation.

**Criterion 12.3:** As noted in the analysis of criteria 12.1 and 12.2 the cited provisions of the MLTPA are applicable to family members or close associates of PEPs. Therefore, the relevant requirements of 12.1 and 12.2 are applicable to family members or close associates of a PEP.

**Criterion 12.4:** FIs, up until the time of payout in relation to life insurance policies must take reasonable measures to determine whether the beneficiaries or the BO of the beneficiaries are PEPs (s. 15(3)(xv) of the MLTPA). Further, where a beneficiary or BO of the beneficiary is determined to be a PEP, the relevant person in the FI shall inform senior management prior to the payout of the policy proceeds and conduct EDD on the whole business relationship with the policy holder (s. 15(3)(xvi) of the MLTPA). FIs are required to consider filing an STR with the FIU where higher risk issues are identified (s.15(3) (c) (xvi) (cc) of the MLTPA).

### ***Weighting and Conclusion***

All criteria addressed. **R. 12 is rated Compliant.**

## **Recommendation 13 – Correspondent banking**

In its 3<sup>rd</sup> round MER Belize was rated as LC for R.13 (formerly Rec 7). The deficiency was no requirement for FIs to determine whether respondent FIs have been subject to ML/TF investigations or regulatory action.

### **Criterion 13.1:**

- a) FIs that are entering/in correspondent or other similar relationships to apply due diligence measures to fully understand the respondent's nature of business, the quality of its supervision including whether the respondent has been subject to a ML/TF investigation or regulation action can be determined by publicly available information (s.15 (6) (c) and (a) of the MLTPA).
- b) assess the respondent's AML/CFT controls (s.15(6) (d) of the MLTPA).
- c) obtain senior management's approval before establishing new relationships (S.15 (6) (e) of the MLTPA).

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<sup>65</sup> The definition of property in the MLTPA is broad and include the definition specified in the FATF Glossary. The MLTPA definition of property is sufficiently broad in scope to capture wealth.

- d) clearly understand the respective AML/CFT responsibilities of each institution (s.15 (6) (f) of the MLTPA).

**Criterion 13.2:** The criterion is satisfied by the requirements of s.15 (6) (j) of the MLTPA which requires a respondent bank that provides customers with direct access to its services, by way of payable-through accounts or other means, to ensure that it is satisfied that the respondent bank:

- a) undertakes appropriate CDD and EDD in respect of such customers in accordance with s.15 (6) (j) (i) of the MLTPA.
- b) can provide relevant due diligence information and verification evidence to the bank or FI upon request in accordance with s.15 (6) (j) (ii) of the MLTPA.

**Criterion 13.3:** FIs are required to take appropriate measures to ensure that they do not enter into, or continue, a correspondent banking relationship with a bank that is known to permit its accounts to be used by a shell bank (s.15 (6) (b) of the MLTPA). Further, s.14(2A) of the Domestic Banks and Financial Institutions Act (DBFIA) prevents shell banks from obtaining licenses to operate in Belize FIs are prohibited from entering into or continuing a correspondent banking relationship with a shell bank (s.15 (6) (i) of the MLTPA).

### ***Weighting and Conclusion***

All criteria addressed. **R.13 is rated Compliant.**

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

R. 14 (formerly SR.VI) was rated PC in Belize's 3<sup>rd</sup> round mutual evaluation since the sanctions applied to MVTS were not dissuasive and the number of inspections at the time were indicative of ineffective monitoring.

**Criterion 14.1:** The requirements of the National Payment System Act (NPSA) govern the operation of MVTS and is the law that is used to demonstrate Belize level of compliance with the requirements of R.14. The definition of Payment Service in the NPSA is aligned with the definition of MVTS in the FATF Glossary. A person shall not provide a payment service unless that person is duly licensed for that purpose by the Central Bank of Belize (CBB) (s. 7 of the NPSA). The CBB is empowered to grant license provided that specific requirements as identified in the legislation are satisfied (s.9 (1) of the NPSA) Further, where Payment Service Provider (PSP) intends to provide service via an agent, it must obtain approval from the CBB via an application and provide all requisite information including name and address of the agent and a description of the internal control mechanisms (s.24 (1) of the NPSA).

**Criterion 14.2:** The CBB is authorised to conduct investigations to identify persons carrying out payment services without a license (s.7(2) of the NPSA). Persons conducting payment services without a license can be subject to sanctions that are proportionate and dissuasive. Persons in contravention of this provision of the Act, regulations or guidelines or breach of a term or condition of license or registration are deemed to have committed an infringement or offence under the Act in accordance with S.33(1) of the NPSA. The CBB has taken actions to identify persons carrying out MVTS without a license as in 2023 it issued public notices and warnings regarding the operations of unregistered MVTS in Belize on its website and issued publications and advertisements in national television stations and printed media.

In addition, s.33 (2) outlines a range of administrative sanctions taken by the CBB for persons found to be in contravention of the Act. Should a person fail to comply with administrative measures they would have committed an offence and is liable on summary conviction in accordance with s.54 (1) which applies a fine of BZD100,000.00 (USD50,000.00) and or imprisonment to a term of 4 years, for

individuals and BZD500,000.00 (USD 250,000.00) for a body corporate (s.54 (1) NPSA). Additionally, officers, directors, managers or employees of a body corporate proven to have facilitated an offence are also liable to individual penalties (s.54 (2) NPSA). Sections 54 (3) and (4) of the NPSA also empower the CBB to publish the outcomes of any actions taken.

**Criterion 14.3:** PSPs are subjected to monitoring by the CBB in accordance with the Act (NPSA), the MLTPA or guidelines issued thereunder or license condition for the purpose of ensuring compliance with AML/CFT/CPF obligations (s.26(3) of the NPSA).

**Criterion 14.4:** PSPs who intend to provide their services through the use of an agent are required to seek prior authorization from and make an application to the CBB (s.24 (1) NPSA). Persons are prohibited from carrying on the activity of an agent of a PSP without such authorization from the CBB (s.24 (6) of the NPSA). Section 24(5) of the Act provides for the CBB to maintain a register of agents which should be available to the public.

**Criterion 14.5:** PSPs are required to ensure agents or third parties acting on their behalf are included in their AML/CFT programmes and monitored for compliance. PSPs are also required to document the basis on which it is satisfied with the agents' compliance with its AML/CFT programme (s. 26(2A) of the NPSA).

### ***Weighting and Conclusion***

All criteria addressed. **R.14 is rated as Compliant.**

## **Recommendation 15 – New technologies**

R. 15 (formerly R.8) was rated as NC in Belize's 3<sup>rd</sup> round MER. The deficiencies included no requirements for FIs to implement measures: to prevent the misuse of technological developments for ML and TF or mitigate risks associated with non-face to face business relationships or transactions, particularly when establishing customer relationships and conducting ongoing due diligence. R. 15 was significantly revised by the FATF in 2019 to provide for virtual assets (VAs) and the activities of virtual asset service providers (VASPs).

**Criterion 15.1:** Section 5.2.1 of the NP&S provides that the NRA and the respective Sectoral Risk Assessments (SRAs) shall, as appropriate, identify and assess the ML/TF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products. Section 18(1)(b)(x) of the MLTPA provides that a reporting entity shall guard against the use of technological developments, which include through the performance of a risk assessment of any products or services (prior to launch) and the continual documentation of risk assessment and management of such products and services, in a form available to share with the supervisory authority.

Section 5.2.3(i) of the NP&S provides for reporting entities to undertake an appropriate level of assessment of ML/TF risks extending to conducting such assessments of new products and new business practices (including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products). The 2019 NRA assessed risk relating to the new products, services and technologies including e-banking, pre-paid cards, internet and non-face to face interactions. This is in addition to the risk assessment conducted relative to VASPs.

### **Criterion 15.2:**

- (a) Section 18 (5) (e) of the MLTPA requires FIs to perform and document risk assessments (prior to launch and on a continuous basis) of new products, services, practices or technology and manage

such products, services, practices or technology, in a form available to share with the supervisory authority.

- (b) Section 18(1)(b)(xii) of the MLTPA requires FIs to mitigate risks by considering the NRA or reporting entities' risk assessment results or conclusions and applying enhanced measures where higher risks are identified in the reporting entity's risk assessment.

### ***Virtual Assets (VAs) and Virtual Assets Services Providers (VASPs)***

Belize has placed a prohibition on the use and operations of VAs and VASPs. Section 81(1) prohibits conducting VASP activity without a license. In accordance with s.66, contravention of s.81(1) is an offense with a penalty of BZD100,000 (USD50,000). Section 81 (3) of the FSCA, 2023 states no licences for virtual assets activities will be issued before December 31, 2025. A person conducting such activity before the commencement of the Act, is required to notify the FSC in writing and ceased its operation or activity within three months (s.81(5) of the FSCA). Failure to comply with the requirements of s.81 (5) is an offence that is liable for financial sanction of BZD 100,000.00 (USD50,000.00) Therefore, the jurisdiction was only assessed under c.15.1, 15.2, 15.3 (a) and (b), 15.5 and 15.11 based on the requirements of the Methodology.

#### **Criterion 15.3:**

- (a) Section 77B (1) (d) of the MLTPA requires the NAMLC to co-ordinate actions to conduct risk assessments every five years (S.77B.(1A) and to keep assessment up to date (S.77.B. (1) (d) Accordingly, Belize (via the FSC) in conjunction with a private sector entity specialising in VAs (cryptocurrency) conducted VA/VASP risk assessments in 2021 and 2022 to gain an understanding of the overall VA and VASP activity taking place in and from within Belize. The risk assessment identified the risks associated with the different cryptocurrency exchanges in operation and defunct (at the time of the assessments) and the risk (high, medium and low) associated with those exchanges.
- (b) Belize conducted two risk assessments in 2021 and 2022 related to VAs. The findings determined that a deeper understanding of the risks was necessary to make better data driven decisions to either implement a risk-based regulatory framework or continue to prohibit VA and VASPs. As such, Belize has prohibited VA activities and operations of VASPs until December 31, 2025 (S.81 FSCA, Act No 8 of 2023). Further, the FSC issued a notice to the public on 25 May 2023 in relation to the prohibition on virtual asset activities and the risk of doing business with unlicensed VASPs, given the prohibition up to 31st December 2025.
- (c) The requirement of this sub-criterion is not applicable, given the prohibition by Belize.

**Criterion 15.4:** Given that Belize has prohibited the operations of VAs and VASPs, the requirement of this criterion is not applicable to Belize. This is in keeping with the requirements of the FATF Methodology.

**Criterion 15.5 :** Section 43 of the FSCA empowers an officer of the FSC to request a license and do all things necessary for verification of compliance with this Act, regulations, and other laws during an onsite inspection of a licensee. The FSC issued a public statement on virtual currencies (cryptocurrency) in February 2019, alerting the public of the potential risks of investing, trading, or offering VA and VA services. The FSC also wrote to its licensees, who may have purported themselves as being authorized by the FSC to provide VA services within Belize and instructed them to cease and desist from making such misrepresentation. Public notices were issued in May 2023 on the prohibition of VA/VASP in Belize. Persons engaging in the business of VA must notify the Commission of such activity or cease

the activity. Natural persons face a penalty of BZD100,000.00 (USD50,000.00) or up to one year in prison or both, and non-natural person face a fine of BZD200,000.00 (USD100,000.00) for failure to do so (S.81 FSCA). Conducting VASP activities without a license in contravention of s.81(1) is an offence with a penalty of BZD100,000 (USD50,000) (s.66 FSCA).

**Criterion 15.6 – 15.10:** The requirements of the foregoing criteria is not applicable to Belize given the prohibition. This is in keeping with the requirements of the FATF Methodology<sup>66</sup>

**Criterion 15.11:** Belize has a range of international cooperation mechanisms in place in line with Recs 37 to R. 40 where such activities are connected to ML, predicate offenses and TF risk. which also apply to VAs and VASPs. All regulators including the FSC have the ability to exchange information domestically and internationally, including information held by VASPs or related to VAs (if they existed) in Belize, and co-operate with counterparts. LEAs are also able to share relative to VASPs. The analysis and conclusions made under R37 – 40 which were rated Compliant are applicable here. Belize has rendered international cooperation relative to VAs (see analysis in IO2 and the case example provided in core issue 2.1).

### ***Weighting and Conclusion***

All criteria addressed. **R.15 is rated C.**

### **Recommendation 16 – Wire transfers**

R. 16 (formerly SR.VII) was previously rated NC in Belize’s 3<sup>rd</sup> Round MER. The deficiencies identified included: the originator’s address was not included in the originator’s information and there was no requirement for receiving intermediary FIs to keep records (for five years).

**Criterion 16.:** FIs including money transmission service (MTS) providers are required to:

- (a) In relation to the originator-
  - i. ensure that cross-border wire transfers are accompanied by complete originator information which has been verified for accuracy including the name of the originator (ss.19(1)(2)(2B) of the MLTPA).
  - ii. maintain accurate originator information on the originator account number, where such an account is used to process the transaction, otherwise a unique transaction reference number which permits traceability of the transaction (s.19 (2) (b) of the MLTPA).
  - iii. maintain accurate information on either the originator’s– (i) address; (ii) national identity number; (iii) customer identification number; or (iv) date and place of birth s,19(2)(cc) of the MLTPA).
- a) In relation to the beneficiary-
  - i. full beneficiary information to accompany cross border wire transfers and shall include the name of the beneficiary (s.19(2A)(a) of the MLTPA).
  - ii. beneficiaries account number or unique reference number that permits traceability of the transaction (s,19(2A)(b) of the MLTPA).

**Criterion 16.2:** Section 2D of the MLTPA creates provisions for several individual wire transfers from a single originator that are bundled in a batch file to contain complete information on the originator and each of the beneficiaries, the originator’s account number or unique identifier for the individual

<sup>66</sup> (see footnote 44 of R.15 of the FATF Methodology- Note to assessors).

transfers and complete information on all of the beneficiaries that is fully traceable in the beneficiaries' country.

**Criterion 16.3:** Belize does not have a de minimis threshold. All wire transfers are required to meet the information required in R16.1, including the ability to trace the transaction. FIs are required to identify customers and verify identification information when conducting any wire transfer set out in s.19 of the MLTPA (s.15(2)(b)(ii) of the MLTPA).

**Criterion 16.4:** FIs are required to identify customers and verify identification information when there is a suspicion of ML/TF (s.15 (2) (c) of the MLTPA).

**Criterion 16.5:** Domestic wire transfers are required to be only accompanied by the account number of the originator or a unique identifier that allows for traceability of the transaction. The originating FI is also required to make complete originator information available upon request, to the beneficiary FI, remittance service provider or supervisory authority within three days of such a request (s.19(2E) of the MLTPA).

**Criterion 16.6:** Section 19 (2E) of the MLTPA creates provisions for minimal information to accompany domestic wires provided the information can be made available by other means upon requests by the beneficiary FI, remittance service provider or supervisory authority within three working days. In addition, the supervisory authority has the power to obtain access or compel production of information (s.21(3) of the MLTPA). The FIU and LEAs can immediately compel the production of the information via investigative tools such as production orders (see analysis in c. 31.1 (a))

**Criterion 16.7:** All originator and beneficiary information to be kept for a period of at least five years, by FIs under the Banks and Financial Institutions Act, International Banking Act and remittance service providers license under the NPSA (s.19 (1) of the MLTPA). Further, all FIs are required to comply with the obligations of R.11 which is rated as compliant.

**Criterion 16.8:** The originating FI or remittance service provider is prevented from executing a wire transfer if the required information for doing so is not available (s 19. (2F) MLTPA Amendment). Further, Belize is compliant with the requirements of c.16.1-16.7.

**Criterion 16.9 :** The originator and beneficiary information is to be kept for a period of at least five years, by FIs when acting as an intermediary (s.19 (1) of the MLTPA).

**Criterion 16.10:** The receiving, intermediary or third-party FI is required to maintain all records received from an ordering FI or another intermediary FI where technical limitations would prevent receiving full originator or beneficiary information that should accompany a cross-border wire transfer from being transmitted with a domestic wire transfer for a period of five years (s.16(4E) of the MLTPA).

**Criterion 16.11:** An intermediary FI to implement reasonable measures commensurate with their risk-based policies, procedures and controls that are consistent with straight-through processing to identify the transfer of funds which lack complete originator and beneficiary information (s.19 (2G) of the MLTPA). This provision complies with the requirements of the criterion.

**Criterion 16.12:** FIs are required to have risk- based policies and procedures in place which are also applicable to wire transfers (s.18 (1)(b) (xiv) of the MLTPA). When an intermediary institution becomes aware when receiving a transfer of funds that the information on the originator or beneficiary is incomplete or missing, it is required to take actions as specified in sub-sections 2H,2I and 2J of the MLTPA which include reject or suspend the transaction, request complete information on the originator

or report it the supervisor (s.19 (2K) of the MLTPA). All of the foregoing is required to be addressed in the risk-based policies and procedures as required by s.18 of the MLTPA.

**Criterion 16.13:** Beneficiary FIs or remittance service providers are required to implement measures for post-event or real-time monitoring to identify wire transfers that lack complete originator or beneficiary information (s.19(2L) of the MLTPA).

**Criterion 16.14:** Beneficiary's FIs or remittance service providers are required to implement measures before transferring funds to verify the complete information on the beneficiary on the basis of documents, data or information obtained from a reliable and independent source (s.19(2M) of the MLTPA). Further, beneficiary's FI or remittance service provider are required to keep, for five years, records of any information received on the originator and beneficiary (s.19(2P) of the MLTPA). In the case of transfers of funds from an account, the complete information on a beneficiary shall be deemed to have been verified if the beneficiary's FI or remittance service provider has complied with the requirements of CDD under s.15 of the MLTPA (s.19 (2N) of the MLTPA). Section 15 of the MLTPA details the CDD measures including identifying and verifying procedures for customers. The beneficiary FI or remittance service provider shall keep for five years, records of any information received on the originator and beneficiary (s.19 (2P) of the MLTPA).

**Criterion 16.15:** All FIs are required to have risk-based policies and procedures in place which are applicable to wire transfer (s.18(1) (xiv) of the MLTPA). Section 19(2H) of the MLTPA provides that where a beneficiary's FI or remittance service provider becomes aware, when receiving transfers of funds, that information on the originator or beneficiary required under this section is missing or incomplete, the beneficiary's FI or remittance service provider shall (a) reject the transfer; or (b) ask for complete information on the originator, but a person is not required to comply with sub-section (1) if to do so would contravene any other provision of any law. If the originator FI or remittance service provider regularly fails to supply the information, the beneficiary FI can, *inter alia*, report that fact to the supervisory authority and taking steps to ensure that the information is provided by the originator FI (s. 19 (2L) of the MLTPA). All of the foregoing is required to be addressed in the risk-based policies and procedures as required by s.18 of the MLTPA.

**Criterion 16.16:** MTS providers are required to implement wire transfer requirements (s.19 of the MLTPA). As such the requirements of R.16 are applicable to MTS.

**Criterion 16.17:** (a) Remittance service provider that controls the ordering and the beneficiary side of the wire to take into account all the information from both the beneficiary's and originator's sides in order to determine whether to file an STR with the FIU (s.19(2Q) of the MLTPA). (b) When a determination is made to file an STR, the STR is to be filed in any country affected by the suspicious wire transfer and the institution is required to make relevant transaction information available to the FIU (s.19(2Q) of the MLTPA).

**Criterion 16.18:** Belize is compliant with TFS-TF requirements of R.6 which is also applicable to all FIs (see analysis in R.6).

### ***Weighting and Conclusion***

All criteria addressed. All criteria addressed. **R.16 is rated Compliant.**

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

R.17 formerly R.9 was rated NC in the 3<sup>rd</sup> Round MER. The deficiencies include FIs relying on a third party were not required to immediately obtain CDD information and competent authorities did not



consider information available on countries which adequately applied FATF Recommendations. Belize addressed these issues in its FUR.

**Criterion 17.1:** FIs that rely on intermediary or third party to undertake CDD obligations pursuant to s.15 (1), (2) and (3) of the MLTPA, including establishing and verifying the identity of a customer, are required to: (a) immediately obtain from the intermediary or third party, copies of identification data and other documents; (b) be satisfied that the third party is able to provide copies of identification data and other documents relating to the obligation of due diligence without delay; and (c) satisfy itself that the third party or intermediary is regulated and supervised, and has measures in place to comply with the CDD and record keeping requirements outlined in the MLTPA (s.15(7) of the MLTPA).

**Criterion 17.2:** FIs are required to conduct a risk assessment when determining whether they can rely on an intermediary or third party (s.15(7)(d) of the MLTPA). In conducting the risk assessment FIs are required to consider, *inter alia*, the adequacy of the AML/CTF framework in the country in which the intermediary or third party is based and the period of time that framework has been in place, the adequacy of the AML/CFT supervisory regime to which the intermediary or third party is the subject and the statue and regulatory track record of the intermediary or third party (s.15(7) (dd) of the MLTPA). Further, the FIU in consultation with the NAMLC having regard to objective information available on countries that do not adequately apply the FATF Recommendations determine the country in which an intermediary, introducer or third party that meets the conditions referred to s.15(7) of the MLTPA can be based (s.11(1) (dd) of the MLTPA). FIs are required to comply with instructions issued by the FIU in this regard (s.16 (5) of the MLTPA).

**Criterion 17.3:** Pursuant to s.21 (2) (iii) (aa) (bb) and (cc), FIs that rely on a third party that is part of the same financial group, the FI shall satisfy itself that (a) the group applies CDD and record keeping requirements as well as AML/CFT/CPF programmes; (b) the CDD and record keeping requirements implemented are supervised at a group level by the relevant supervisory authority; and (c) any higher country risk, as publicly identified by FATF as a country with strategic AML/CFT/CPF deficiencies, is adequately mitigated by AML/CFT/ CPF policies of the group. The FIU in consultation with NAMLC, can determine in which country the third party being relied upon can be based (MLTPA s11(1) (dd)). “FIU shall, in consultation with the NAMLC and having regard to objective information available on countries that do not, or do not adequately, apply the FATF Recommendations, determine the countries in which an intermediary, introducer or third party that meets the conditions referred to in s.15(7) can be based”. Section 15(7) deals with the ability to provide/ to access identity information without delay, third parties are regulated and supervised in accordance with FATF standards. Reporting entities are obligated to comply with FIU instructions (MLTPA s16(5)), especially those issued under s11(1) (dd) of the MLTPA. Additionally, supervisory authorities shall issue guidance, instructions and notices, etc to reporting entities on the weaknesses of other countries AML/CFT systems. (s.21(2)(b) and (ba) of the MLTPA).

### ***Weighting and Conclusion***

All criteria addressed. **R.17 is rated Compliant**

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

R.18 (formerly R.15 and 22) was rated PC and NC, respectively, in the 3<sup>rd</sup> round MER. The deficiencies included: the absence of a requirement for an adequately resourced, independent internal audit that includes sample testing; the AML/CFT compliance officer is only allowed reasonable access to information and access to information is not extended to other appropriate staff. The deficiencies were addressed in Belize’s 4<sup>th</sup> and 6<sup>th</sup> FUR by amendments to the MLTPA. R.18 was revised in

February 2018 to facilitate the sharing of information related to suspicious and unusual transactions within financial groups.

**Criterion 18.1:** FIs are required to establish a compliance programme and maintain internal policies, procedures, controls and systems, approved by senior management, and take such other measures as it considers appropriate to adopt a risk-based approach (s.18(1) of the MLTPA). (a) FIs are required to establish a compliance program and appoint a compliance officer (ss 18(1)(b) and 18(1)(a), respectively). The law mandates that the compliance officer is appointed at the managerial level (s.18A (3) (a) of the MLTPA) (b) FIs are also required to establish and maintain policies, procedures, controls and systems appropriate to screen persons before hiring them as employees to ensure high standards (s.18(1)(b)(vii) of the MLTPA); (c) FIs should also have policies and procedures to conduct ongoing training of its employees, officers and agents to ensure they are kept informed; and (d) the policies and procedures established by the FI should include measures to establish an adequately resourced and independent audit function to test compliance of its AML/CFT procedures and systems.

**Criterion 18.2:** FIs are required to implement group-wide AML/CFT policies and procedures that are applicable and appropriate to all members of the group (s.19A of the MLTPA). These include the measures outlined in c18.1 and; (a) policies and procedures for sharing information required for the purposes including CDD and ML/TF (s.19A(b) of the MLTPA ); (b) the provision at group level of compliance, audit, and AML/ CFT/CPF functions of customer transaction and account information from branches and subsidiaries when necessary for AML/CFT/ CPF purposes (s.19A (c) of the MLTPA).The requirements in s.19A (b) of the MLTPA permits FIs to have policies and procedures in place for sharing information including information on transactions which appears to be unusual and have generated an STR; and (c) adequate safeguards on the confidentiality and use of information exchanged (s.19A (c) of the MLTPA).

**Criterion 18.3:** FIs are required to ensure that their foreign branches or subsidiaries observe the AML/CFT system that is consistent with Belize's requirements and the FATF Recommendations, including application of counter-measures, where that foreign country does not apply or insufficiently applies the FATF Recommendations (s.18 (1)(b) (ix) of the MLTPA). The requirement further requires FIs to notify the supervisory authority accordingly and take measures to effectively handle the ML/TF risks.

### ***Weighting and Conclusion***

All criteria addressed. **R. 18 is rated Compliant.**

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

In the 3<sup>rd</sup> Round ME, Belize was rated PC in R.19 (formerly R.21) as it did not have all the elements of the criterion such as measures in place to ensure FIs were advised of concerns about weaknesses in the AML/CFT systems of other countries nor mechanisms to apply appropriate counter measures to countries that continue to be non-compliant or insufficiently apply the FATF Recommendations. Belize became compliant during the 6<sup>th</sup> FUR as a result of amendments to the MLTPA via Act No 7 of 2014.

**Criterion 19.1:** FIs are required to apply EDD measures and undertake enhanced ongoing monitoring, on a risk-sensitive basis, where it has or proposes to have, a business relationship with, or proposes to carry out an occasional transaction with, a person connected with a country that does not apply, or insufficiently applies, the FATF Recommendations (s.15(4A)(b) of the MLPTA). Further, the supervisory authority can issue a warning notice to a FI or FIs directing that enhanced CDD or enhanced ongoing monitoring be applied regarding a business relationship or occasional transaction

involving any person carrying on business in a country to which the FATF has recommended that counter-measures be applied or a country which continues not to apply or insufficiently applies the FATF Recommendations (s.21(2A) (i) and (ii) of the MLTPA).

**Criterion 19.2:** The supervisory authority can apply countermeasures against any person carrying on business, resident, incorporated, constituted or formed in a country- (a) in respect of which a the FATF has recommended counter-measures and (b) which continues not to apply or insufficiently applies the FATF Recommendations or has strategic AML/CFT/CPF deficiencies. The counter-measures that can be applied include, imposition of prohibition and restriction, EDD and enhanced monitoring and not to proceed any further with the business relationship or occasional transactions (s.21 (2A) of the MLTPA). Given the wording of the legislation in (b), the assessment team interprets this to mean that Belize can apply countermeasures independent of any call from the FATF so as long as countries do not, *inter alia*, sufficiently apply the FATF Recommendations.

Supervisory authorities can apply countermeasures in the form of (a) warning, notices or other information on concerns about weaknesses in the AML/CFT/CPF systems of other countries (S.21(2)(ba) of the MLTPA) as well as warning or notice carrying on business (resident, incorporated, constituted or formed in a country) in respect of which the FATF has recommended counter-measures be applied; and (b) warning and notice can be issued which continues not to apply or insufficiently applies FATF Recommendations or has strategic AML/CFT/CPF deficiencies

The application of countermeasures is required to be proportionate to the risk when acting on a warning or notice issued in accordance with s.21 (2) (b) (s.21 (2) (bb) of the MLTPA).

**Criterion 19.3:** In accordance with s.21(2)(ba) of the MLTPA, supervisory authorities have mechanisms in place to inform FIs, under their supervision, about weaknesses in the AML/CFT/CPF systems of other countries, through the issuance of warnings, notices or other information Further, Belize, through the FIU has consistently published the FATF Public Statements on higher risk countries on the websites of all Supervisors and the [website of the FIU](#) as a Group of Supervisors (GoS) Advisory. This information is publicly available for FIs and DNFBPs.

### ***Weighting and Conclusion***

All criteria addressed. All criteria addressed. **R.19 is rated Compliant.**

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

R.20 (formerly R.13 and SR IV) was rated as PC in Belize’s 3<sup>rd</sup> round MER. The deficiencies included the obligation to submit STRs did not apply to the proceeds of all designated categories of offences. In the 8<sup>th</sup> FUR, Belize addressed the deficiencies.

**Criterion 20.1:** Where an FI suspects or has reasonable grounds to suspect that any transaction is related; to the commission of a ML/TF, or linked to, or is to be used in connection with a terrorist act or for TF or funds or property or the proceeds of crime, it is required to make a report as soon as possible but not later than three days after forming the suspicion. (s.17(4) of the MLPTA). Proceeds of crime is defined in the Act as, *inter alia*, a person’s benefit from an offence or if property represents such a benefit in whole or part and whether directly or indirectly (s.2B of the MLTPA). Belize applies an all-crimes approach to ML (see analysis in c.3.2) The timeline for reporting the STRs to the FIU was accepted by the assessment team to fall within the scope of promptly.

**Criterion 20.2:** Pursuant to s. 17 (4) of the MLTPA, FIs are required to report all attempted and proposed transactions regardless of the amount. There is no minimum threshold for reporting.

### ***Weighting and Conclusion***

All criteria are met. **Recommendation 20 is rated Compliant.**

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

Belize was rated “LC” for R.21, (formerly R.14) in the 3<sup>rd</sup> round MER. The deficiency being no provision for protection against legal liability for breaches of banking or professional secrecy for reporting STRs. This deficiency was addressed through amendments to the FIU Act and the MLTPA. R.21 was revised in February 2018 to ensure that the tipping-off provisions do not inhibit information sharing under R.18.

**Criterion 21.1:** FIs, directors, officers and employees are protected from civil, legal, disciplinary and administrative proceedings for breach of any banking or professional secrecy or contract, breach of any law, rule of law or engagement in circumstances where reports are submitted in good faith (ss.17 (12) and 15 of the MLTPA and FIU Act, respectively). Reports are made on the basis of having reasonable grounds to suspect. Therefore, the reporting entities and relevant parties do not require knowledge of whether the act occurred, and neither do they need to know the specific offence.

**Criterion 21.2:** A person<sup>67</sup> who suspects or knows that a report is being prepared for or will be or has been sent to the FIU or additional information requested by the FIU has been prepared or sent is prohibited from disclosing to another person, other than the courts, supervisory authority or other person<sup>68</sup> authorised by law (s.17(11) of the MLTPA). Given the definition of person in the MLTPA and the Interpretation Act, the assessment team conclude provision in the law is applicable to FIs (legal person), directors, officers and employees of the FI. Tipping off provisions do not inhibit the sharing of information among FIs within the financial group (see analysis in c.18.2 (a) and (b) which are fully complied with).

### ***Weighting and Conclusion***

All criteria are addressed. **R.21 is rated Compliant**

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

R.22 (formerly R.12) was rated PC in the 3<sup>rd</sup> round MER with deficiencies identified in R.5, 6 and 8 to 11 were also applicable to DNFBPs since they are subject to the requirements of the MLPTA. Additionally, the transaction threshold for casinos was well above the FATF requirement. Belize substantially addressed the deficiencies in its 8<sup>th</sup> FUR.

**Criterion 22.1:** Section 15(1) of the MLTPA meets the requirements of R.10 as DNFBPs are obligated to establish and verify the identity of any customer. These CDD requirements should be applied in the following circumstances:

- a) Casinos engaged in any transaction equal to or above the amount of BZD6,000 (USD3,000) or such other sum as may be prescribed by the Minister, whether conducted as a single transaction or several transactions that appear to be linked and where the amount of the transaction is unknown at the time of the transaction (s.15(2)(e) of the MLPTA);

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<sup>67</sup> Person is defined in the MLTPA to include a natural and legal person. Further, s.2 of the Interpretation Act defines person to mean, *inter alia*, as a natural or legal person or a public body and anybody of persons.

<sup>68</sup> The only other persons authorised by law to receive such disclosures are FIs and DNFBPs who are members of a financial group.

- b) Real Estate Agents involved in transactions for their clients concerning the buying and selling of real estate;
- c) Dealers in Precious Metals and Dealers in Precious Stones (DPMS) engaged in any transaction equal to or above BZD20,000 (USD10,000) or such other amount as may from time to time be prescribed by the Minister;
- d) Attorneys at law, notaries and accountants engaging in transactions for their clients regarding all the activities listed in c.22.1(d); and
- e) Trust and Company Service Providers – a business that provides services to third parties, including acting as a formation agent of legal persons concerning all the activities listed in c.22.1(e).

**Criterion 22.2:** DNFBPs are required to comply with the same record-keeping requirements as FIs as set out in Recommendation 11, as the provisions apply to all service providers including DNFBPs (see analysis in R.11)

**Criterion 22.3:** DNFBPs are required to comply with the same PEP requirements as FIs as set out in Recommendation 12, as the provisions apply to all service providers including DNFBPs.

**Criterion 22.4:** DNFBPs are required to comply with the same new technologies requirements as FIs in R.15 (see analysis of R.15, specifically c.15.2 which is applicable).

**Criterion 22.5:** DNFBPs are required to comply with the same reliance on third parties' requirements as FIs in R.17 (see analysis of R.17).

### ***Weighting and Conclusion***

All criteria are addressed. **R.22 is rated C.**

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

R.23, (formerly R.16) was rated PC in the 3<sup>rd</sup> round MER. The deficiencies identified were the shortcomings of R.13 – 15 and 21 were also applicable to DNFBPs since they are the subject of the requirements of the MLPTA.

**Criterion 23.1:** DNFBPs are required to report suspicious transactions, as set out in R.20 which are applicable to reporting entities including DNFBPs, : **(a)** Attorneys at law, notaries and accountants when, on behalf of, or for, a client, they engage in a financial transaction in relation to the activities described in S.22.1(d); **(b)** Dealers in Precious Metals and Dealers in Precious Stones when engaged in any transaction equal to or above BZD20,000 (USD10,000); and **(c)** Trust and Company Service Providers – a business that provides services to third parties, including acting as a formation agent of legal persons concerning all the activities listed in c.22.1(e).

**Criterion 23.2:** DNFBPs are required to comply with the same internal control requirements as FIs in R.18 (see analysis of R.18).

**Criterion 23.3:** DNFBPs are required to comply with the same higher risk countries requirements as FIs in R.19 (see analysis specifically R.19.1 and 19.3).

**Criterion 23.4:** DNFBPs are required to comply with the same tipping-off requirements as FIs in R.21 (see analysis of R.21).

## Weighting and Conclusion

All criteria are addressed. **R. 23 is rated Compliant,**

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

In its 3<sup>rd</sup> round MER, Belize was rated NC for R.24 (formerly R. 33). The deficiencies were, *inter alia*, no provision to ensure that the company’s register maintains adequate, reliable, and timely information on the BO of companies and registered agents were not subject to on-site inspections and therefore the maintenance of reliable BO information on International Business Companies (IBCs) was unclear. Belize addressed some of the deficiencies in its 8<sup>th</sup> FUR.

#### Introduction:

The various legislation cited in the analysis below are applicable to the various types of legal persons (companies, LLPs, LLCs and Foundations) registered in Belize including domestic and foreign. Company (including foreign) is defined as (a) Belize company incorporated in accordance with s.7 of the Act, (b) a company continued as a Belize’ company under s.178 and a company registered to operate or hold assets in Belize (s.3 of the Belize Companies Act- (BCA)). The type of companies that can be incorporated include (a) company limited by shares, (b) company limited by guarantee that is authorised to issue shares, (c) company limited by guarantee that is not authorised to issue shares, (d) an unlimited company that is not authorised to issue shares, (e) an unlimited company that is authorised to issue shares and (f) private trust companies.

Credit Unions, Co-operative Societies and Building Societies are body corporates pursuant to ss.11 of the Credit Union Act (CUA), 8 to Co-operative Societies Act and 4 of the Building Societies Act, respectively. Building Societies are required to comply with the requirements of the Domestic Banks and Financial Institutions Act (DBFIA) and are supervised by Central Bank of Belize (CBB) which is responsible for supervision of the entities pursuant to the Act (s.12 (9) of the DBFIA). The law mandates that no license shall be granted under the DBFIA to any person other than a company incorporated in Belize (s.14 (1) of the DBFIA). Therefore, building societies are required to be incorporated and comply with the requirements of the BCA prior to being granted a license. Credit Unions are required to comply with the requirements of the CUA and the MLTPA given that it is an entity that is licensed and supervised by the CBB.

The deficiencies identified in the framework are largely attributed to Building and co-operative Societies. Building Societies are membership driven organisations and are small co-operatives owned by Belizean and has no impact on the global network or Belize’s financial system. The authorities advised that there are no registered Building Societies in the jurisdiction. Co-operatives are established to cater to the needs of Belizean nationals who are generally involved in traditional activities such as farming. Given the foregoing, the deficiencies applied to building societies and co-operative societies, were considered as minor taking into consideration the factors of context (the make-up and activities of the sectors), materiality (size of the sectors) and risk.

**Criterion 24.1:** Belize has various types of legal persons, including Companies, Limited Liability Partnerships, Limited Liability Companies and Foundations which are the main ones. The mechanism to identify and describe legal persons. (a) the different types, forms and basic features of legal persons and (b) the processes for the creation of legal persons and for obtaining and recording of basic and beneficial ownership (BO) information under the BCA (ss. 5-10, 17-20,27,28,42,43,67,80-93, 126-127, 190-191; 42(1),86(1) 93(1); the Limited Liability Partnership Act (LLP Act) (2-13, 17-19;33-41); the Limited Liability Companies Act (LLC Act) (ss.11,14-34,52,60,62,66,67,71-74,79-91,96,99); and the Foundations Act (FA) (ss2-11,33,97). These legislations are publicly available on the website of the Belize Companies and Corporate Affairs Registry at <https://bccar.bz/legislations/>. Regarding

Credit Unions, Co-operative Societies and Building Societies<sup>69</sup>, the mechanism is identified in Part II of the CUA, s.6 of the Co-operative Societies Act and s.4 of the Building Societies Act. All legislation is publicly available and sets out the process for formation and the maintenance of basic and BO information.

**Criterion 24.2:** Although the 2019 ML/TF NRA did not comprehensively assess the ML/TF risks associated with legal persons created in Belize, it did take into consideration the risk associated with TCSPs and their clients<sup>70</sup>. Further, the NRA did consider the vulnerability that is associated with availability and access of BO information which was rated as *medium-high*. As part of its 2<sup>nd</sup> NRA<sup>71</sup>, the authorities have assessed the risk the ML/TF risks that are associated with legal persons. Some of the ML risks identified include the use of companies to commit fraud and tax evasion offences, operating of company without a license and the use of fraudulent identification to establish a company. The 2<sup>nd</sup> risk assessment draft findings on legal persons which was reviewed by the assessment team considered, *inter alia*, information from credible publicly available publications including FATF Guidance, typologies and domestic case examples. The ML/TF risks associated with credit unions were assessed in the 2019 ML/TF NRA and the ongoing 2022 NRA. Although the 2<sup>nd</sup> risk assessment is yet to be approved, it is at a sufficiently advanced stage to provide the authorities with a good understanding of the ML/TF risks associated with legal persons (see detailed analysis in IOs 1 and 5). Given that the findings have not been approved at the time of the on-site visit, this was considered to be a minor deficiency.

**Criterion 24.3: Companies:** The Belize Companies and Corporate Affairs Registry was established pursuant to s.284 of the BCA. There is a provision requiring the Registrar to maintain registers of incorporated companies and foreign companies: (s.295(1), (2) and (3) of the BCA). An application for incorporation may be made to the Registrar by filing Articles of Incorporation. The Articles must contain, *inter alia*, the company name and the legal form, address of the registered office, (ss.6(1) and 9(1) of the BCA). Application requirements for registration of foreign companies are also set out at s. 191(2) of the BCA). The company must file with the Registrar, in the time and manner prescribed by Regulations, a copy of its register of directors (s. 93(1)(b) of the BCA). The information is publicly available as persons may request to inspect the Registers (s. 297(1)(a) of the BCA).

**Limited Liability Partnerships (LLP):** A register of LLP is maintained by the Registrar (s.36(2) of the LLPA). The information that is required to be held by the Registrar as part of the registration process includes the names and addresses of each of the persons to be partners, the intended address of the registered office of the partnership, the terms if any of the partnership and any other information as may be prescribed by legislation. The information held by the Registrar is publicly available as any person can inspect any documents and obtain copies of any certificates (s.38(1)(a) of the LLPA).

**Limited Liability Companies (LLC):** The Director General of the Commission is the Registrar of LLC (s.28 (2) LLCA. The Commission is required to maintain information related to the name and addresses of members, managers directors and officers of the LLC, the names and addresses of the persons who controls the LLC acting on directly or indirectly and acting individually or jointly and the names of all LLCs Any person can apply in writing to the Registrar to inspect information contained in the register including the name of the LLC; name and address of the registered agent and the date of registration (s.97C of the LLCA).

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<sup>70</sup> Legally, TCSPs are required to form/established legal persons in Belize that are owned by non-Belizean.

<sup>71</sup> This was incomplete at the end of the on-site visit.

**Foundations:** Foundations must be registered on the Register of Foundations (s.17 (2) and (3) of the IFA). The Registrar is required to enter and maintain on the Register the name of the foundation; the name and address of the registered agent; and the date of registration. Pursuant to s. 7 of FA 2023, s.20 of the FA is amended to allow for the inspection of the Register. Any person can apply in writing to the Registrar for inspection of information contained on the Register inclusive of the name of the foundation, name and address of the registered agent and the date of registration of the foundation (s.20 (1) of the Foundation Act).

**Credit Unions, Co-operative Societies and Building Societies:** Credit Unions must submit an application for registration pursuant to s.7 (1) of the CUA. The Registrar of credit unions (CBB) is required to maintain accurate and up-to-date records including a reliable data bank on credit unions (s.6.1 (e) of the CUA). There is no limitation on the type of records that should be maintained by the Registrar. The names and addresses of the credit unions registered in Belize are publicly available on the [CBB website](#). Section 9 (4) of the CUA requires the registrar (CBB) to publish the names of credit unions in the Gazette, which is a public document. There is no requirement that the basic regulating powers and the names of the Directors of credit unions be publicly available. There is no requirement that the Registrar of Co-operative Society maintain the information required under this criterion and that information be publicly available. Building societies are not required to maintain records in accordance with the Building Societies Act. Nevertheless, building societies<sup>72</sup> are required to maintain records given the mechanism that is contained in the DBFIA including the provision of records to the CBB as part of its inspection mandate and provision of records to auditors and liquidators, following application of license to conduct business or the granting of a license. Further, in submitting an application for license, building societies are required to comply with the requirements of s.16 (3) of the DBFIA and provide all relevant information including the names, address, shareholders and principal owners and BO to the CBB. The provisions of the BCA are also applicable to Building Societies given that these entities are also required to comply with the requirements of the BCA, prior to being granted a license (s.14 of the DBFIA) as the CBB can only grant license to a company incorporated in Belize under the BCA.

**Criterion 24.4: Companies:** Companies must keep a register of members (which includes shareholders) containing, *inter alia*, the names and most recent addresses of the persons who hold registered shares and guarantees in the company and the number of each class and series of registered shares held by each shareholder (ss. 2 and 42 of the BCA). They must also keep a register of directors containing the relevant information (s.109(1) of the BCA). All information shall be kept at its registered office and a copy thereof at the office of its Registered Agent in Belize if different from its registered office. This includes, *inter alia*, the articles of the company; certificate of incorporation and addresses; the register of members and directors (s.86(1) of the BCA).

**LLP:** An LLP is required to have a registered office in Belize and keep a list showing the name and address of each partner and indicating which of them is a designated partner; copies of the declaration, the most recent annual declaration, any statement delivered to the Registrar, any certificate issued by the Registrar, and agreement and any amendment to any partnership agreement that has been reduced to writing (BCA, s. 9(1) and (4)).

**LLC:** An LLC is mandated to keep at the office of its Registered Agent, *inter alia*, the full name and last known business, residence or mailing address of each member and manager; copies of the initial

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<sup>72</sup> In accordance with s.12 (9) of the DBFIA, every building society existing at the time of the commencement of the Act, if it intends to continue the commitment of such business shall apply to the CBB for a license as an FI.



articles of organisation and all amendments thereto; all operating agreements (if any), any agreements relating to capital contributions; and all membership certificates issued (s 9(1) of the LLCA).

Foundations: The Foundation Charter (document governing the foundation) must contain, *inter alia*, the name of the foundation, the name and address of the registered agent, the beneficiary or class of beneficiary or purpose of the foundation and the names and addresses of the members (s.21 of the FA). Furthermore, foundations are to maintain information, including accounts and records, minutes, documents, resolutions, register books, foundation charter, and by laws, which provide for information on classes of beneficiaries or purpose. The registered agent and the secretary of the foundation must keep or cause to be kept a register in which it shall be recorded, *inter alia*, the identification particulars of the members, protector and beneficiaries. (s.84(1), (2) of the FA).

Credit Unions and Societies: Credit unions are required to maintain at its registered office an updated register of, *inter alia*, names and addresses of directors and members of committees and a register of members which include name, date of birth, address and occupation of each member, the number of shares held and voting rights (ss.14, 22 and 24 of the CUA). For AML/CFT purposes, given that the shareholders are customers of the credit union, which is an FI, credit unions are required to comply with the requirements of R.10 which is rated compliant. Societies: Every registered society is required to keep a copy of the legislation, rules, bi-laws and a list of its members at its registered office. The register is open to members for inspections (s.12 of the Co-operative Societies Act). There is no such requirement for Building Societies. Nevertheless, building societies are required to comply with the requirements of the BCA prior to and subsequent having been granted a license based on the provision of s.14 (1) of the DBFIA.

**Criterion 24.5:** Companies and LLPs are required to, *inter alia*, to maintain up to date and accurate company records and provide the Registrar with accurate and up to date records (ss. 87A (1) of the BCA; and 10A of the LLPA). Furthermore, where a change occurs in relation to any partner, notice of such change and the particulars must be provided to the Registrar, within 28 days from the date of the change of information stated in the declaration. (s.18 of the LLPA). An LLC must amend its articles of organisation within 30 days after any information in its articles of organisation has changed. (s. 25(2) of the LLCA). LLCs must also keep the list of the full name and last known business, residence or mailing address of each member and manager current (s.9(1)(a) of the LLCA). Changes to the Register of Foundations must be notified and deposited by the registered agent of the foundation with the Registrar, within 30 days of such changes (s 17(12) of FA). Changes to the accounts and records kept by the foundation must be notified to the Registrar within 14 days from the date of the change (s 84 (2A) of the FA). The Registrar of credit unions (CBB) is required to maintain accurate and up-to-date records including a reliable data bank on credit unions (s.6 (1) (d) of the CUA). Further, for the fit and proper purposes, the information of all directors and senior managements must be submitted to the registrar (CBB) (s.9 of the CUA). For CDD purposes, credit unions are required to maintain accurate and up-to-date information on its members who are its shareholders/customers. Societies are required to maintain up-to-date information (s.19 of the Co-operative Societies Act). The Act requires the register or list of members to contain the date at which the name of the person was entered into the register and the date at which any such person ceased to be a registered member. There is no requirement that the information be accurate. There are no requirements for building societies and co-operative societies to maintain such information. However, building societies are required to comply with the requirements of the BCA prior to and having been granted a license based on the provision of s.14 (1) of the DBFIA.

**Criterion 24.6<sup>73</sup>:** BO is adequately defined in Belize in the BCA, LLPA, s.17 of the FA and s. 2 of the LLCA (s.2 of the MLTPA<sup>74</sup>) and complies with the FATF definition of BO. Belize has adopted a multi-pronged approach relative to the maintenance of BO information.

- (a) The Registrar (FSC) is mandated to keep BO information by virtue of the provision of s. 93(1)(c) of the BCA which mandates companies file its register of BO. LLCs are required to submit annually to an attestation report to the FSC on BO and control of LLCs (s.18A of the LLCA, 2023). Foundations are required to file BO information with the Registry at the time of registration or no later than 30 days after entering into Force of the Act (s 84A (2) of the FA, 2023).
- (b) Companies must keep a register of BO at its registered office or at its Belize registered agent's office which contain information such as the identification and address of the BO (ss.86(1) (d) and 87(2) of the BCA). LLPs are required to keep at its registered office a list of names and addresses of its BO, if any. (s9(4) (g) of the LLPA). The registered office must be located in Belize (s.9(1) of the MLTPA). In cases where the place in which the records are kept changes, the company must notify the registered agent within 14 days of such changes (s.87 (3) of the BCA). Foundations are required to keep adequate and updated records including a register of BO of the names and addresses, and any information sufficient for the identification of the BO, if any (s. 84A of the FA, 2023). LLCs are required to establish and maintain a BO register and shall enter in its BO register the minimum required information in respect of every BO (s. 30 A of the LLCA, 2023).
- (c) Contextually, in Belize, non- Belizean companies, Foundations, LLCs and LLPs are not permitted to be registered without the use of a company formation agent who are required to comply with CDD obligations. For the purposes of CDD, a reporting entity (FIs and DNFBPs) are required to identify and verify the BO (s.15 (3)(c) (iii) of the MLTPA) for which Belize is fully compliant (see analysis in c.10.10 which is applicable to company formation agents). An LLC is required to keep at the office of its registered agent various information including such information and document as required by any law in Belize to be kept by the registered agent or informed the registered agent where such document is kept (s.9 (1) of the LLCA). Given that the requirement is broad in scope and registered agents have a record keeping obligation relative to CDD pursuant to c.11.2, the requirement implicitly requires the registered agent to maintain information relative to BO. Further, pursuant to the IFS Practitioners (Code of Conduct) Regulations (s.80(9)). LLCs are required to provide the registered agent with information to ascertain the identity of those with BO. This requirement is limited to LLC that are governed by the laws of any other jurisdiction. Pursuant to s.85(2) of the Regulations, LLCs are required to provide its registered agent with information to identify the persons with BO on a transfer of domicile. Credit unions and co-operative societies are required to maintain a register of shareholders (the shareholders are the BO of credit unions and co-operative) (ss.14 and 12 of the Credit Union and Co-operative Societies Acts). There is no requirement for building societies to maintain such information under the Building Societies Act. However, building societies are required

<sup>73</sup> The legislation and the manner in which co-operative societies are required to be govern does not permit persons to be BO given that all members of the co-operative are shareholders, and no member shall have more than one vote in the conduct of the affairs of the society (s.24 of the Co-operative Society Act)

<sup>74</sup> BO is defined in the Companies, LLPA, LLCA and Foundation Act as having the same meaning of BO in the MLTPA.

to comply with the requirements of the BCA prior to and subsequent to receiving a license pursuant to s.14 of the DBFIA.

**Criterion 24.7:** Companies are required to up-date company records and other relevant information under the Act (including BO information) and Regulations to ensure that they are accurate, up to date and updated (s.87A (1) (a) of the BCA). Further, companies are required to retain and provide the Registrar with information that is accurate and up to date (s.87A (1)(b) of the BCA). The information is required to be provided within 24 hours to company registry following a request (s.86 (2) of the BCA). Companies are required to notify the registered agent, in writing, within 15 days of any changes to the register of BO, the register of members or register of directors (s.86 (2) of the BCA). Similar requirements apply to LLPs (s. 10A of the LLPA). Pursuant to s. 2 of the FA, 2023 and s.2 of the LLCA, 2023, LLCs and Foundations are required to keep accurate, up-to-date and updated records including the register of BO. Any changes to the BO must be updated within 30 days from the date of any change (s. 84B (3) of the FA 2023 and s..30A(3)(a) of the LLCA 2023. For CDD purposes, FIs and DNFBPs are required to ensure that the information of their customer (including those who are legal persons) inclusive of BO information is accurate and up to date (see analysis in R.10) in all circumstances (not only based on the ML/TF risks). By virtue of s.6 (1) of the CUA, a credit union which is an FI is required to maintain accurate and up-to-date information of its shareholders (which are the BOs) for CDD purposes. Building societies are required to comply with the requirements of the BCA prior to and after the granting of a license DBFIA and CUA). There are no requirements for co-operative societies to maintain such.

**Criterion 24.8:** (a) and (b) There are mechanisms in place for companies to fully co-operate with competent authorities in determining BO. Registered agents are required to produce requested registers (including BO registers) within 24 hours of the date of the request (s.86(3) of the BCA). All registered agents for companies must be licensed with the FSC (s.80 of the BCA) and are required to co-operate with the FSC as part of its supervisory regime. FIs and DNFBPs are required to identify the BO, this is limited to CDD purposes (see analysis in c.10.10) Regarding LLPs, the duty to co-operate is provided for in s.10B of the LLPA. Further, Foundations and LLCs are required to co-operate with the Registrar pursuant to ss.84C and 30B of the FA, 2023 and LLCA, 2023, respectively. Through the supervisory regime, the CBB can compel the production of all information in the custody of credit unions (see analysis in R.27). The CBB through its inspection regime can also obtain information from credit unions and building societies that have been granted a license in accordance with s.60 of the CUA and s.80 DBFIA, respectively. Further, s.81 of the DBFIA authorises the CBB to obtain information related to the ultimate beneficial owner (UBO). The registrar of Co-operative societies through audits of, *inter alia*, books and documents are authorised to obtain information from such co-operatives.

**Criterion 24.9:** A company is required to keep records and documents for five years (s. 88(3) of the BCA). Information relating to persons who are no longer members of. a company, for at least six years after the cessation of membership (s.42(4) of the BCA). Where a company is struck off the registry, records and documents are required to be retained for a period of five years from the date on which the company was struck, dissolved, or wound up by the Registrar (s. 309 of the BCA). Similar provisions apply for LLP (s 11 (2A) and 39 of the LLPA- 5 years after struck, dissolved or wound up), LLC (s.71(3) (f) and 30C of the LLCA- 6 years from the date of the notice of dissolution and winding up) and Foundations (s.84(1) (a), 84D and 6 of the FA)- 6 years after the end of the period which it relates). The Registrar is required to maintain records for a period of six years from the date on which the Foundation and LLC are struck off, dissolved, departed or wound-up (s 104A (2) of the FA and s. 97A (2) of the LLCA, respectively). Credit Unions and Building societies that have been licensed are required to keep records in keeping with R.11 and comply with the obligations of the

BCA and or the MLTPA. There are no record keeping requirements for co-operative societies and the registrar.

**Criterion 24.10:** LEAs have some powers to obtain timely access to basic and BO information in Belize. This can be done via the FSC (the Registrar) who is authorised to request the information from the registered agents (see analysis in 24.6 and 24.7). Section 52 of the FSCA provides for the FSC to exercise its powers and provide information to, *inter alia*, law enforcement agencies, supervisors and other regulatory authorities upon request or on its own motion. Further, an MOU between the FSC and the FIU allows for access and the sharing of basic and BO information in a timely manner. Moreover, reporting entities (including registered agents (TCSPs) and Attorneys at law) are required to provide all records swiftly to domestic competent authorities (s.16 of the MLTPA). The FIU, while carrying out their duties or functions can inspect the LLC register, including files and records (FSCA, s. 20). The FSC has executed MOUs with the FIU and BPD which allows for access to information in a timely manner. LEAs can also access the BO (shareholders) information through the use of production orders from co-operative societies and credit unions (see analysis 31.1).

**Criterion 24.11:** Issuing or exchanging bearer shares or bearer share certificates is prohibited in Belize (s. 9(2) of the BCA). Additionally, a company, including a segregated portfolio company, has no power to, and shall not issue a bearer share; convert a registered share to a bearer share; or exchange a registered share for a bearer share (BCA, s.38(1)) and therefore prohibits bearer shares. Bearer shares are not permitted within credit unions as shares must be recorded. Further, credit unions are only required to sell common shares (s. 39 of the CUA). Credit unions and co-operative societies are required to maintain the register of shareholders. Building societies are required to comply with the requirements of the BCA prior to and subsequently to being granted a license.

**Criterion 24.12:** The legislation prohibits the appointment of nominee directors unless they have consented to in writing. Once consented to the nominee director is subject to the obligations and duties of the substantive director (s.103 of the BCA). A company must keep a register of the number of shares of each class and series of registered shares held by each shareholder or nominee shareholder (s. 42(1) of the CA) Nominee directors and shareholders are required to file with the registrar within 30 days a declaration of the status of the nominee and the identity of the nominator including the name and address (Belize Company (Amendment) Act, 2023, s. 313(11)(a)(b) and s.312(12). Nominee directors and shareholders are not permitted by credit unions. Members are only permitted to own common shares which are required to be recorded in the register. Directors are appointed by the Membership Further, given that Credit Unions are considered as FIs, its customers (shareholders) are subjected to AML/CFT requirements including CDD when acting on the behalf of a legal person, legal arrangement or another customer (see analysis in R.10). Directors are elected by the membership are subject to fit and proper requirements (a.9 (1) A-D of the CUA).

**Criterion 24.13:** Belize has a wide range of administrative and criminal sanctions in place for breaches. The sanctions in place are proportionate and dissuasive. The FSC can imposed a fine of BZD50,000 (USD 25,000.00) for various offences, including failure to keep a register of members containing basic information, failure to maintain register of registered agents, failure to notify the registrar of a change in registered agent and an unregistered agent. Criminal sanctions applicable for various offences including issuance of bearer shares and failure to have a registered agent. On indictment the penalty includes a fine of BZD100,000 (USD50,000) and or 5 years imprisonment (ss.38 and 307 of the BCA; ss. 39 and 43 of the LLPA and s.29 of IFA). Any person that fails to comply with the requirements for adequate, accurate and up-to-date information including beneficial ownership information of LLCs and IFs is liable on indictment to a fine not exceeding BZD100,000, in addition to an administrative fine not exceeding BZD100,000 imposed by the Commissioner (s. 30A LLCA and s. 84B (6) of the FA). Failure to keep proper records constitutes a very serious breach

and carries an aggregate penalty of USD 25,000.00 based on the provision of the Companies Regulations, 2022. Given the status of credit unions, they are subject to the provision of R.35 (see analysis in R.35). Further, any person who fails to comply with the requirements of the CUA commits an offence is liable on summary conviction to a fine of not less than BZD 2000.00 (USD1000.00) and in the case of a continuing offence a fine of BZD 100.00 (USD50.00) for each day the offence continues after conviction.

**Criterion 24.14:** The international cooperation mechanisms that is set out at R.37-40 for which Belize received ratings of compliant and largely compliant which permits the authorities to exchange basic, shareholders and BO information utilising formal and other forms of cooperation including the use of investigative powers in accordance with domestic laws. Basic information held by the company registry and LLPs can be accessed by the public including foreign authorities. Further, the FSC as the supervisory authority can co-operate with overseas regulatory authorities and provide, *inter alia*, basic, shareholders and BO information. Competent authorities, including the FIU and the Police can share basic and BO information with foreign counterparts based on the cooperation mechanisms that are found in R.40. LEAs (FIU and the Police) can use investigative powers in accordance with the requirements set out in R.31 to obtain BO information on behalf of foreign counterparts. The FSC as the competent authority for oversight of legal persons has powers to request information from registered agents to produce the register within 24 hours of the date of the receipt of the request (s.86(3) of the BCA). Pursuant to ss. 51 and 52 of the FSCA, the Commission has the power to share such information with both domestic and international competent authorities.

**Criterion 24.15:** The central authority and the FSC have not made requests for basic or BO information. However, the central authority's SOPs provides for the tracking of timeliness of response and ensures the request is sent to the competent authority immediately. The SOPs facilitates the review of the response to ensure that it satisfies the request. Requests by the FSC are governed by the EOIR manual which requires feedback from the jurisdiction. In line with the Egmont requirements FIU provides and solicits feedback from competent authorities using a feedback form. Additionally, the CBB has mechanism in place to monitor the quality of the assistance received There is no mechanism for the BPD to monitor the quality of the assistance they receive from other countries in response to basic and BO information.

### ***Weighing and Conclusion***

The mechanism in place relative to legal persons in Belize is robust with minor deficiency existing. BO is adequately defined and conforms with the FATF definition of same. Belize has adopted a multi-pronged approach relative to the maintenance of BO information. The deficiencies identified are the risk assessment findings has not been finalised and approved, weaknesses in the Building Societies' Act, no mechanism for the BPD to monitor the quality of the assistance it received and no record keeping requirements for co-operative societies. These were considered to be minor deficiencies given that the jurisdiction has addressed most of the fundamental elements of the requirements of the Recommendation and the risk and context associated with building societies and co-operatives societies. **R.24 is rated LC.**

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

Belize was rated NC for R.25 (formerly R.34). The deficiencies related to the lack of registration of trusts and lack of requirements for FIs to verify the legal status of legal arrangements and the reliability of information relating to domestic and international trusts. Belize addressed some of the deficiencies in its 8<sup>th</sup> FUR with amendments to, *inter alia*, the Trust Act. The changes made to R. 25 require a country to apply minimum transparency requirements, even if it does not legally recognised trusts.

**Criterion 25.1:**

- (a) Belize requires trustees of any express trust<sup>75</sup> to obtain and hold adequate, accurate and current identification information in respect of each trustee, settlor, protector, if any, and beneficiary of the trust, natural persons behind a body corporate, if the BO is a body corporate and any other natural person exercising ultimate effective control over the trust (ss. 27(7)(b) and 27(7A) of the Trusts Act).
- (b) A trustee must keep adequate, accurate and current identification<sup>76</sup> information of each trust agent, other agent that is regulated by law, service provider of the trust, including each investment advisor, investment manager, auditor, accountant, tax advisor (s. 27(7)(c) Trusts Act). The trustee is also required to keep or cause to be kept, accurate and adequate records, inclusive of underlying documentation, of his trusteeship appropriate to the trust and the trust property with respect to, *inter alia*, expenses, assets and liabilities. In accordance with the fiduciary duty of the trustee, this includes all basic information in respect of the service providers above (s.27(7)(a)(iv) Trusts Act). Further, trustees (TCSPs/ registered agents) are required to comply with the obligations of the MLTPA and maintain information related to, *inter alia*, the names and address of persons, identification information and registered office in the case of a legal person (s. 15 of the MLTPA). See also analysis in c.22.1.
- (c) A reporting entity or other professional trustee is required to maintain trust information for at least five years after their involvement with the trust ceases. (s.27(7C) Trust Act).

**Criterion 25.2:** The laws and Regulations requires that all information regarding this Recommendation is kept accurate and as up to date as possible and is updated on a timely basis by registered agents (TCSPs) that act as trustees (s.27(7) and 27(7B) Trusts Act, ss. 16(1)(a)(b)(c) & (d), 16(4)(a) and 16(4D) MLTPA 2023 and Regulation 11 Trust and Company Service Providers (Best Practices) Regulations, 2007).

**Criterion 25.3:** All trustees are obliged to disclose their status as a trustee to a reporting entity when forming a business relationship or carrying out an occasional transaction above the stipulated threshold. (s. 30A Trust Act).

**Criterion 25.4:** Trustees are required to provide information relating to the trust to Belizean and foreign competent authorities (Regulation 11(2) Trust and Company Service Providers (Best Practices) Regulations, s.16(4D) MLTPA, s.34 FSCA and s.28(1) of the Trusts Act).

**Criterion 25.5:** In reference to the Trusts Act, competent authorities include the FSC, the FIU, the Registrars of domestic and international trusts, any other authority established under any other Act or any authority designated or recognized as the competent authority for another country (s. 67 Trusts Act). This definition is sufficiently broad to include all LEAs established under Belizean law and foreign LEAs which are competent authorities.

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<sup>75</sup> The Trust Act states that trust exists where a person, known as “a trustee”, holds or has vested in him, or is deemed to hold or have vested in him, property which does not form, or which has ceased to form, part of his own estate– (a) for the benefit of any person, known as “a beneficiary”, whether or not yet ascertained or in existence; (b) for any valid charitable or non-charitable purpose which is not for the benefit only of the trustee or (c) for such benefit as is mentioned in paragraph (a) and also for any such purpose as is mentioned in paragraph (b). Such trusts are therefore subject to relevant AML/CFT obligations.

<sup>76</sup> The Belizean authorities advised that identification information include name, address and relevant corporate document (in the case of a legal person).

Competent authorities, in particular LEAs, have the powers necessary to be able to obtain timely access to information held by trustees and trust agents<sup>77</sup> (s 28(1)(d) Trusts Act and s. 34(1) FSCA). Trustees are required to disclose their status as a trustee when establishing a business relationship with a reporting entity (s. 30A Trusts Act). FIs and DNFBPs must ensure that customer information and transaction records are available swiftly to domestic competent authorities and have systems in place enabling them to respond swiftly to enquiries from a competent authority (s. 16(4D) MLTPA). Further, LEAs are equipped with the necessary legislative powers including production orders and search warrants to obtain such information (see analysis in c.31.1).

These authorities can access information from trustees, trust agents and other parties in particular from FIs and DNFBPs on the BO and control of the trust including:

- a) the BO (Regulation 11 TCSPs (Best Practices) Regulations, ss. 27(7)(b), 28(1A) (c)&(d) and 65A(5)(g) Trusts Act and s. 15(3)(b) and (c) MLTPA);
- b) the residence of the trustee (ss. 27(7)(c) and 30B(1)(a) Trusts Act and ss. 15(3)(b) and 2(1) MLTPA- definition of CDD); and
- c) any assets held or managed by the FIs or DNFBPs, in relation to any trustees with which they have a business relationship, or for which they undertake an occasional transaction (s. 16 MLTPA).

**Criterion 25.6:** Belize can provide international cooperation in relation to trust information including BO information. Competent authorities include the FIU and LEAs can use international cooperation powers under R.37-40 that were rated Compliant to render international cooperation.

- (a) Belize facilitates access by foreign competent authorities to basic information held by registries or other domestic authorities (ss. 67 and 65C (2) Trusts Act). Belize has registers of domestic and international trusts maintained by the Registrars. Although the information contained in these registers are generally not open for public inspection, the Registrars are empowered to disclose information in the registers where the request is made by a competent authority, other regulatory or enforcement authority, certifying that such information is reasonably required to facilitate a criminal investigation, prosecution or proceeding, whether in Belize or elsewhere (ss. 63B (2) and 65C (2) Trusts Act). Supervisory Authorities are required to take appropriate steps to expeditiously cooperate with foreign regulatory authorities and law enforcement agencies in Belize. Cooperation may include the sharing of documents and information which a supervisory authority is not prevented by this or any other law from disclosing. (ss. 75C & 75D MLTPA).
- (b) Competent authorities are able to exchange information on trusts that are available domestically with foreign counterparts. The Mutual Administrative Assistance in Tax Matters (MAATM) gives the power to the competent authority by way of designation of powers to the Director General of the FSC to obtain and provide information upon request pursuant to s. 6 which includes information on trustees, trusts, and ownership information on all such person in an ownership chain, and for trusts, specifically, information on settlors, trustees, beneficiaries and protectors. The Tax Information Exchange Agreements (TIEA) entered into by Belize also provides for international cooperation between the signatories as outlined in s. 3 where the competent authority

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<sup>77</sup> Trust Agent” means Trust Agent of an international trust appointed under section 65E of the Trusts Act by the trustee of an International Trust. (Section 64(1) Trusts Act)

has the power to obtain and provide a response for an international counterpart making a request for information.

- (c) Competent authorities are able to use their investigative power to obtain BO information on behalf of MLA requests for production orders and search warrants may be made in relation to BO information (ss. 75C & 75D MLTPA).

**Criterion 25.7:** In Belize there is a range of criminal and administrative sanctions against legal arrangements that are proportionate and dissuasive. Some of the sanctions include-

- Any trust agent or IFS Practitioner who contravenes the Trusts Act commits an offence and is liable on summary conviction to a penalty of BZD500.00 (USD250.00) for each day that the contravention continues (s. 65E (4) Trusts Act).
- The Registrar of Domestic Trusts has the power to cancel a registration of a trust if the settlor or trustee fails to produce any document or information required (ss. 63A (7), 63B (4), 63B (5) & 65C (5) Trusts Act).
- Further, a breach of the Trust and Company Service Providers (Best Practices) Regulations 2007 constitutes professional misconduct and the Commission may impose a severe reprimand, suspension of license, revocation of license, a fine of up to BZD5000.00 (USD2500) (Reg 13 Trust and Company Service Providers (Best Practices) Regulations 2007).
- Any person who contravenes the provisions of the Trusts Act commits an offence and is liable on summary conviction to a fine of BZD1,000.00 (USD500.00) for each day or part thereof for which the contravention continues. Where no penalty is specified, is liable upon conviction of a fine not exceeding BZD1000.00 (USD500.00) for each day or part thereof of the contravention continues (s.68A(2) of the Trust Act).
- The Registrar may impose an additional administrative penalty up to BZD100,000.00 (USD50,000.00) for any offence under the Trusts Act. (s. 68A (3) Trusts Act).
- Where an offence of ML/TF is committed by a body of persons who at the time of the commission of the offence was acting in an official capacity as a Trustee commits an offence (s. 6, MLTPA).

**Criterion 25.8:** Proportionate and dissuasive sanctions are available for failing to grant competent authorities' timely access to information regarding trust as referred to in c.25.1. A trustee or trust agent who fails to supply information or produce documents when required to do so may result in cancellation of the registration of the trust by the Registrar (ss.63B (5) and 65C of the Trust Act). Other penalties include those mentioned under c.28.5.

### ***Weighting and conclusion***

All criteria are addressed. **R. 25 is rated as Compliant.**

### **Recommendation 26 – Regulation and supervision of financial institutions**

R.26 (formerly R.23) was rated as “PC” in the 3<sup>rd</sup> Round MER. The deficiencies included 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. Belize substantially addressed the deficiencies in its 8<sup>th</sup> FUR Belize to the level of LC.



**Criterion 26.1:** Section 2 (1) of the MLTPA defines a supervisory authority, while Schedule III of the MLTPA designated the four supervisory authorities (CBB, FSC, FIU & OSIPP) in Belize that have the responsibility for overseeing compliance for reporting entities. Section 21 (1), (2) (a) and (2) (aa) of the MLTPA sets out the responsibilities and duties of the supervisory authorities requiring them to examine and supervise reporting entities or groups for effective compliance with AML/CFT/CPF obligations and legal requirements.

**Criterion 26.2: Core principles FI -** Section 12 of the DBFIA prohibits persons from carrying out banking businesses without a license while section 4 of the IBA prohibits persons from carrying out offshore banking without a license.

**Shell Banks** – Section 14 (2A) of the DBFIA prohibits the issuance of a license to a shell bank while s.5(1A) of the IBA prohibits same. The definition of shell banks is defined under s.2 of both Acts.

**Other Financial Institutions** – Sections 2 and 9(1) of the Credit Union Act (CUA) defines a credit union and require a credit union to be registered, after having satisfied requirements set by the Registrar, respectively. Further, s.7 of the NPSA prohibits a person from providing payment services or operating a system without being licensed by the Central Bank and s.4 of the MLAA requires moneylenders to be licensed.

**Office of the Supervisor of Insurance and Private Pensions (OSIPP)-** Section 8 of the Insurance Act (IA) prohibits a person from carrying on or purporting to carry on any insurance business without a license. Section 10 of the IA provides restrictions on the use of insurance terms without being licensed under the Act. Section 12 of the IA allows a body corporate to carry on insurance business. Section 184 of the IA prohibits a person from acting as an Insurance Manager for, or in relation to, a licensed insurer, without being licensed by the Supervisor and s.186 of the IA prohibits a person, in respect of any class of insurance business, from carrying on insurance intermediation or acting as an insurance intermediary without a license.

**Financial Services Commission (FSC)** – Section 23(1)(a) of the Financial Services Commission Act (FSCA) prohibits a person from providing the business of a financial service provider, registered agent or managing services without being licensed. Section 34(1) of the Securities Industry Act (SIA) prohibits a person from carrying on any securities business or purporting to do so unless that person is registered with the FSC to carry on that business.

**Criterion 26.3:** Section 21(2)(h) of the MLTPA mandates the supervisory authority adopt the necessary measures to establish fit and proper criteria for individuals or entities to own, control, or participate in the management or operation of an FI. Further, there are sector specific legislations that also require “fit and proper” assessments to be made of owners, controllers, directors and management of FIs. *For Domestic Banks and FIs*; ss. 3, 5 and 17 of the Domestic Banks and Financial Institutions Act (DBFIA); *for International Banks*; ss. 2, 5 and 7 of the International Bank Act (IBA); *for Credit Unions*; ss. 9 (1A – D) of the Credit Union Act (CUA); *for National payment providers*; s. 9(1)(f) and s. 10(1)(d) of the National Payment Services Providers Act (NPSA); *for Moneylenders*; s. 2A of the MLA (2020); *for Insurance*; ss. 3, 13(1), 28, 29, 39, 64, 184, 189, 206 of the IA; and for securities section 23.(5)(d) of the SIA.

**Criterion 26.4:** (a) ***Domestic Banks and FIs*** – Parts III, IV, V, VII, and IX of the DBFIA provides for the licensing criteria of banks, capital adequacy, director and management qualification, external auditor requirements, on-site examination, related party, and corporate governance. For the international banks, this criterion is satisfied by Parts II, III, and IV of the IBA which include measures on the licensing requirements, types and requirements for licenses, prohibited transactions and

disqualification of officers. Additionally, ss. 19A and 21 (1) and (2)(a) of the MLTPA consider consolidated supervision and supervisory approach for AML/CFT purposes.

**Insurance** – Section 207 of the IA appoints the Supervisor of Insurance with the responsibility to administer the Act and to accomplish its objectives according to s 7 and for supervising provisions under the MLTPA. Part III of the IA sets out the requirements for licensing, ownership of shares, solvency, corporate governance, necessary control functions, conduct, supervisory review and reporting, transfer and amalgamation, and supervisory intervention and resolution. Part VII, VIII and IX of the IA sets out the requirements for microinsurance entities, Insurance Mangers, and Insurance Intermediaries. Part X of the IB provides for the general responsibilities, and powers of the Supervisor of insurances. These includes, adopting a risk-based approach to exercise its AML/CFT supervisory functions, co-operate with regulatory, supervisory and law enforcement authorities, and foreign supervisory authorities, authority to access information and collect statistics, and conduct group-wide supervision.

**Securities** – Part II of the FSCA (2023) establishes the Commission and outlines its functions and powers, which include having the power to carry out its duties under the MLTPA. Part II of the Securities Industry Act (SIA),2021 also outlines the functions and powers of the FSC, which also includes such functions stated in the FSCA. Part III provides for the regulation of the marketplace, self-regulatory organisation and ancillary facilities, however, this part of the Act with the exception of s.33 which creates the offences is not in forced. By virtue of the provision of s.33 and the remainder of Part III not being in force, Belize has essentially prohibited the operations of security marketplaces, self-regulatory organisations and ancillary facilities. Part IV of the SIA provides for the registration of persons carrying out security businesses with the FSC while Part V of the SIA outlines the required conduct of securities business, including duty to clients, record keeping and reporting to the FSC.

- (b) Sections 21 (2) (a) and 21A of the MLTPA which require the supervisory authorities to identify and assess the licensee’s international and domestic risk of ML/TF/PF, create a risk profile and determine the frequency and intensity of supervision based on the results of the institution’s risk profile.

**Criterion 26.5:** (a) Section 21(2)(a)(i) of the MLTPA which requires supervisory authorities to determine the frequency and intensity of supervision based on the level of the licensee’s ML/TF risk and the corresponding policies, procedures and internal controls of the regulated entity or group. (b) Section 21(2)(a)(ii) of the MLTPA requires supervisory authorities to determine the frequency and intensity of supervision based on the ML/TF/PF risks present in the country. (c) Section 21(2)(a)(iii) of the MLTPA requires supervisory authorities to determine the frequency and intensity of supervision based on characteristics of the institutions or groups including their diversity, number of institutions within the financial group and the level of flexibility afforded to the assessed entity given their risk.

**Criterion 26.6:** Section 21A (7) of the MLTPA requires supervisory authorities to review reporting entities’ risk profiles at regular intervals on a risk sensitive basis and following any significant event or developments which might affect sector risks. Significant events or developments include significant external events that change the nature of the ML/TF/PF risks, emerging ML/TF/PF risks, any findings resulting from measures taken by other supervisory authorities, any changes in the way the sector operates, and significant changes in regulation.

### ***Weighting and Conclusion***

All criteria are addressed. **R. 26 is rated Compliant.**

## Recommendation 27 – Powers of supervisors

R.27 (formerly R.29) was rated as “PC” in the 3<sup>rd</sup> round MER. The deficiencies identified included (a) IFSC did not carry out AML/CFT on-site inspections. IFSC did not have the power to carry out on-site inspection except for international insurance companies. (b) Supervisors did not possess powers of enforcement and sanctions against the Board of Directors and senior management of a service provider and (c) low compliance with the off-site inspections carried out by the FIU. Belize addressed most of the deficiencies in its 8<sup>th</sup> FUR.

**Criterion 27.1:** The CBB is responsible for supervision of licensees and financial holding companies including, without limitation, monitoring and enforcing compliance by licensees and financial holding companies with this Act, the regulations and any practice direction made under the DBFIA and the MLPTA and any regulations or guidelines made under the MLTPA (s.79 of the DBFIA). Additionally, under s.6 of the FSCA, 2023, ss.9 (1) (d) and 10 (m) of the SIA, s.207 (1) of the IA, s.26 (3) of the NPSA, s.12A and s.2D (3) under the Moneylenders Act (MLA) all supervisors for FIs have the powers to supervise, monitor and ensure compliance with AML/CFT requirements.

**Criterion 27.2: CBB:** Section 80 (1) of the DBFIA, s.32 (1)(c) of the International Banking Act (IBA), s.22 (1) of the NPSA, s.60 (1) of the Credit Union Act (CUA), s.27 C (2) of the MLA all give the supervisors the authority to conduct inspections of FIs. **FSC:** Sections 6(1) and 6 (2) of the FSCA gives the FSC the authority to conduct examinations and inspections. **OSIPP:** Sections 207 (4) (g) and 210 (6) of the IA gives the supervisor the authority to conduct onsite inspections.

**Criterion 27.3:** Section 21 (3) of the MLTPA gives all supervisors the power in carrying out their functions the power to obtain access to or compel the production of records, documents or information as it considers necessary to supervise compliance without a court order. In addition, the CBB, FIU, FSC and OSIPP under their respective Acts are authorised to compel production of any information relevant to monitoring compliance with the AML/CFT requirements, **CBB:** Sections.79 (2) of the DBFIA, 28 of the NPSA and 60 (1) and (3) of the CUA, s.27D of the Money Lending Act. **FSC:** Sections 50 of the FSCA and 120 and 121 of the SIA and **OSIPP** ss.213 (1) and 216 of the IA.

**Criterion 27.4:** Section 22 (1) of MLTPA provides a comprehensive list of proportionate and dissuasive sanctions that supervisors, including the FIU can apply to a reporting entity for failure to comply with any of its AML/CFT/CPF obligations. Additionally, s.22(4) of MLTPA empowers supervisors as licensing authorities for reporting entities to suspend, restrict or withdraw the license of the reporting entity where it is satisfied that the reporting entity has breached its AML/CFT/CPF obligation. Supervisors can impose a range of disciplinary and financial sanctions, including the ability to issue warning letters, directives, impose an administrative penalty not exceeding BZD500,000 (USD250,000), revoke, restrict or suspend an FIs license and replace or restrict the powers of managers, directors and controlling persons. Supervisors also have the power to withdraw, restrict or suspend the license of the offending FI in accordance with the sector-specific legislation listed as follows: **FSC:** s.41 of the SIA, **CBB:** ss.19 (b) DBFIA, s.16 (1) (a), 33 of NPSA, 2C (2) (k) and 9(1) (d) of the Money Lending Act, s.27 of IBA, s.85A of CUA and ss.26 (3) of the NPSA and **OSIPP:** s.22 (1) (viii) of the IA. Supervisors have the power to impose sanctions in line with R. 35 for failure to comply with AML/CFT requirements.

### ***Weighting and Conclusion***

All criteria are addressed. **R. 27 is rated Compliant.**

## Recommendation 28 – Regulation and supervision of DNFBPs

R.28 (formerly R24) was rated NC in the 3<sup>rd</sup> round MER. The main deficiencies identified included were that casinos were not subjected to a comprehensive regulatory and supervisory regime, fines

applicable by the designated supervisory authority were not dissuasive and inadequate provisions regarding the licences for gaming premises and the use of gaming machines to prevent criminals or their associates from holding or being beneficial owners of a significant or controlling interest. Belize addressed these deficiencies in the 8<sup>th</sup> FUR.

**Criterion 28.1:** (a) Casinos are subject to AML/CFT regulation and supervision and are required to be licensed pursuant to ss. 6 (1) and 15 (1) of the Gaming Control Act (GCA). (b) The FIU has issued Fit and Proper Guidelines for reporting which are also included in the DNFBP Regulations, 2023. The DNFBP Regulations, 2023 provides the necessary measures to prevent criminals or their associates from holding (or being BO of) a significant or controlling interest, or holding management function, or being an operator of a casino (Regulations 7 A, 7 (1) (d)) and 8 (1) (b). (c) Pursuant to s.21 (1) of the MLTPA, the FIU is designated to supervise compliance by reporting entity or group with the reporting entities or groups for AML/CFT/CPF obligations.

**Criterion 28.2:** Pursuant to s.2 of the MLTPA “supervisory authority” means the authority set out in column 2 of schedule III. The FIU and FSC have been designated as the competent authorities responsible for monitoring and ensuring compliance of DNFBPs with AML/CFT requirements.

**Criterion 28.3:** Section 21 of the MLTPA that is applicable to the other categories of DNFBPs requires that the supervisory authority responsible for supervising each reporting entity shall supervise compliance by the entity with the entity’s AML/CFT obligations.

**Criterion 28.4:**

- (a) Section 21 of the MLTPA provides for the role of the supervisory authority which includes the powers to perform its functions and powers to monitor for AML/CFT compliance. Additionally, schedule V of the MLTPA outlines the full range of the powers and duties of the supervisory authority in relation to the DNFBPs. In accordance with this schedule the supervisory authority has the powers to perform its functions, including powers to monitor compliance.
- (b) Regulations 3 and 8 (1) (b) of the 2023 DNFBP Regulations outline the necessary measures to prevent criminals or their associates from being professionally accredited or holding (or being the BO of) a significant or controlling interest or holding a management function in a DNFBP. Additionally, s.6 of the Legal Profession Act (LPA) requires that an attorney shall protect the profession against the admission thereto of any person who is unfit for such admission.
- (c) Sanctions are available in line with R. 35 to deal with failure to comply with AML/CFT requirements in accordance with the MLTPA (ss. 21 (4), 22 (1), s. 83 and 85 B (3)) and Regulations 12 (1) and 13 (1) and (2) of the DNFBP Regulations, 2023. Sanctions include suspension and revocation of license and criminal and financial penalties sanctions of up to BZD50,000.00 (USD25,000.00) or 12 months imprisonment or both following a summary conviction (see analysis in R.35). The analysis in c.27.4 is applicable regarding supervisors being authorised to impose sanctions in line with R.35.

**Criterion 28.5:**

- (a) Pursuant to s.21(2)(a) of the MLTPA, supervision of DNFBPs is required to be performed on a risk sensitive basis when examining and supervising the reporting entity or group, and regulate and oversee effective compliance with the entity’s or group’s AML/CFT/CPF obligations, through on-site examinations, or other means and supervisory authorities shall determine the frequency and intensity of supervision conducted based on: (i) the risk related

to ML/TF and non-implementation of TFS and the policies, internal controls and procedures associated with the reporting entity or group, as identified by the supervisory authorities assessment of the reporting entity's or group's risk profile; (ii) the ML/TF/ PF risks present in the country. Additionally, s.21 (2) (aa) of the MLTPA requires the monitoring for AML/CFT/CPF compliance on a risk sensitive basis, the reporting entities or groups for whom it is the SA and take necessary measures for ensuring compliance by reporting entities or groups with their AML/CFT/CPF legal requirements.

- (b) Pursuant to s.21 (2) (a) (iii) of the MLTPA the supervisory authority shall determine the frequency and intensity of supervision conducted based on the characteristics of the reporting entity or group, in particular the diversity and number of reporting entities and the degree of discretion allowed to them under the risk-based approach.

### ***Weighting and Conclusion***

All criteria are addressed. **R. 28 is rated Compliant.**

### **Recommendation 29 – Financial intelligence units**

R.29 (formerly R.26) was rated 'PC' in the 3<sup>rd</sup> round MER. The deficiencies included minimal security arrangements for information accessible by personnel not employed by the FIU and minimal feedback to reporting entities on STRs filed. Belize addressed the deficiencies in its 8<sup>th</sup> FUR to the level of LC. The main revision to R.29 was the explicit requirement to conduct strategic analysis.

**Criterion 29.1:** Belize established an FIU pursuant to section 3 of the Financial Intelligence Unit Act (FIUA). The FIU is responsible for receiving and analysing suspicious transaction reports related to ML, proceeds of crime and TF, filed by reporting entities and disseminate the result of its analysis (s.11(1)(a) and (b) of the MLTPA). Further, the FIU is also responsible for the collection of financial intelligence and relevant information and inter alia, analysis and dissemination of such financial intelligence and information among LEAs, FIs and reporting entities in Belize and internationally; and exercise functions given to it under the MLTPA.

#### **Criterion 29.2:**

- (a) Pursuant to the reporting obligations required by R.20 and R.23, Belize's FIU serves as the central agency for the receipt of any proposed transactions or attempted transaction, where there is suspicion related to the commission of a ML or TF offence or which is related or linked to, or is to be used in connection with a terrorist act or for the financing of terrorism, or funds or property that are the proceeds of crime (s.17(4) of the MLTPA).
- (b) This criterion does not apply to the FIU as the agency is not permitted to undertake such functions.

#### **Criterion 29.3:**

- (a) The FIU has the authority to request information from reporting entities for the purpose of its functions under the MLTPA (which includes the conduct of analysis) without the need for an agreement or arrangement (s.11(1)(k) of the MLTPA). Further, where a report (STR) has been made to the FIU, the FIU may, by written notice require any person to provide information specified within the notice for the purpose of clarifying and amplifying the information disclosed to the FIU.
- (b) The FIU has access to the widest range of databases including commercial databases to conduct its functions. Apart from reporting entities, the FIU can request information

from supervisory, law enforcement and government agencies to conduct its functions under the Act (s.11(1)(k) of the MLTPA). Access to databases is also facilitated via MOUs with agencies such as Belize Police Department (BPD), Customs and Excise Department (CED) and Supervisors.

**Criterion 29.4:**

- (a) **Operational Analysis:** The FIU has demonstrated that it conducts operational analysis (see analysis of IO.6). Further, the FIU is broadly tasked with the function of conducting analysis (s. 7(1) (bb) of the FIUA). This provision does not distinguish the type of analysis that should be conducted by the Unit and is therefore interpreted by the assessment team to include both operational and strategic analysis, given that there is no limitation. This obligation is buttressed by s.2 of the SOP for Analysis Department (STRs).
- (b) **Strategic Analysis:** The FIU has demonstrated that it conducts strategic analysis (see analysis of IO.6). Further to the analysis referenced in the second and third sentences in c.29.4 (a) above, s.18 of the SOP of FIU Analysis Department (STRs) obligates the FIU and explains the process for conducting strategic analysis. Moreover, s.11(1)(f) of the MLTPA permits the FIU to conduct research into trends and developments in the area of ML/TF and improved ways of detecting, preventing and deterring ML/TF.

**Criterion 29.5:** The FIU is authorised to disseminate the result of its analysis to appropriate competent authorities (s.11(1)(b) of the MLTPA). This is further supplemented by the FIU SOP, which permits the FIU to disseminate to competent authorities the result of its analysis (s.13). Section13 of the SOP also mandates that the information be disseminated through a secure portal. Given that this report is a public document, the process remains confidential. The SOP sets out that dissemination can be spontaneous and upon request at various parts including at s. 15.

**Criterion 29.6:** The Belize FIU protects information in the following ways:

- (a) There are several mechanisms in place that governs the security and confidentiality of information including procedures for handling, storage, dissemination and protection of, and access to information (s. 12 (1) and 12A of the FIU Act, FIU Policy Booklet and FIU Information and Communication Technology Policy).
- (b) The FIU Policy Booklet (s.2.1-2.5) mandates that officers, servants and agents of the FIU have the necessary clearance and an understanding of their responsibilities in handling and disseminating sensitive and confidential information.
- (c) The FIU has adequate security mechanism in place with limited access to its security and information.<sup>78</sup> Further, the content of the FIU ICT Policy sets out the mechanism for accessing information including through its information technology system and also physical access to the building.

**Criterion 29.7:**

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<sup>78</sup> Given that this is a publicly available document, a decision was taken by the assessment team to not reference in the report, the security mechanisms that are in place.

- (a) The FIU is an independent organisation responsible for doing all things necessary to conduct its functions (s.3 of the FIU Act). The functions of the FIU are articulated in c.29.1 and include analysis and dissemination. The sole responsibility for receipt, analysis and dissemination resides with the FIU based on the provisions of s.11 of the MLPTA. The Director of the FIU is the Chief Executive Officer and is responsible for, *inter alia*, the performance of functions conferred upon him under the Act or any other law and the day-to-day management of the office. The Director of the FIU is appointed by the Governor General on the advice of the Prime Minister (s.4(1) of the FIU Act). The law clearly articulates the grounds for removal of the Director, none of which impedes independence and autonomy (s. 4(6) of the FIU Act).
- (b) The FIU can independently enter into agreement or arrangements with any domestic government institutions or agency regarding the exchange of information (s.11 (1) (o) of the MLTPA). No prior approval is needed to enter into such an agreement. The FIU is permitted to enter into agreements and arrangements with foreign counterparts to facilitate the exchange of information. The approval of the Minister is needed prior to entering into such agreement and arrangements (s.14(1) of the MLTPA). The FIU is also able to independently engage its foreign counterparts to disclose reports or information in the absence of an agreement (s.13(b) of the MLTPA).
- (c) The FIU is not located within the existing structure. It is an independent organisation with a common seal and subject to perpetual succession (s.3 of the FIU Act).
- (d) The FIU is able to deploy the resources needed to carry out its functions. The Director is responsible for the recruitment of staff for the purpose of the proper performance of functions and attainment of objectives (s.5 of the FIU Act). The Director of the FIU is the Chief Executive Officer (CEO) charged with the responsibility of, *inter alia*, the day-to-day management and administration of the FIU (s.4(2) of the FIU Act). The FIU has an independent budget under the direct control of the Director. The director of the FIU is responsible for the appointment and employment of suitable, qualified and experienced staff for the purpose of ensuring proper performance of the FIU's functions and attainment of its objectives (s.5(1) of the FIU Act). Based on the provisions of the law, for the purposes of technical compliance, the assessment team interprets this to mean that the Director of the FIU can deploy resources free from government and industry influence that can compromise the independence of the FIU.

**Criterion 29.8:** The FIU has been a member of Egmont since June 23, 2004

***Weighting and Conclusion***

All criteria are addressed. **R.29 is rated Compliant**

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

R. 30 (formerly R. 27) was rated “PC” in the 3<sup>rd</sup> MER. The deficiency identified was that Belize had no legal provision which addressed allowing competent authorities who investigate ML cases to postpone or waive the arrest of suspected persons and/or seizure of the money to identify those involved or for evidence gathering. Changes to the Recommendation include ML/TF investigations in

a national context, and the designation of a competent authority to identify, trace and initiate actions to freeze property subject to confiscation.

**Criterion 30.1:** The FIU, BPD, CED, BTS and the Coast Guard have responsibilities for ensuring that investigations into ML, associated predicate offences and TF offences are properly investigated within the framework of national AML/CFT policies (ss.7(1) and (8) of the FIU Act; s.4 of the BPD Act; s.117 of the Customs Regulations Act (CRA); ); s. 97(1) of the Tax Administration and Procedure Act (TAPA); and s.4 (2) of the Coast Guard Act (CGA)).

**Criterion 30.2:** Parallel financial investigations is facilitated via the provisions of sections 5(3), 7(1) and 7 (2) of the FIUA. The provisions of s. 7(2) of the FIUA provides for the Commissioner of Police and the Comptroller of Customs to refer cases involving financial crimes to the FIU. Further, via various ancillary mechanisms such as the BPD's SOP on parallel financial investigations and MOUs signed by the FIU with the CED, BTS and the BPD, parallel financial investigations is allowed. The SOP and the MOUs mandate the conduct of joint investigations in cases involving acquisitive crimes and the referring of specific cases to the FIU, respectively. Parallel/joint investigations between the FIU and LEAs are also conducted through the framework of the Financial Crimes Working Group (FCWG) (see analysis in IOs.1 and 7).

**Criterion 30.3:** The BPD, CED and the FIU are authorised to identify, trace and initiate freezing and seizing of assets that is, or may become subject to confiscation (see analysis in c.4.2 (a) and (b)). Further, s.29 of the TAPA and the CRA (s.85) makes provision for such measures.

**Criterion 30.4:** The FIU and the BPD are the two agencies that are legislatively tasked with the responsibility of conducting financial investigations (s.7 of the FIUA). Therefore, the requirement of the criterion is not applicable to the other agencies.

**Criterion 30.5:** There are no specialised anti-corruption authorities that are designated to investigate ML/TF offences arising from, or related to, corruption offences under Recommendation 30 in Belize. Corruption offences are investigated by the BPD.

### ***Weighting and Conclusion***

All criteria are addressed. **R.30 is rated Compliant**

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

R. 31 (formerly R.28) was rated 'LC' in the 3<sup>rd</sup> round MER. The deficiency identified was that there were no written provisions granting the FIU powers to be able to take witness statements for use in investigations and prosecutions of ML/TF and predicate offences.

**Criterion 31.1:** Competent law enforcement authorities in Belize are able to access necessary document and information for use in investigations, prosecutions, and related actions:

- a) The MLTPA makes provision for the use of production orders to obtain information from FIs, DNFBPs and other natural and legal persons (s.23 of the MLTPA). Further, the Director of the FIU has the power to request the production of information and documents from *inter alia*, a person, reporting entity, public utility or domestic government agencies relevant to an investigation (s.9(1)(b) of the FIU Act) For the purposes under the Misuse of Drugs Act (MDA), the production of documents and records are permitted (s.25 of the MDA).
- b) Search warrants can be obtained for the purposes of obtaining evidence during an investigation and other related actions under various legislations (ss. 27, 29 and 30 of the MLTPA, s.44 of the Police Act and 10 of the FIUA).



- c) Witness statements can be taken pursuant to s.11(1) (r) of the MLTPA as a function of the FIU. Further, the BPD as part of its investigations is required to record witness statements which is a standard practice.
- d) Search warrants can be used to seize and obtain evidence (see analysis in b, above).

**Criterion 31.2:** Competent authorities conducting investigations can use the following techniques for conducting ML, associated predicate offences and TF:

- a) **Undercover Operation:** Section 7 of the Police Act authorises the Commissioner of Police subject to the approval of the Minister to make rules and regulations he thinks is expedient for the members of the BPD including the mode in which they are to perform their function (s.7 (d)) and the services required of them and their conduct in performance thereof (s.7 (d) and (e), respectively). In accordance with the foregoing, the BPD Policies and Procedure Manual (updated 2023) makes provision for the conduct of undercover operations including for the conduct of ML, TF and financial crimes.
- b) Interception of communication is permitted in accordance with s.34 of the MLTPA and s.5 of the Interception of Communication Act (ICA) and s.44 of the Belize Telecommunication Act.
- c) Accessing of computer system is permitted via ss. 9 (4) and 23 of the FIU Act and the MLTPA, respectively.
- d) Elements of the requirements to conduct controlled delivery relative to the offence of ML are provided for in the MLTPA (s.3 (1A-1D)). Under the provision of the law a person is not guilty of an ML offence, if he, *inter alia*, does an act (ML) and has appropriate consent, and the act was done in carrying out a function he has relating to law enforcement of any provision of the MLTPA or any other criminal law. Whilst there is no written policy for controlled delivery related to associated predicate offences and TF, competent authorities have demonstrated that this can be done (see Box 8.5, IO.2).

**Criterion 31.3:**

- (a) The director of the FIU can request information from reporting entities who may have evidence relevant to an investigation to furnish such information or produce such documents (s.9 (1) of the FIUA). Belize has provided evidence demonstrating the use of section 9 to identify whether natural or legal persons hold or control account in a timely manner.
- (b) The measures, *inter alia*, search warrants that are used to identify assets are ex-parte applications and are done without the prior notification of the owner based on the provisions that are set out in the law.

**Criterion 31.4:** Section 7(1) (c) and (g) of the FIUA makes provision for cooperation and co-ordination between, *inter alia*, the FIU and LEAs and government departments. Further, section 7 (1) (e) authorises the FIU to disseminate financial intelligence upon request. Paragraph 8 of the MOUs signed between the FIU and the BPD makes provision for the BPD to request information from the FIU in conduct of a ML, associated predicate offence or TF investigations. Similar MOUs exist between the FIU, CED and the BTS.

### ***Weighting and Conclusion***

All criteria are addressed. **R.31 is rated Compliant.**

### **Recommendation 32 – Cash Couriers**

R.32 (formerly SR. IX) was rated ‘PC’ in the 3<sup>rd</sup> MER. The technical compliance deficiencies included no provisions for the restraint of negotiable instruments and the provision did not allow for the seizure of currency under amounts of BZD10,000 (USD5000.00).

**Criterion 32.1:** Belize has implemented a declaration system for incoming cross-border transportation of goods including through cargo (s.16(3) of the Customs Regulation Act (CRA)) and outgoing cross-border transportation of goods s.42(3) of the CRA) including through cargo; Section.77A of the CRA also requires the person to make a declaration. Goods is appropriately defined to include currency and bearer negotiable instruments (BNIs) (s.2 of the CRA). Goods being transported through mail are also required to be declared (s.51A(3 & (4) of the CRA).

**Criterion 32.2:** Belize complies with the requirement of c. 32.2 (a). Belize has a written declaration system which is applicable to all travellers. All travellers are required to declare whether they are transporting currency which exceeds BZD 20,000.00 (USD10,000.00) or its foreign equivalent.

**Criterion 32.3:** Belize has implemented a declaration system.

**Criterion 32.4:** Upon discovery of false declaration of currency and BNI or failure to declare, the CED<sup>79</sup> has the authority to request and obtain further information from the carrier via various mechanisms including through the use of search warrants (ss.13, 16(3)(b),42(3)(b),47(2)(b),77(2)(b),85 and 87 of the CRA). The requirements in the Act do not place any limitations on the types and nature of questions that can be asked by customs officials and is sufficiently broad to allow officers to obtain information on the origin and intended use of the currency or BNIs.

**Criterion 32.5:** Persons who make a false declaration are subject to sanctions that are proportionate and dissuasive. A person can be liable to a fine of BZD 65,000.00 (USD32,500.00) or three times the value of the currency or BNI not declared, whichever is greater (ss.16(6), 42(4),47(3),51A(4) and 77A(3)). In all instances, the currency or BNI is also liable for forfeiture and was therefore considered by assessment team as part of the sanctioning regime.

**Criterion 32.6:** Copies of all completed declaration forms are required to be transmitted to the FIU (para 10 (a) of the MOU between the CED and FIU and CED SOP for regulating cross-border transportation of currency). Further, see analysis of IO.6.

**Criterion 32.7:** At the domestic level, adequate cooperation and co-ordination among customs, immigration and other related authorities including the Police takes place on issues relevant to the implementation of the requirements of R.32. This process is facilitated by the Multilateral MOU (MMOU) for the cooperation and coordination in cross-border threshold currency interdiction and other MOUs that exists between CED, Immigration and the BPD. Evidence in the form of the minutes of NAMLC which was provided to and verified by the assessment team demonstrates that cooperation and co-ordination relative to the implementation of R.32 has been discussed by the members of that body.

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<sup>79</sup> The competent authority charged with the responsibility for managing the declaration system.

**Criterion 32.8:** Competent authorities can stop and restrain currency and BNIs for a reasonable time to determine whether evidence of ML/TF may be found in cases;

- (a) A police officer or a customs officer or an authorised officer of the FIU is permitted to seize and detain cash for an initial period of 72 hours (excluding weekends and public holidays) where there are reasonable grounds for suspecting that it was, *inter alia*, derived from the commission of an offence or involved in ML or TF. A magistrate can order the continued detention of the cash for a period of three months following the initial detention by the officer (s.38 of the MLTPA). The purpose of the detention is to facilitate investigations and criminal proceedings. The assessment team considered the time period to be reasonable (s.38 of the MLTPA).
- (b) The measures in (a) above also apply in circumstances where there is false declaration (s.38 (d) and (3) of the MLTPA).

**Criterion 32.9:** Sub-criterion (a)- (b) The CED is required to maintain, *inter alia*, records and information obtained in the execution of its duty for a period of six years (s.6A of the CRA). (a)-(c) All declarations, false declarations and where there is a suspicion of ML/TF, are required to be transmitted to the FIU that has a record-keeping obligation pursuant to s.11 (1) (e) of the MLTPA. Nothing prevents Belize from rendering co-operating in accordance with R.36-40 by providing the information obtained from its declaration system. The CED has mechanisms in place to exchange information with its counterparts and non-counterparts (indirect) (see analysis in R.40).

**Criterion 32.10:** Public Officers including officers of the CED are administered an oath of confidentiality and subjected to confidentiality requirements. Public Officers are prohibited from making unauthorised disclosures (Regs 15 and 47 of the Public Service Regulations). Belize's declaration system does not restrict trade payments and the movement of capital as no legislative or otherwise available documentations advocates for this.

**Criterion 32.11:**

- (a) Persons carrying out cross-border movement of cash and BNIs that are connected to ML/TF or predicate offences are subject to the penalties that are applicable for ML (see analysis in c.3.9 and 3.10) and TF (see analysis in c.5.6 and 5.7). The sanctions are proportionate and dissuasive.
- (b) Cash that is deemed to be connected to ML/TF and associated predicate offences are subject to the robust requirements of R.4 for which Belize is rated Compliant (see analysis in R.4). Further, the cash can be subject to the forfeiture proceedings under various sections of the MLTPA including s.38 (7) (civil recovery regime).

***Weighting and Conclusion***

All criteria are addressed. **R.32 is rated Compliant**

**Recommendation 33 – Statistics**

R.33 (formerly R. 32) was rated 'NC' in the 3<sup>rd</sup> round MER. The main deficiencies included statistics were not maintained on Spontaneous referrals made by the FIU to foreign authorities and other formal requests for assistance made or received by the FIU, including whether the request was granted or refused.

**Criterion 33.1:** The respective competent authorities maintain statistics in accordance with the requirements of the following statutory provisions:

- a) *STRs received and disseminated:* The FIU (s.11 (1) (e) of the MLTPA). See analysis in IO.6.
- b) *ML/TF Investigations, prosecutions and convictions:* FIU and BPD (s.86B of the MLTPA). See analysis in IO.7.
- c) *Property frozen, seized and confiscated:* FIU, BPD, BTS and CED (s.86B of the MLTPA). See analysis in IO.8.
- d) *Mutual legal assistance and other requests:* Attorney General Chambers (AGC), FIU, BPD, CED, etc (s.86B of the MLTPA). See analysis in IO.2

### ***Weighting and Conclusion***

The criterion is addressed. **R.33 is rated Compliant**

### **Recommendation 34 – Guidance and feedback**

R.34 (formerly R.25) was rated PC in the 3<sup>rd</sup> round MER. The deficiencies included feedback limited to only acknowledgment of receipt of STRs and no guidelines issued for licensees of the SOI and IFSC and DNFBPs with the exception of TCSPs. No guidelines were issued for the DNFBPs except for the trust and company service providers. Belize addressed the deficiencies in its 6<sup>th</sup> FUR.

**Criterion 34.1:** The FIU is required to provide feedback to reporting entities (s.11 of the MLTPA). Similar requirements for feedback are found in the FIU Analytical Department (STR) SOP. The FIU STR Instructional Notes document provides guidance and aids FIs in identifying STRs (based on sector-specific indicators) and reporting STRs.

Supervisory authorities and other relevant agencies are required to, *inter alia*, issue guidelines and recommendations to assist reporting entities with their obligations (s.21 (2)(b) of the MLTPA). Further, supervisors are authorised to issue guidelines and circulars to assist FIs in applying national AML/CFT measures and detecting and reporting STRs based on the provisions of the respective legislation under which they operate. The foregoing includes the Insurance Act (including s.207 (4) (f), the DBFIA (s.9), the Moneylenders Act (s.37), the NPSA (s.56) and the FSCA (including s.6(1)). Supervisors have complied with their obligations and have issued guidelines and circulars. In addition, guidance is provided at meetings with stakeholders including compliance officers' meetings.

### ***Weighting and Conclusion***

The criterion is addressed. **R. 34 is rated Compliant.**

### **Recommendation 35 – Sanctions**

R.35 (formerly R.17) was rated NC in the 3<sup>rd</sup> round MER. The deficiencies included administrative fines under supervisory sanctions of subsection 22(1) were not dissuasive. Belize was deemed to have addressed the deficiencies in its 4<sup>th</sup> and 8<sup>th</sup> FUR.

**Criterion 35.1:** The range of sanctions that are available for breaches by natural and legal persons for failure to comply with the requirements of R.6 and 8 to 23 are proportionate and dissuasive. Some of the sanctions available are detailed below but are not exhaustive.:

- (a) ***TFS-TF (R.6)***: An unlimited fine at the discretion of the court and imprisonment may extend to life and for legal persons the fine is unlimited and is at the discretion of the court (s.68 (5G) under the MLPTA).
- (b) ***NPOs (R.8)***: The sanctions are found in the MLPTA. S.6 (2) court ordering removal of directors or trustees, s.6 (3) court ordering closure of business or discontinuance of business, s. 32 (5) – fine for NPOs providing misleading information, s. 33 (4) of the MLPTA – fine for disclosing a monitoring order. Under the NPO Act, s.11-issuance for warning notices & directives, s. 12– suspension/cancellation of registration, s.12 (3) – application for forfeiture, s. 12 (8) – transfer of forfeited property, s. 13 (6) – sanction for failing to provide information and s. 15 – sanction for providing misleading information.
- (c) ***Financial institution secrecy laws (R.9)***: Section 21 (3) of the MLPTA provides all supervisory authorities in carrying out their functions to obtain and access information it considers necessary to supervise compliance, s. 21 (4) of the MLPTA provides for a supervisory authority can impose a range of administrative sanctions where a reporting entity committed a breach of any AML/CFT/CPR obligations, s.22 (1) – sanctions by supervisory authorities and s.22A (1) sanction for failure to comply with direction. These sanctions include written warnings; directives to comply with specific instructions; administrative penalties up to BZD500,000 (USD250,000); barring convicted individuals from employment within the sector; replacing or restricting the powers of managers, directors or controlling owners; and recommending the suspension, restriction or withdrawal of license. Section.35A (4) Failure to disclose (non-privileged) information can result in sanction on conviction and a fine not exceeding BZD10,000 (USD5000) and/or imprisonment for two years. This range of penalties is further complimented by s. 9(6) of the FIUA which provides that where a person fails to provide the FIU with information requested under FIUA that person can be sanctioned on summary conviction as follows: Fine – not exceeding BZD100,000 (USD50,000) and/or Imprisonment – one year. The range of sanctions are proportionate and dissuasive under this the MLPTA and these

sanctions are also complimented by sector specific legislation under the DBFIA<sup>80</sup>, MLA<sup>81</sup>, IBA<sup>82</sup>, CUA<sup>83</sup>, IB<sup>84</sup>, FSCA<sup>85</sup>, SIA<sup>86</sup> & MFA<sup>87</sup>.

- (d) **Preventive measures (R.10,12,13,14,15,16,17,18,19)**: Sanctions from failure to comply with MLPTA obligations. S.19(5) of the MLPTA: – penalty of up to BZD100,000.00 (USD50,000.00); s.21(4) of the MLPTA – sanctions for any breaches of AML/CFT/CPF obligations; s.22(1) of the MLPTA – sanctions applicable by supervisory authorities; s.83 of the MLPTA – general penalty; s.21(4) of the MLPTA – severe reprimand, suspension, restriction or revocation of license, all without prejudice to any other penalty imposed by law. S.22(1) of the MLPTA – written warnings; directives to comply with specific instructions; administrative penalties up to BZD500,000 (USD250,000); barring convicted individuals from employment within the sector; replacing or restricting the powers of managers, directors or controlling owners; and recommending the suspension, restriction or withdrawal of license. S. 83 of the MLPTA – Summary conviction – BZD100,000.00 (USD50,000.00) Indictment – BZD1,500,000.00 (USD750,000.00) a combination of administrative penalties (both monetary and/or non-monetary) and court sanctioned fines and/or imprisonment terms allows for dissuasive sanctions. The administrative penalties are sector specific where proportionality will apply.
- (e) **Record Keeping (R.11)**: Sanction for failure to comply with record keeping obligations under s.21(4) – sanctions for any breaches of AML/CFT/CPF obligations; s.22(1) of the MLPTA – sanctions applicable by supervisory authorities, s.83 of the MLPTA – general penalty and s.7 of the Accounting Records and Maintenance Act (ARMA) – general penalty for failure to maintain records can result in a summary conviction for failure to maintain records with a fine not exceeding BZD10,000.00 (USD5000.00) and the certificate of registration or incorporation or license can be revoked by the relevant authority.

<sup>80</sup> s.81(2) of the DBFIA- sanctions on summary conviction a fine of BZD5,000 (USD2500) daily for failure to supply information

<sup>81</sup>s.31B(4) of the MLA – or not complying with providing information (MLA s30D), moneylenders are sanctioned of a fine not less of BZD75,000 00 (USD37,500.00) a. Fine: not exceeding BZD50,000 00(USD25,000.00) and/or b. Imprisonment: one year c. Continuing offence a fine of BZD500.00 (USD250.00)/day

<sup>82</sup>s.32 of the IBA – sanction for failure to provide information. a. Fine: not exceeding BZD50,000.00 (USD25,000.00) and/or b. Imprisonment: not exceeding 1 years.

<sup>83</sup> S.60 (9) of the CUA -sanction for failure to provide information. a. Fine: BZD2,000.00 (USD1000.00) b. Continuing offence a fined or BZD100 (USD50.00)/day.

<sup>84</sup> s.246 of the Insurance Act – on summary conviction, insurers & insurance intermediaries can be sanctioned, Body Corporate: Fine of BZD200,000.00 (USD100,000.00), Individual: Fine of BZD50,000.00 (USD25,000), or to imprisonment for a period of 12 months, continuing Offence: Fine of BZD500 9USD250.00) for everyday offence continues and administrative penalty - BZD1000.00 (USD500.00)for every day for failure to supply a document by due date

<sup>85</sup> s.50(5) of the FSCA sanction for not providing requested information on indictment (a). Fine: not exceeding BZD100,000 (USD50,000.00) and/or (b). Imprisonment: unspecified term (c). Continuing offence a fine of BZD1,000.00 (USD500.00)/day. s.62(2) of the FSCA sanction for providing false information in any matter, on conviction a fine not exceeding BZD100,000.00 (USD50,000.00); with directors and officers

<sup>86</sup>s.138 of the SIA provides a range of administrative actions and sanctions which the FSC can apply including administrative penalties of up to BZD100,000.00 (USD50,000.00) and s.142 of the SIA provides for an automatic daily penalty of BZD1,000.00 (USD500.00) for failure to file documents by the required time. The general penalty (s.153 of the SIA) is also available to the FSC. (a). Individual: (i)Fine: Up to BZD100,000.00 (USD50,000.00); and (ii). Imprisonment: Up to four years. (b). Body corporate: (i). Fine: BZD500,000.00 (USD250,000.00). (c). Individual or Body Corporate in addition to sanctions above: (i). Continuing offence: BZD10,000.00 (USD5,000.00) per day. (ii). Return of gains/losses avoided; and (iii). Penalty of two-times gains/losses avoided. (d). Liability of officer, director, manager or employee for breaches by an entity

<sup>87</sup> s.40 of the MFA provides the general penalty that can be applied on conviction by the FSC on Mutual Funds which fail to provide information under s.36 of the MFA (a). Fine: BZD5,000.00 (USD2500.00) - BZD50,000 (USD25,000.00) and/or (b). Imprisonment: not exceeding two years (c). Continuing offence a fine of BZD1,000.00 (USD2500.00)/day.

- (f) **Money or Value transfer services (R.14):** Remittance service providers who fail to comply with s.19 of the MLTPA by not obtaining originator/beneficiary information can be specifically sanctioned under s.19(5) of the MLTPA with a penalty of up to BZD100,000.00 (USD50,000.00). PSPs operating without a license can be sanctioned under s.7 of the NPSA upon summary conviction. Individual/director/officer (a). Fine (Individual/director/officer): BZD100,000.00 (USD50,000.00) and/or (b) Imprisonment: four years; for a body corporate (a). a. fine of BZD500,000.00 (USD250,000.00) (b). Continuing offence a fine of BZD10,000.00 (USD5000.00)/day.
- (g) **Reporting of Suspicious Transactions (R.20):** Sanctions under s.9 of the MLTPA can also be applied where information is falsified, concealed or destroyed which can affect an investigation. S.17(13) of the MLTPA, where there is a breach of the obligation to file STRs under s.17(4) & s.17(4A) of the MLTPA for which supervisory authority or the FIU can apply under s.17(13) of the MLTPA an administrative penalty not exceeding BZD50,000.00 (USD25,000.00) and the license of the RE can be suspended or revoked if the RE fails to file an STR or wilfully files a false or untrue report. In addition, to this sanction, sanctions under s.22(1) s.83 of the MLTPA can also be applied.
- (h) **Tipping -off and confidentiality (R.21):** Section 8(2) of the MLTPA imposes sanctions on a person for the offence of tipping off, with (a). Fine: not exceeding BZD50,000.00 (USD25,000.00) and/or (b). Imprisonment: not exceeding three years. S.17(13) of the MLTPA imposes sanctions on persons who disclose information to another person for knowledge or suspicion that a report will be filed with the FIU under s.17(11) of the MLTPA. (a). Administrative penalty: not exceeding BZD50,000.00 (USD25,000.00) (b). Revocation or suspension of license; s.33(4) of the MLTPA imposes sanctions on conviction of reporting entities, NPOs, or other persons for disclosing monitoring orders. (a). Natural person – Fine – not exceeding BZD5,000.00 (USD2500.00) and/or imprisonment – not exceeding two years. (b). Legal person – fine – BZD20,000.00 (USD10,000.00) – BZD50,000.00 (USD25,000.00). Section 75E(6) of the MLTPA sanctions persons who disclose “protected information” on summary conviction with a (a). Fine: not exceeding BZD25,000.00 (USD12,500.00) and/or (b) imprisonment: six months.
- (i) **DNFBPs: CDD and other measures (R.22 & 23):** DNFBPs are considered reporting entities and are subject to the same AML/CFT/CPF obligations under s.15 -19 of the MLTPA as FIs. Failure to comply with those obligations are sanctioned under s.21(4), s.22(1), and s.83 of the MLTPA. Where a DNFBP prevents a representative from the supervisory authority from conducting an onsite inspection at the premises to monitor for compliance with the AML/CFT/CPF obligations, that DNFBPs can be sanctioned under Schedule V s.4(5) of the MLTPA. *Summary Conviction* – Fine: BZD25,000.00 (USD12,500.00) and/or imprisonment for one-year, *Indictable Conviction* – Fine: BZD50,000.00 (USD25,000.00), imprisonment for three years. Schedule V s.10 of the MLTPA provides the general penalty for DNFBPs for failure to comply with the directives issued by the supervisory authority and where it fails to provide information or files misleading or false information, destroys or mutilates documents to frustrate an investigation. *Summary Conviction* – Fine: BZD30,000.00 (USD15,000.00) and/or imprisonment for two years *Indictable Conviction* – Fine: BZD100,000.00 (USD50,000.00), imprisonment for five years. Additionally, the supervisory authority can prohibit, restrict or limit business activities of DNFBPs and can require that directors, key employees or persons having functions in relation to the DNFBPs be removed or be prohibited from performing functions.

**Criterion 35.2:** Sanctions are applicable to directors and senior management under s.6, s.17 (13), s.19 (5) and s.22 (1) (f) of the MLTPA which requires sanctions to be applied to the directors and senior management of FIs and DNFBPs. The application of sanctions applies to natural persons or individuals and legal persons.

***Weighting and Conclusion***

All criteria are addressed. **R. 35 is rated Compliant.**

**Recommendation 36 – International instruments**

Recommendation 36 (formerly R. 35 and SR. I) was rated PC in the 3<sup>rd</sup> round MER. The deficiencies included the absence of legislation to implement specific Articles of the Vienna, Palermo and Terrorist Financing Conventions. Belize addressed the deficiencies in its FUR including the 8<sup>th</sup> FUR to a level of LC.

**Criterion 36.1:** Belize is party to the Vienna (accession- 1996), Palermo (accession-2003), the United Nation against Corruption (accession-2016) and the Terrorist Financing (signed 2001, ratified 2003) Conventions.

**Criterion 36.2:** Belize has fully implemented the applicable Articles of the Vienna, Palermo, Merida and Terrorist Financing Conventions through the various legislation including the MLTPA, the FIU Act, the Criminal Code and the Prevention of Corruption Act. Belize is compliant with the requirements of Recommendations 3 and 5, meaning that the jurisdiction has fully implemented the requirements of the applicable conventions.

***Weighting and Conclusion***

All criteria are addressed. **R.36 is rated Compliant.**

**Recommendation 37 – Mutual legal assistance**

R. 37 (formerly R.36 & SR. V) was rated LC (R.36) and NC (SRV) in Belize's 3<sup>rd</sup> round MER. The deficiencies cited for R. 36 included; the Belize/USA Treaty Act did not provide that a request for mutual legal assistance (MLA) cannot be denied on the ground of secrecy or confidentiality and the existence of two competent authorities for the receipt and processing of requests for MLA requests may potentially reduce the effectiveness of the system. Belize largely addressed the deficiencies with the enactment of, *inter alia*, the Mutual Legal Assistance and International Cooperation Act in its FURs.

**Criterion 37.1:** The legal basis that allows Belize to rapidly provide the widest possible range of MLA in relation to ML, associated predicate offences and TF investigations, prosecutions and other related proceedings is found in various provisions of the MLA in Criminal Matters (Belize/USA) Act, Mutual Legal Assistance and International Cooperation Act (MLAICA) and the Caribbean Treaty on MLA in Serious Criminal Matters Act which are in force. The type of assistance that can be provided is extensive and ranges from obtaining evidence, locating/identifying a person, obtaining an item by search and seizure, arranging for the attendance of persons to give or provide evidence, serving documents, obtaining a restraint order to registering foreign orders.

**Criterion 37.2:** The Chamber of the Attorney General (AGC) is the central authority and has the power to, *inter alia*, make and receive requests as well as execute or arrange for the execution of requests (ss. 4 (1) and (2) of the MLAICA; Schedule 1-Art. 2 (1) and (2) of the MLA Belize/USA Act and s.5 (1) of the Caribbean Treaty on MLA in Serious Crime Matters Act). The MLAICA recognises that requests may be transmitted via other mechanisms, in which case, the receiving entity is to refer



the request as soon as possible to the central authority (s. 4 (3) (a)). The 2023 SOP for the Ministry of Foreign Affairs (Mutual Legal Assistance and Extradition) details the stages of the MLA process, including the mandate to log and forward the correspondence to the AG within one day. The AGC is guided by its own 2023 SOP for MLA and Extradition which articulate a clear process for the timely prioritisation of MLA requests (including at s.3 of the SOP) taking into account different criteria including the urgency of the request (e.g. to prevent dissipation of assets subject to confiscation), timelines set by the requesting state (e.g. based on limitation periods) and risk rating of the predicate offence in the NRA. Further, guides detailing the process for making MLA requests by countries are available on the website of the [AGC](#). Belize has a case management system<sup>88</sup> in place which allows the prioritisation and execution of MLA requests in a timely manner. Given that Belize has not received or sent a significant amount of MLA requests (see analysis in IO2), this was considered by the assessment team as being acceptable.

**Criterion 37.3:** The grounds for refusing MLA requests are reasonable and the conditions are not unduly restrictive. Reasons for refusing a request under the MLA Belize/USA Act include (i) where the request relates to an offence under military law which would not be an offence under ordinary criminal law and (ii) the request relates to a political offence (Schedule 1-Art. 3 (1) (a)). The reasons for refusal of request under the MLAICA are discretionary in nature and include where in the opinion of the central authority, granting the request would prejudice the sovereignty, security, or be contrary to public policy of Belize (s. 10). The prescribed reasons for denial of request are in line with general international standards. Similar grounds are contained in the Caribbean Treaty on MLA in Serious Crime Matters Act (Art.7(1)).

**Criterion 37.4:** The AGC can refuse a request if same involves legal professional privilege. MLA Requests cannot be refused in circumstances where (a) it involves fiscal matters; or (b) secrecy or confidentiality requirements on FIs or DNFBPs. (Section 10 of the MLA ICA and Schedule 1-Article 3 (1) (a) of the MLA/USA Act). A similar provision is contained in the Caribbean Treaty on MLA in Serious Crime Matters Act (Art. 7 (3)).

**Criterion 37.5:** The MLA/USA Act stipulates that the confidentiality of a request and its contents must be maintained. (Schedule 1-Article 5(5) of the MLA Belize/USA Act). The MLAICA Act requires confidentiality, and it is an offence to breach such an obligation (ss. 27 and 36). Similar provision is contained in the Caribbean Treaty on MLA in Serious Crime Matters Act (Art.9). The foregoing is applicable to the State of Belize and to all competent authorities. The AGC's SOP for MLA and Extradition stipulates that MLA requests are to be deemed confidential and safeguards to ensure confidentiality in this regard are detailed in same (including at s.5 of the SOP).

**Criterion 37.6:** Dual criminality is not a requirement for the rendering of MLA under the MLAICA (s. 10). Under the MLA Belize/USA Act, dual criminality is a requirement for the rendering of MLA assistance. In circumstances where the request involves non-coercive actions, dual criminality is not a requirement (Art.3 of the MLA Belize/USA Act). Pursuant to Art. 7 (4) of the Caribbean Treaty on MLA in Serious Crime Matters Act, dual criminality is not a pre-requisite for the rendering of assistance under the treaty. Pursuant to Art. 7 (4) of the Caribbean Treaty on MLA in Serious Crime Matters Act, dual criminality is not a pre-requisite for the rendering of assistance under the treaty.

**Criterion 37.7:** Dual criminality is not a requirement for the rendering of MLA under the MLAICA (Section 10). It is however a discretionary ground for the denial of a request where search and seizure or forfeiture proceedings are required under the MLA Belize/USA Act (Schedule 1-Art. 3 (1) I of the MLA Belize/USA Act). MLA can nevertheless be rendered even if the offence is not within the same

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<sup>88</sup> The case management system is an electronic one in the form of an excel spreadsheet.

category of offence for both countries and that the offence does not have the same terminology given the definition of criminal matters in the MLA Belize/USA Act (s.1). This was demonstrated in the case of *Titan International Securities Inc. v The Attorney General of Belize and the Financial Intelligence Unit of Belize, Claim No 700 of 2014* where Belize was able to execute a search and seizure on behalf of the United States of America even though the offence of security fraud did not have the same terminology in Belize. Consideration is given to the elements of the offence and not the name of the offence. Pursuant to Art. 7 (4) of the Caribbean Treaty on MLA in Serious Crime Matters Act, dual criminality is not a pre-requisite for the rendering of assistance under the treaty.

**Criterion 37.8:** Belize authorities can exercise all the relevant powers and investigative techniques as set out in the requirements of R.31 for MLA requests (ss.18,29,23,26 and 29 of the MLAICA and ss.32 and 34 of the MLTPA). Powers include search and seizure of information, documents or evidence from FIs, natural or legal persons, and the taking of witness statements, interception of communication and other powers and investigative techniques mentioned in R.31.

### ***Weighting and Conclusion***

All criteria are addressed. **R. 37 is rated Compliant.**

### **Recommendation 38 – Mutual legal assistance: freezing and confiscation.**

R. 38 was rated LC in Belize's 3<sup>rd</sup> round MER on the basis that section 76 of the MLTPA did not mandate that the Supreme Court and the other competent authorities expeditiously handle mutual assistance requests from other countries. Further, there were no provisions allowing for MLA requests for property of corresponding value in the Belize/Caribbean Treaty Act, the Belize/USA Act or the MLTPA.

**Criterion 38.1:** The identification tracing of property and restraint of property are authorised in Belize (ss.18,22 and 26 Mutual Legal Assistance International Cooperation Act (MLAICA); Art.11,17 of the Caribbean MLA in Serious Criminal Matters Act, Art 5(1) and 14 (1) of the MLA/USA Act and section 1 of Schedule VI of the MLTPA). This can be achieved using tools such as production orders and search and seizure warrants. Belize can take expeditious action in response to request from foreign countries to identify, freeze, seize and confiscate;

- a) *Property Laundered:* The enforcement of an external confiscation order or forfeiture order proceedings is permitted in accordance with s.12 of Schedule VI of the MLTPA which expressly allows the Attorney General to enforce a foreign order; ss.19, 25 of MLAICA and Art.19 of the Caribbean MLA in Serious Criminal Matters Act.
- b) *Proceeds of Crime:* The analysis in sub-criterion (a) is applicable here as section 12 of Schedule VI of the MLPTA applies to all proceeds including property laundered as the section does not limit the external order. Further, section 75A of the MLPTA allows the enforcement of external order relative to the proceeds of crime. Proceeds can also be forfeited in accordance with Art.16 (2) of the MLA/USA Act and Art. 18 of the Caribbean MLA in Serious Criminal Matters Act.
- c) *Instrumentalities used in:* See analysis above in (a) and (b) as those mechanisms provides for confiscation of instrumentalities.
- d) *Instrumentalities intended for use in:* See analysis above as they are applicable.
- e) *Property of correspondent value:* Sections 75A of the MLTPA is applicable to property of correspondent value as the law makes provision for the enforcement of an external order in circumstances where properties are found.

**Criterion 38.2:** For the purposes of international cooperation in relation to the provision of mutual assistance for the purposes of the Civil Asset Recovery Unexplained Wealth Act (CARUWA), the mutual assistance laws in Belize apply *mutatis mutandis*. Belize can therefore render non-conviction-based confiscation in circumstances where the defendant cannot be prosecuted by reason of death, flight, absence or the perpetrator is unknown (ss.90 and 91 of the CARUWA).

**Criterion 38.3:** (a) The AGC is mandated to exercise such functions as are conferred upon by the department by the Act. The foregoing includes conducting functions provided for by the Act or which may be necessary for effective assistance to be provided or received (s.4(2)(f) (i) of the MLAICA). The foregoing section is broad in scope and was interpreted by the assessment team that the AGC can do what is relevant to ensure that effective assistance is rendered inclusive of facilitating the coordination of seizure and confiscation actions (which are permitted under the legislation). Further, the information in Box 8.2 was part of a coordinated effort between Belize's and US authorities. (b) Section 8 of Schedule VI and s.16 of the MLTPA authorises the Court to appoint a management and enforcement receiver to manage and dispose of the property following request for registration or enforcement of an external order. Further, s.26 also authorises the appointment of a management receiver to manage assets. Other mechanisms that allow for the disposal of property frozen, seized and confiscated are found at s.8 of Schedule VI of the MLTPA and ss. 25, 26 and 28 of the CARUWA.

**Criterion 38.4:** There are provisions for the sharing of confiscated assets with other countries. The MLTPA established the confiscated and forfeited asset fund (CAF) in which, *inter alia*, provides for all monies derived from confiscation and forfeiture proceedings to be deposited into the CAF. Payments from the fund can be used to, *inter alia*, share forfeited property with foreign States (ss.78 and 79 of the MLTPA). Similar asset sharing provisions with other countries are contained at Art. 3 and 16 of the MLA/USA Act and s.21 of the Caribbean MLA in Serious Criminal Matters Act.

### ***Weighting and Conclusion***

All criteria are addressed. **R.38 is rated Compliant.**

### **Recommendation 39 – Extradition**

R. 39 was rated NC in Belize's 3<sup>rd</sup> round MER. The following deficiencies were cited: procedures for extradition are long and unwieldy; Belize has only concluded extradition treaties with the USA and Guatemala; and effective implementation is adversely affected by the competent authority not being appropriately equipped. Deficiencies were addressed during the follow-up process.

**Criterion 39.1:** Belize can execute extradition requests for ML and TF. (a) An extradition offence is one that is punishable with imprisonment for a term of five years which will incorporate ML and TF offences (analysis of C3.9 and 5.6 refer, as well as s. 4 of the Extradition Act). (b) The judicial process is set out in Part V of the Extradition Act. Additionally, both the Ministry of Foreign Affairs (MOFA) and the AGC (central authority) have in place SOPs on MLA and Extradition requests which detail the processes to augur for the timely execution of extradition requests, including factors to ensure prioritisation (including at s.3 of the AGC SOP). Further, Belize has developed and implemented an electronic case management system which was verified by the assessment team. (c) The grounds for refusal of extradition requests are reasonable and do not impose unduly restrictive conditions on the execution of the request. (s.10 of the Extradition Act). Examples of restrictions on surrender which can be imposed are; (i) where the offence is of a political character; (ii) the offence of which that person is accused or was convicted is an offence under military law which is not also an offence under the general criminal law and (iii) the request is made for the purpose of prosecuting or punishing a person on account of his race, place of origin, political opinions, colour, creed or sex.

**Criterion 39.2:** Belize can extradite its own nationals (s. 3 of the Extradition Act).

**Criterion 39.3:** Dual criminality is not a condition or ground for refusal for the execution of a request for extradition (ss. 4 and 10 of the Extradition Act).

**Criterion 39.4:** Belize has in place measures to facilitate simplified extradition. Simplified extraditions mechanisms include, the person consenting to their extradition (s.16 (7) of the Extradition Act and Art 15 of the Extradition Treaty between Belize and USA) and the use of provisional warrant of arrest, i.e., the extradition is based on the warrant of arrest issued by a Magistrate based on a request received from INTERPOL (ss.11 (1)(d) and 11(6) of the Extradition Act).

### ***Weighting and Conclusion***

All criteria are addressed. **R.39 is rated as Compliant.**

### **Recommendation 40 – Other forms of international cooperation**

R.40 was rated PC in the 3<sup>rd</sup> round MER. The deficiencies included no legislation empowering the police, customs authorities and other law enforcement agencies to undertake international cooperation inquiries for and on behalf of foreign countries. Belize addressed the deficiencies in its 8<sup>th</sup> FUR to the level of LC.

**Criterion 40.1:** Belize ensures that competent authorities rapidly provide the widest range of international cooperation in relation to ML, predicate offences, and TF. This information can be provided both upon request and spontaneously. International cooperation can be rendered via the different supervisory legislation and the MLTPA (see analysis in c.40.2 below). Cooperation can also be facilitated using MOUs and via the various regional and international groups such as INTERPOL, Asset Recovery Network of the Caribbean (ARIN-CARIB) and the Egmont Group of which the different competent authorities are members. Operationalisation of these requirements by competent authorities is supported by departmental policies, SOPs and other policies (see analysis below and in IO.2).

#### **Criterion 40.2:**

- a) Competent authorities<sup>89</sup> have in place legal mechanisms for rendering international cooperation. The laws and other frameworks that provide for this are, *inter alia*, ss.75C and D of the MLTPA (applicable competent authorities); ss.11 (1) of the MLTPA; s.7 of the FIU Act (applicable to the FIU) and 68B of the MLTPA (TFS-TF and PF). Besides the provisions found in the foregoing legislation, supervisors can also render international cooperation in accordance with the legislation governing their operations (s.208 of the Insurance Act-applicable to OSIPP), s..84(4) of the DBFIA- applicable to the CBB; s.52(5), (10) of the FSCA- applicable to the FSC;s.17 of the Belize Mutual Administrative Assistance in Tax Matters Act (MAATMA)- applicable to the BTS; ss.12D of the CRA-applicable to the CED and s.18(1B) of the Central Bank of Belize Act (CBB Act). Further, in the case of *Schuh v Attorney General (747 of 2011)* the High Court of Belize accepted in principle that the BPD can, *inter alia*, render international cooperation to the USA and other member countries of INTERPOL.

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<sup>89</sup> Broadly defined at s.2 of the MLTPA to include any public authority with designated responsibility to combat ML, TF or PF; authority responsible for seizing, freezing and confiscating assets and authority and authority responsible for receiving reports on cross-border transportation of cash and BNIs.

- b) There are no barriers including within the legal framework that prevent competent authorities from using the most efficient means to co-operate. Section 75C(1)(aa) of the MLTPA provides for competent authorities to expeditiously take such steps as it considers appropriate to cooperate with foreign competent authorities, which *ipso facto* necessitates using the most efficient means to cooperate. In some instances, competent authorities advised the assessment team the use of the most efficient means is done on a case-by-case basis and is also based on the urgency of the request as stipulated by the requesting country. Information is shared via, for example, email and in some instances via liaison and seconded officers in other international agencies. The assessment team found that these mechanisms were efficient.
- c) Exchange of information by the FIU, BPD and CED are done via secured gateways hosted by organisations such as the Egmont Group (Egmont Group Secure website- (ESW)), Caribbean Customs Law Enforcement Council (CCLEC), Caribbean Community Implementation for Crime and Security (Caricom IMPACS) and INTERPOL and other encrypted networks. Information is also securely exchanged through identified points of contact, such as liaison officers positioned within international organisations and agencies. Information is also exchanged using encrypted email and or encryption of the document, dedicated servers and addressed to specified individuals by competent authorities such as OSIPP, CBB, FIU, BPD and BTD. The CBB (2023), BPD (2023) and the FIU (2016-updated 2023) policies explicitly require that information shared via email should be encrypted.
- d) Section 75C(1)(aa) provides that a competent authority shall expeditiously take such steps as it considers appropriate to cooperate with foreign competent authorities. The FSC, BPD OSIPP and the CED prioritised requests on a case-by-case basis taking into consideration factors such as, the nature of the crime, the urgency/timeline as specified in the request and suspects that are involved (in the case of the BPD). In some instances, the request will specify the timeline in which the information should be provided, whether the request is an urgent one and in circumstances where it is made pursuant to an MOU, the condition/timeline stipulated in the MOU. The CED noted that requests are facilitated within 10 working days.
- e) The Multilateral MOU (MMOU) signed by OSIPP and several of its CFATF Members' counterparts contains confidentiality requirements which are binding on all signatories. FSC and CBB are required to maintain confidentiality (ss.10 and 18 (3) of the FSCA and the CBB Act, respectively). FIU staff are subject to confidentiality requirements (see c.29.6). Confidentiality requirements are also contained in the CCLEC MOU at Art.II of which the CED is a member. The BPD is required to maintain confidentiality in accordance with section 400.12 of the BPD Policy and Procedure manual, information within agencies such as the BPD is protected with controlled access.

Further, Regs 15 and 47 of the Belize Constitution (Public Service) Regulations places confidentiality requirements on public servants, including an oath of confidentiality. The Regulations are applicable to all public officers that are considered competent authorities with the exception of the Office of Director of Public Prosecution (ODPP). The requirements of R.40 nevertheless do apply to the ODPP given the department's constitutional role.

**Criterion 40.3:** Section 75C of the MLTPA does not require supervisors and competent authorities to sign -MOUs to cooperate. The BPD and the CED do not require the signing of MOUs to cooperate as no law or other mechanism places a prohibition on the exchange of information without an MOU. Agreements have nevertheless been signed by the BPD with entities such as INTERPOL and the Directors and Chief of Police for Central America, the Caribbean and Colombia. The FIU has signed

and negotiated several MOUs which were signed in a timely manner. Section 207 of the Insurance Act allows the Supervisor to enter into MOUs with foreign supervisory authorities. Where MOUs are required for exchange of information in accordance with the relevant supervisory requirements, this can be done in a timely manner as demonstrated in the MMOU signed with regional counterparts.

**Criterion 40.4:** There are no legal or practical obstacles which prevents competent authorities from providing feedback in a timely manner. The FIU has consistently provided feedback in a timely manner to competent authorities. Several of the signed MOUs between the FIU and foreign counterparts requires that feedback be provided. OSIPP can provide feedback to competent authorities where such is required as has been done in prudential requests received. The BPD also indicated that it provides feedback in a timely manner to foreign counterparts.

**Criterion 40.5:** Belize's international cooperation regime does not prohibit or place any unreasonable or unduly restrictive conditions on competent authorities to exchange information or assistance. Requests are not refused on the following grounds.

- a) The MAATMA permits the exchange of tax information.
- b) Financial Secrecy: Section 75G of the MLTPA, which is applicable to all competent authorities, mandates that requests should not be refused on the grounds of secrecy or confidentiality. The FSC can share information with foreign counterparts including where there is a secrecy obligation (s.52 (5) of the FSCA). The FSC and the CBB are only prohibited from doing so where legal professional privilege applies (s.52(6) of the FSCA and s.18(1J) of the CBB Act).
- c) The FSC, CBB and OSIPP are permitted to share information in all instances (s.71 of the FSCA, 207 (h) and (i) of the Insurance Act and 18 (1B) of the CBB Act). There are no legislative or otherwise mechanisms that place restrictions on the CED, FIU, BTD and BPD on the sharing of information including in circumstances where there is an investigation or proceedings underway in Belize.
- d) Section 75D of the MLTPA does not place any restriction on providing international cooperation based on the nature and status of the requesting counterpart authority is different than that of those in Belize. For example, the FIU Belize is hybrid in nature and have signed MOUs and exchange information with FIUs that are administrative in nature and supervisors are permitted to exchange information in all instances for regulatory purposes. Further, s.75D (7) of the MLTPA mandates that the information can be shared spontaneously and based on a written request.

**Criterion 40.6:** FIU and Supervisors: The FIU and supervisors have adequate safeguards in place which ensures that information exchanged is used for the purpose(s) it was provided (ss.13 (b) (i) of the MLTPA, 75D(6)(c) of the MLTPA). The FSC is prohibited from disclosing information unless it has prior authorisation from the requested regulatory authority (s.52A of the FSCA). Similar safeguards are contained in the MOU signed between the FSC and one of its foreign counterparts, the CCLEC MOU of which the CED is a party (Art.II) and Art. 22 of the Mutual Administrative Assistance on Tax Matters Convention. The BPD's Information Sharing Policy (part 736.3) mandates the sharing of information with other LEAs should be permitted, providing it is within strict adherence to the principles of R.40. The assessment team found this to be sufficiently broad in scope to capture the requirements of c.40.6. The Policy further stipulates (Part 736.4) information may only be shared with domestic and foreign LEAs and shall be shared expressly for intelligence purposes and cannot be shared with third parties without the express permission of BPD. Sharing is specifically to promote

cooperation in preventing and combatting trans-national organised crimes, including drug trafficking, trafficking in persons, ML, terrorism, and TF.

Section 32 of the Public Service Regulation 2002 and the Freedom of Information Act, prohibits the disclosure of confidential documents and communication to the media, public and unauthorised individuals and the need to ensure that the information is used for the purpose for which it was provided.

**Criterion 40.7:** Competent authorities are required to protect exchanged information in the same manner that they would protect equivalent domestic information (see analysis in c.40.2 I above). Further, the provisions of the Freedom of Information Act and Public Service Regulations (see c. 40.6 above) provide for confidentiality for any cooperation or request made. Competent authorities can refuse to provide information if the requesting authority cannot protect the information effectively (s.75D(5) of the MLTPA). Further under the various MOUs and agreements with different organisations such as CCLEC and s.10 (1) of the FSCA confidentiality and protection of the information are important components.

**Criterion 40.8:** The Director of the FIU can conduct inquiries into any matter under the MLTPA and share with a foreign agency any such information as may appear to the Director to be necessary to assist in an investigation or prosecution of financial crimes (s.12(2) of the FIU Act). All competent authorities are required to conduct inquiries on behalf of their foreign counterparts and remit such information to foreign competent authorities (s.75D (3)(d) of the MLTPA). All information that is obtainable to them if such inquiries were conducted domestically can be shared with other foreign counterparts (s.75D (1) of the MLTPA). Similar mechanisms exist at s. 18 (1H) (a) of the CBB Act, s.34(1D) of the International Banking Act (applicable to the CBB), ss.207 (7) and 208 of the Insurance Act (applicable to OSIPP) and s.52(3) of the FSCA (applicable to the FSC), Art.II (1) of the CCLEC MOU (applicable to customs), the BPD has a history of conducting inquiries on behalf of foreign counterparts and exchanging such information with their foreign counterparts. Schedule I of the MAATMA (Competent Authority Agreement) is also applicable for the exchange of tax information.

**Criterion 40.9:** The FIU has a legal basis for providing cooperation on ML, associated predicate offences and TF regardless of the type of FIU (s.7(g) of the FIU Act, and ss. 11(m) and 75D of the MLTPA).

**Criterion 40.10:** There are no legal barriers to the FIU providing feedback to foreign counterparts. The FIU provides feedback to foreign counterparts, especially in cases where feedback is explicitly requested. Such feedback is provided within three business days of receipt of the feedback form. Examples of feedback were provided by the jurisdiction and verified by the assessment team.

**Criterion 40.11:** (a) Section7(1) (e) of the FIUA gives broad power to the FIU to cooperate with foreign FIUs. This includes all the information required to be obtainable or accessible directly or indirectly by the FIU in accordance with R.29 (See analysis at c29.3). (b) The various MOUs<sup>90</sup> signed by the FIU and by virtue of being a member of the Egmont Group, information is exchanged based on reciprocity.

**Criterion 40.12:** Financial supervisors (CBB, OSIPP and the FSC) have a legal basis to facilitate the exchange of information, including supervisory information (including at ss.11(1), 68, 75C and 75D of the MLTPA- see analysis in c.40.2). Supervisors are permitted to provide information to competent authorities related to and relevant for AML/CFT purposes to foreign counterparts regardless of the

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<sup>90</sup> 15 MOUs have been signed by the FIU with international counterparts.

respective nature or status (ss.75C (1) (aa) and 75D-see 40.5 (d)), consistent with international standards for supervision.

**Criterion 40.13:** Financial Supervisors are permitted to exchange with foreign counterparts' information domestically available including information held by FI (s.52 of the FSCA s.84 of the Domestic Banks and Financial Institutions Act (DBFIA), s..208 of the Insurance Act ss.75C and 75D of the MLTPA and s.18 (1E) of the CBB of Belize Act).

**Criterion 40.14:** Financial supervisors can exchange any regulatory, prudential and AML/CFT information (see analysis 40.12) and pursuant to the following legal provision, sections 75C, 75D and 208 of the MLTPA, s.208 of the MLTPA, S.52 (3) of the FSCA, s. 34(1B) of the International Banking Act and 18(1B) of the CBB Act.

**Criterion 40.15:** Supervisors are authorised to conduct enquiries on behalf of foreign counterparts including in accordance with MLTPA s.75D (see analysis in c.40.8). The foregoing is also applicable to facilitate effective group supervision as the provisions in the law do not place any limitation on when such inquiries should be conducted.

**Criterion 40.16:** Section 34 (1F) of the IB Act requires the CBB to have prior authorisation from the requested financial supervisor to share information and use of information for supervisory and non-supervisory purposes. Section 207 (7) (d) implicitly requires OSIPP to comply with the requirement of this criterion, taking into consideration that regards must be given to the purpose and use requirements of the information it obtained and exchanged. Section 52A of the FSCA makes provision for the FSC to have prior authorisation from the requested regulatory authority for any dissemination of information.

**Criterion 40.17:** All LEAs are permitted to exchange information domestically available with foreign counterparts, including for intelligence or investigative purposes related to ML, associated predicate offences or TF, including the identification and tracing of the proceeds of crimes and instrumentalities (MLTPA s.75D(1)(c)).

**FIU:** FIU in its investigative capacity is permitted to exchange information domestically available with foreign counterparts for intelligence or investigative purposes related to ML, associated predicate offences or TF, including the identification and tracing of the proceeds of crimes and instrumentalities (s.13 of the FIU Act and ss.11(1)(m) and 68(5S) (B) of the MLTPA). **BPD:** The BPD is authorised to exchange, information domestically available with foreign counterparts for investigative and asset tracing purposes as a result of being a member of INTERPOL, ARIN-CARIB, CARICOM IMPACS and other organisations. Further, the BPD exchanges this type of information through its liaison and seconded officers within other regional and international law enforcement bodies.

**CED:** CED is allowed to share information within its remit with foreign counterparts through its MOUs including with CCLEC and the United States Customs and Border Control (CBP) and its Automated System for Customs Data (ASYCUDA) which is widely used by CARICOM member states. Further, pursuant to s.75D of the MLTPA, the CED is authorised to share information. Information can be shared for both intelligence and investigative purposes.

**Tax Authorities:** The BTS is permitted to share information within its remit with foreign counterparts pursuant to the provisions of the MAATMA and the agreements in place that were signed with 21 countries. This information can be shared for intelligence and investigative purposes.

**Criterion 40.18:** All LEAs are permitted to use their powers, including investigative techniques, to conduct inquiries and obtain information on behalf of foreign counterparts. (MLTPA s.75D(1)). The BPD is a member of INTERPOL and is governed by the framework of such an organisation. The BPD



is authorised to use its powers, including investigative techniques, to render cooperation subject to the principles of domestic laws. Similarly, the FIU, CED and the BTD are authorised to use such measures subject to the principles of domestic laws. (see analysis in c.40.8). There are no legal barriers that prevents these LEAs from using their powers to assist in foreign requests.

**Criterion 40.19:** The authorities have advised that nothing in laws or other mechanisms prevents the CED from forming joint investigative teams to conduct cooperative investigations. LEAs, specifically the BPD and CED have officers that are seconded to other international and regional law enforcement bodies to effectively facilitate the formation of JIT. The Commissioner of Police of the BPD is authorised to appoint Special Constables who have the same powers as Police Officers (s.36 of the Police Act). There is no condition within the legislation that prohibits foreign law enforcement from being appointed as Special Constables to work along with the BPD and the FIU to conduct joint investigation. Belize is also part of the Joint Intelligence Operating Center (JIOC) and the authorities have cited cases to demonstrate the conduct of joint investigations.

**Criterion 40.20:** Section 75D of the MLTPA broadly provides for all competent authorities following the receipt of a request to share information with a foreign competent authority. The requirement of the law does not confine the sharing of information to be among competent authorities performing the same function. Information can be exchanged using the direct diagonal and indirect methods of cooperation. Examples of indirect cooperation occurring were provided, verified, and accepted by the assessment team. Further, s.208 of the Insurance Act authorises OSIPP to conduct direct diagonal cooperation as it authorises the competent authority to regulatory, supervisory and law enforcement authorities.

### ***Weighting and Conclusion***

All criteria are addressed. **R.40 is rated Compliant.**

## *Summary of Technical Compliance – Key Deficiencies*

**Annex Table 2. Compliance with FATF Recommendations**

Recommendations	Rating	Factor(s) underlying the rating
1. Assessing risks & applying a risk-based approach	C	<ul style="list-style-type: none"> <li>• All criteria addressed.</li> </ul>
2. National cooperation and coordination	C	<ul style="list-style-type: none"> <li>• All criteria addressed</li> </ul>
3. Money laundering offences	C	<ul style="list-style-type: none"> <li>• All criteria addressed.</li> </ul>
4. Confiscation and provisional measures	C	<ul style="list-style-type: none"> <li>• All criteria addressed.</li> </ul>
5. Terrorist financing offence	C	<ul style="list-style-type: none"> <li>• All criteria addressed.</li> </ul>
6. Targeted financial sanctions related to terrorism & TF	C	<ul style="list-style-type: none"> <li>• All criteria addressed.</li> </ul>
7. Targeted financial sanctions related to proliferation	C	<ul style="list-style-type: none"> <li>• All criteria addressed</li> </ul>
8. Non-profit organisations	LC	<ul style="list-style-type: none"> <li>• The risk assessment report is not finalised and approved.</li> </ul>
9. Financial institution secrecy laws	C	<ul style="list-style-type: none"> <li>• All criteria addressed</li> </ul>
10. Customer due diligence	C	<ul style="list-style-type: none"> <li>• All criteria addressed</li> </ul>
11. Record keeping	C	<ul style="list-style-type: none"> <li>• All criteria addressed</li> </ul>
12. Politically exposed persons	C	<ul style="list-style-type: none"> <li>• All criteria addressed</li> </ul>
13. Correspondent banking	C	<ul style="list-style-type: none"> <li>• All criteria addressed</li> </ul>
14. Money or value transfer services	C	<ul style="list-style-type: none"> <li>• All criteria addressed</li> </ul>
15. New technologies	C	<ul style="list-style-type: none"> <li>• All criteria addressed</li> </ul>
16. Wire transfers	C	<ul style="list-style-type: none"> <li>• All criteria addressed</li> </ul>
17. Reliance on third parties	C	<ul style="list-style-type: none"> <li>• All criteria addressed</li> </ul>
18. Internal controls and foreign branches and subsidiaries	C	<ul style="list-style-type: none"> <li>• All criteria addressed</li> </ul>
19. Higher-risk countries	C	<ul style="list-style-type: none"> <li>• All criteria addressed</li> </ul>
20. Reporting of suspicious transaction	C	<ul style="list-style-type: none"> <li>• All criteria addressed</li> </ul>
21. Tipping-off and confidentiality	C	<ul style="list-style-type: none"> <li>• All criteria addressed</li> </ul>
22. DNFBPs: Customer due diligence	C	<ul style="list-style-type: none"> <li>• All criteria addressed</li> </ul>
23. DNFBPs: Other measures	C	<ul style="list-style-type: none"> <li>• All criteria addressed</li> </ul>

Recommendations	Rating	Factor(s) underlying the rating
24. Transparency and beneficial ownership of legal persons	LC	<ul style="list-style-type: none"> <li>• The findings of the risk assessment have not been finalised and approved.</li> <li>• No record-keeping requirements for co-operative societies and the registrar of co-operatives.</li> <li>• The Building Societies Act does not contain provisions to ensure compliance with the requirements of c.24.3,24.4,24.5,24.6 and 24.7.</li> <li>• The Co-operative Societies Act does not contain provision to ensure compliance with the requirements of c.24.7.</li> <li>• No requirement for the BPD to monitor the quality of the assistance it received from other countries in response to basic and BO information.</li> </ul>
25. Transparency and beneficial ownership of legal arrangements	C	<ul style="list-style-type: none"> <li>• All criteria addressed.</li> </ul>
26. Regulation and supervision of financial institutions	C	<ul style="list-style-type: none"> <li>• All criteria addressed.</li> </ul>
27. Powers of supervisors	C	<ul style="list-style-type: none"> <li>• All criteria addressed.</li> </ul>
28. Regulation and supervision of DNFBPs	C	<ul style="list-style-type: none"> <li>• All criteria addressed.</li> </ul>
29. Financial intelligence units	C	<ul style="list-style-type: none"> <li>• All criteria addressed.</li> </ul>
30. Responsibilities of law enforcement and investigative authorities	C	<ul style="list-style-type: none"> <li>• All criteria addressed</li> </ul>
31. Powers of law enforcement and investigative authorities	C	All criteria addressed. .
32. Cash couriers	C	<ul style="list-style-type: none"> <li>• All criteria addressed.</li> </ul>
33. Statistics	C	<ul style="list-style-type: none"> <li>• The criterion is addressed.</li> </ul>
34. Guidance and feedback	C	<ul style="list-style-type: none"> <li>• The criterion is addressed.</li> </ul>
35. Sanctions	C	<ul style="list-style-type: none"> <li>• All criteria addressed.</li> </ul>
36. International instruments	C	<ul style="list-style-type: none"> <li>• All criteria addressed.</li> </ul>
37. Mutual legal assistance	C	<ul style="list-style-type: none"> <li>• All criteria addressed.</li> </ul>
38. Mutual legal assistance: freezing and confiscation	C	<ul style="list-style-type: none"> <li>• All criteria addressed.</li> </ul>
39. Extradition	C	<ul style="list-style-type: none"> <li>• All criteria addressed</li> </ul>
40. Other forms of international cooperation	C	

## *Glossary of Acronyms<sup>91</sup>*

	DEFINITION
AEOI	Automatic Exchange of Information (Agreement)
AGC	Attorney General Chambers
AG-ILA	Attorney General- International Legal Affairs (department)
BCA	Belize Companies Act
BO	Beneficial Ownership
BPD	Belize Police Department
BZD	Belizean Dollars
CAF	Confiscated Asset Fund
CARICOM	Caribbean Community
CARUWA	Civil Asset Recovery Unexplained Wealth Act
CARICOM IMPACS	Caribbean Community Implementation Agency for Crime and Security
CBB	Central Bank of Belize
CCJ	Caribbean Court of Justice
CCLEC	Caribbean Customs Law Enforcement Council
CFATF	Caribbean Financial Action Task Force
CRA	Customs Regulations Act
CUA	Credit Union Act
DBFIA	Domestic Bank and Financial Institution Act
DPMS	Dealers in Precious Metals and Stones
FA	Foundation Act
FCWG	Financial Crimes Working Group
FIUA	Financial Intelligence Unit Act
FIU-AD	FIU- Analytical Department
FIU-ID	FIU- Investigations Department
FinCEN	Financial Crimes Enforcement Network
FSC	Financial Services Commission
FSCA	Financial Services Commission Act
FSCREP	Financial Services Commission Report
FTZ	Free Trade Zone
GDP	Gross Domestic Product
GoS	Group of Supervisors
JIOC	Joint Intelligence Operation Center
IBC	International Business Companies

<sup>91</sup> Acronyms already defined in the FATF 40 Recommendations are not included into this Glossary.

IMMARBE	International Merchant Marine Registry of Belize
INTERPOL	International Police
ILAU	International Legal Affairs Unit
LLCA	Limited Liability Companies Act
LLPA	Limited Liability Partnership Act
LPA	Legal Profession Act
LPLAWG	Legal Person and Legal Arrangement Working Group
MDA	Misuse of Drugs Act
MLA	Mutual Legal Assistance
MLCO	Money Laundering Compliance Officer
MLTPA	Money Laundering and Terrorist Prevention Act
MLAICA	Mutual Legal Assistance in International Criminal Matters Act
MOU	Memorandum of Understanding
MMOU	Multilateral Memorandum of Understanding
NAMLC	National Anti-Money Laundering Committee
NAP	National Action Plan
NPSA	National Payment Services Act
NP&S	National Policy and Strategy
NRA	National Risk Assessment
NTFSTF	National Targeted Financial Task Force
ODPP	Office of the Director of Public Prosecution
OSIPP	Office of Supervisor of Insurance and Private Pension
P&LDWG	Policy and Legislative Drafting Working Group
RSP	Remittance Services Providers
SDD	Simplified Due Diligence
SIA	Securities Industry Act
TAPA	Tax Administration Procedure Act
TIEA	Tax Information Exchange Information
UBO	Ultimate Beneficial Owner
WB	World Bank



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## Anti-money laundering and counter-terrorist financing measures – Belize

### *Mutual Evaluation Report*

In this report: a summary of the anti-money laundering (AML) / counter-terrorist financing (CTF) measures in place in Belize as at the date of the on-site visit December 4-15, 2023. The report analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of Belize's AML/CTF system, and provides recommendations on how the system could be strengthened.