

legitimate real estate transactions are, in fact, the proceeds of illegal activities in the United States.

In 2011, the GOOCR pursued its first case under the 2009 civil forfeiture law. The presiding judge subsequently referred the case to the Costa Rican Supreme Court for an advisory opinion which has yet to be issued. It is still unclear whether the GOOCR will assist other countries in obtaining non-conviction-based forfeiture.

While it has demonstrated a genuine commitment to strengthening its anti-money laundering/counter-terrorist financing (AML/CFT) regulatory regime, the GOOCR has not fully implemented recently enacted risk-based regulations. The GOOCR and its regulators have focused considerable attention on the formal financial sector; however, they have not adequately supervised money service businesses, especially money remitters, and issuers, sellers or redeemers of travelers checks and postal money orders. While the FIU is tasked with oversight authority with respect to these entities, it lacks the resources, personnel, or capacity to comply with this mandate. Additionally, designated non-financial businesses and professions (DNFBPs), such as dealers of precious stones and metals, accountants, real estate agents, lawyers and notaries, are not covered by the AML/CFT provisions.

Curacao

In late 2010, Curacao became a new autonomous country within the Kingdom of the Netherlands. Curacao enjoys a high degree of autonomy on most internal matters but defers to the Kingdom of the Netherlands (KON) in matters of defense, foreign policy, final judicial review, human rights, and good governance. Curacao is a regional financial center and a transshipment point for drugs from South America bound for the United States and Europe. Money laundering is primarily related to proceeds from illegal narcotics. Money laundering organizations can take advantage of banking secrecy and use offshore banking and incorporation systems, economic zone areas, and resort/casino complexes to place, layer and launder drug proceeds. Another possible area of money laundering activity may be through wire transfers between the island and the Netherlands. Bulk cash smuggling is a continuing problem due to the close proximity of Curacao to South America.

Curacao has two free economic zones. It is not known to what extent “contrabanding” (using bulk cash to buy actual products which are shipped to South America and sold, thus legitimizing the profits) occurs. The worldwide financial recession has significantly slowed the economic activities of the zones. Curacao has an active “e-zone” which provides potential e-commerce investors a variety of tax saving opportunities and could be vulnerable to illegal activities.

Curacao’s offshore financial sector consists of trust service companies providing financial and administrative services to an international clientele, including offshore companies, mutual funds, and international finance companies. The extent of this sector is not clear, but it has declined in scale due to the worldwide financial crisis. Banking regulations require international banks to have a physical presence and maintain records on the island. Bearer shares of international companies must be kept in custody and onshore companies are not allowed to have bearer shares. Several casinos and Internet gaming companies operate.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

CRIMINALIZATION OF MONEY LAUNDERING:

“All serious crimes” approach or “list” approach to predicate crimes: All serious crimes
Legal persons covered: ***criminally:*** YES ***civilly:*** YES

KNOW-YOUR-CUSTOMER (KYC) RULES:

Enhanced due diligence procedures for PEPs: ***Foreign:*** YES ***Domestic:*** YES
KYC covered entities: Onshore and offshore banks, saving banks, money remitters, credit card companies, credit unions, life insurance companies and brokers, trust companies and other service providers, casinos, customs, lawyers, notaries, accountants, tax advisors, jewelers, car dealers, real estate agents, administration offices, tax advisors, lawyers, and accountants

SUSPICIOUS TRANSACTION REPORTING (STR) REQUIREMENTS:

Number of STRs received and time frame: Not available
Number of CTRs received and time frame: Not available
STR covered entities: Local and international banks, saving banks, money remitters, credit card companies, credit unions, life insurance companies, insurance brokers, company and other service providers, casinos, customs, lawyers, notaries, accountants, tax advisors, jewelers, car dealers, real estate agents, administration offices, and other tax, legal, and accountancy experts

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:

Prosecutions: 24 - January - May 2010
Convictions: 23 - January - May 2010

RECORDS EXCHANGE MECHANISM:

With U.S.: ***MLAT:*** YES ***Other mechanism:*** YES
With other governments/jurisdictions: YES

Curacao is a member of the Caribbean Financial Action Task Force, (CFATF), a Financial Action Task Force-style regional body. The first AML/CFT evaluation of Curacao occurred in August/September of 2011. Once adopted, the mutual evaluation report will be found here: <http://www.cfatf-gafic.org/mutual-evaluation-reports.html>

ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:

A new penal code was passed by parliament and was to be published on November 15, 2011. Terrorism financing is now specifically criminalized and legal persons are subject to criminal and administrative penalties.

Curacao should ensure that it continues its regulation and supervision of the offshore sector and free trade zones, as well as pursuing money laundering investigations and prosecutions. Curacao should work to fully develop its capacity to investigate and prosecute money laundering and terrorist financing cases.

The Mutual Legal Assistance Treaty between the KON and the U.S. applies to Curacao; however, the treaty is not applicable to requests for assistance relating to fiscal offenses addressed to the Netherlands Antilles.

Curacao is part of the Kingdom of the Netherlands and cannot sign or ratify international conventions in its own right. Rather, the Netherlands may arrange for the ratification of any convention to be extended to Curacao. The 1988 Drug Convention was extended to Curacao in 1999. The International Convention for the Suppression of the Financing of Terrorism was extended to the Netherlands Antilles, and as successor, to Curacao on March 22, 2010. The UN Convention against Transnational Organized Crime and the UN Convention against Corruption have not yet been extended to Curacao.

Cyprus

Since 1974, Cyprus has been divided de facto into the government-controlled two-thirds of the island and the Turkish Cypriot-administered one-third. The Government of the Republic of Cyprus (ROC) has continued to be the only internationally recognized authority; in practice, its authority extends only to the government-controlled area. In 1983, the Turkish Cypriots declared an independent “Turkish Republic of Northern Cyprus” (“TRNC”). The United States does not recognize the “TRNC,” nor does any country other than Turkey. This section of the report discusses the area controlled by the ROC. A separate section on the area administered by Turkish Cypriots follows.

Cyprus is a major regional financial center with a robust financial services industry and a significant amount of nonresident businesses. A number of factors have contributed to the development of Cyprus as a financial center: a preferential tax regime; double tax treaties with 44 countries (including the United States, several European Union (EU) nations, and former Soviet Union nations); well developed and modern legal, accounting and banking systems; a sophisticated telecommunications infrastructure; and EU membership. There are no legal or substantive distinctions between domestic and offshore companies. Cyprus has also lifted the prohibition from doing business domestically, and companies formerly classified as offshore are now free to engage in business locally. International business companies are allowed to be registered in Cyprus but their ultimate beneficial ownership must be disclosed to the authorities. There are over 240,000 companies registered in Cyprus, many of which belong to non-residents. The same disclosure, reporting, tax and other laws and regulations apply equally to all registered companies.

Like any financial center, Cyprus faces risks from money laundering and illicit finance activities. The Cypriot authorities are aware of those risks and take legislative and other measures to counter and suppress such activities. The biggest threats for money laundering are primarily from simple financial crime domestically and tax evasion internationally. There is no significant black market for smuggled goods in Cyprus. What little black market trade exists is usually related to small scale transactions, typically involving fake clothing, pirated CDs/DVDs and cigarettes moved across the UN-patrolled buffer zone separating the ROC from the “TRNC”.