



FINANCIAL  
INTELLIGENCE  
UNIT OF ARUBA

# ANNUAL REPORT 2021

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## Preface

The Financial Intelligence Unit of Aruba (FIU-Aruba) looks back on the year 2021 as an exciting year with significant accomplishments. Our first was the celebration of our 25th year of existence. FIU-Aruba has faced changes and challenges throughout the years. Nonetheless, FIU-Aruba stood strong and was continuous in its efforts to seek cooperation and collaboration with other national and international parties. Another major triumph is that we are catching up with the backlog in the publishing of our Annual Reports. The format of our Annual Report has changed and shortly after publication of the Annual Report of 2021 on our website, the President of Parliament and the Minister of Finance of the government of Aruba will receive a formal copy of our Annual Report for 2022.

The amendments to our AML/CFT State Ordinance for the Prevention and Combating of Money Laundering and Terrorist Financing (hereinafter: AML/CFT State Ordinance; in Dutch: Landsverordening voorkoming en bestrijding witwassen en terrorismefinanciering (LWTF) (AB 2011 no.28)) in September 2021 is another significant success worth mentioning. The amendments gave the FIU additional powers that position us as a frontrunner within the anti-money laundering, counter-terrorist financing and counter-proliferation financing (AML/CFT/CPF) in the region. In addition, during the Parliamentary discussions, that were held in August 2021 on the adoption of the revised AML/CFT State Ordinance, the Aruban Parliament accepted a name change of our institution from “Meldpunt Ongebruikelijke Transacties” to “Financial Intelligence Unit of Aruba”. This was an important and practical change considering the increasing international character of the FIU.

With the aim of gaining more readers for our publications and, consequently, increased awareness, we were motivated by our institutions’ new name to create a new logo, articulate a new vision, develop our organizational principles, update our website, and change the format of our Annual Report. The FIU needs to communicate trends and risks to a wider audience as opposed to solely the compliance officers of the reporting entities and our AML/CFT chain partners. To this end, FIU-Aruba now has its own LinkedIn and Facebook accounts and, in time, will possibly join additional social media platforms as well.

Aruba and the FIU have put in every effort to achieve the best possible result at the fourth round of mutual evaluations of the Caribbean Financial Action Task Force (CFATF). The first step in preparing for this procedure was a National Risk Assessment (NRA), which was followed in 2019 by the compilation of a comprehensive detailed Technical Compliance document and in 2020

by the creation of an AML/CFT/CPF-Effectiveness document. The on-site visit took place a year later, in September 2021, due to the Covid-19 pandemic. All AML/CFT/CPF chain partners came together as a team during the rigorous evaluation process to represent our country.

After a forced operational stoppage in 2020, the number of Unusual Transaction Reports (UTRs) increased by 26.7% when compared to the Covid-19-year. Nonetheless, compared to the pre-Covid year (2019), the overall number of UTRs received in 2021 is still 15.6% lower. None of the major reporting entities has reached the pre-Covid-19 year’s UTR total. The fact that our Operational Analysis Department in charge of the FIU’s core operations distributed and disseminated 69 Financial Intelligence Reports (FIRs) to various national and international competent authorities marks a significant accomplishment. This represents a 26% increase from 2020 and a 56% increase from the year prior to COVID-19. Our FIRs in 2021 were focused on crimes involving money laundering, possible terrorist financing, corruption and bribery.

You may witness the advancements our institution has made through a number of successes when reading this Annual Report. You can read about the development of our relationships with our AML/CFT/CPF chain partners, FIU colleagues within the Kingdom of The Netherlands, the Egmont Group, and the CFATF. We will certainly continue to increase our efforts to inform and raise awareness within our society about crucial issues that find their origin and/or result in money laundering (ML), the financing of terrorism (TF) and proliferation financing (PF).

The achievement we are most pleased of this year is that we have kept up our national bridge-building efforts, which will allow this small country to produce a Mutual Evaluation Report that accurately reflects the measures taken by Aruba to effectively tackle money laundering, terrorist financing and proliferation financing. The Financial Intelligence Unit of Aruba aspires to be a dependable resource for AML/CFT/CPF issues and conducts itself in accordance with its core values of trustworthiness, respect, helpfulness, and responsibility.

To conclude, I would like to express my appreciation on behalf of all employees of FIU-Aruba, our FIU-Team, for your assistance and cooperation over the last year.

Angelo Brete  
Head of the Financial Intelligence Unit of Aruba





## Introduction

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### Annual report theme 2021: The importance of child protection

FIU-Aruba received a comprehensive strategic report from a sister FIU describing several financial transactions from other countries to the Asian region related to “child pornography”, which also included Aruba. This topic has been a global developing concern over the past years. As child exploitation is a global issue, Aruba is also affected by this crime. With the objective of giving contribution to the professionals in this field, raising awareness of this phenomenon, we have chosen ‘The importance of child protection’ as the theme for this Annual Report.

Child protection is crucial since it guarantees the wellbeing, safety, and growth of children. Every child has a fundamental right to protection from all types of maltreatment, neglect, and exploitation. Education, healthcare, and a nurturing environment that fosters physical, emotional, cognitive, and social growth, should be accessible to every child. The protection of our children is essential for several reasons.

It aids in preventing and reducing the harmful impact of abuse and neglect, such as physical and emotional trauma, mental health issues, social isolation, and poor academic performance. Children can thrive and realize their full potential by being raised in a secure and supportive environment. Child protection is also crucial for safeguarding the overall community’s safety and wellbeing. Those that experience abuse, neglect, or exploitation are more likely to commit crimes or become victims themselves, continuing a cycle of pain and violence. By defending children, we also protect society’s most helpless citizens and foster a safer and healthier environment for everyone.

Child protection is also vital for promoting social justice and human rights. Every child has the right to live a life free from harm and discrimination, regardless of their racial, ethnic, gender, or socio-economic background. By protecting children, we are upholding their right to a safe and healthy childhood and creating a more equitable and just society.

Despite the fact that some progress has been achieved in the area of child protection in Aruba, evidently there is still much work to be done. There can be no room for complacency when it comes to analysis, investigations, convictions, and the application of laws to protect our children. To contribute to the discussions and solutions on this sensitive topic, we requested Mrs. Clementia Eugene, an esteemed academic lecturer in the discipline of social work and development at our University of Aruba, to explore the connection between adults viewing Child Sexual Exploitative Materials via the Dark Web and the commission of Child Sexual Abuse.

We conclude our Annual Report with this academic article written by Mrs. Eugene and encourage you to read it and to share these findings with others. Child protection is an important issue that calls for the participation and dedication of parents, caregivers, governments, civil society, and the community as a whole. It is together, that we can effectively safeguard children’s safety and wellbeing while simultaneously building a brighter future for all of us.







## Annual report 2021

FIU-Aruba has seen a significant increase in the amount of FIRs that were disseminated to relevant and competent authorities. This has been an ongoing trend since 2019. A factor that contributed to this increase can be found in the continuous efforts of FIU-Aruba to ensure an effective cooperation with national and international partners.

As FIU-Aruba, on the one hand, receives UTRs from financial institutions and designated non-financial businesses and professions (DNFBPs) (both are hereinafter referred to as “service providers”) and, on the other hand, disseminates FIRs to relevant and competent authorities, it can only effectively fulfill this buffer function if there is a good cooperation with all parties involved. Consequently, cooperation with foreign Financial Intelligence Units (FIUs) and national partners is crucial to FIU-Aruba’s role in the AML/CFT/CPF chain in Aruba. Maintaining short and direct lines of communication with service providers and national partners play an important role therein. Furthermore, FCI.net as a new tool for the exchange of information between the FIU’s within the Kingdom of the Netherlands will certainly provide opportunities for new and existing ways of cooperation, such as the continuation of data matching by the FIU’s. In 2022 further substance will be given to this form of cooperation.

Corruption and bribery has been a recurring theme and it has received a lot of attention by FIU-Aruba in these past years. Law enforcement agencies (LEA) and the Public Prosecutor’s Office (PPO) have initiated and investigated several high profile corruption cases in previous years, which also required the FIU’s attention throughout 2021. It is to be expected that corruption will remain an important focus for the FIU in upcoming years considering the identified risks in the NRA (also see: Annual Report bundle 2017-2020).

Furthermore, this Annual Report shows that the amount of UTRs submitted to the FIU has continuously increased and that the quality of UTR reporting has generally improved. Information regarding the obligation to report UTRs is provided to the service providers in different settings. Information sessions and the Compliance Officer meetings (CO-meetings) are tailored to the specific needs of each sector. As a result, there has been a general increase in awareness, knowledge and interest regarding the reporting of UTRs. Additionally, by stepping more into the limelight, FIU-Aruba has also increased its efforts to reach out to a broader public to create more AML/CFT/CPF awareness.

The revision of the AML/CFT/CPF-regime, in particular the AML/CFT State Ordinance, contributes to the ability of FIU-Aruba to effectively give substance to its obligations on a national and international level. The expansion of the FIU’s mandate to also include asset tracing and proliferation financing are important amendments ensuring that national laws are in line with international requirements. New concepts, such as the introduction of unusual transaction reporting by authorities and civil servants, as well as the authority to suspend transactions (opschorting), are new and welcome challenges for FIU-Aruba.

In light of the efforts by FIU-Aruba to contribute to a favorable mutual evaluation report by the CFATF, the achieved results by the FIU as summarized above and elaborated on in this Annual Report, are the result of years of continuous commitment and dedication. FIU-Aruba has seen and undergone several mutual evaluations, added tasks and competencies to its mandate, new sectors subjected to the reporting obligation and many more changes. The FIU has proved to be a dynamic organization, which has adapted to every change and challenge that has entered in its path and it will continue to do so in the next 25 years.





# Summary

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## Highlights of 2021



**33,738** UTR's

FIU-Aruba received 33,738 unusual transactions in 2021 of which 9 per cent are based on the subjective indicator.



**15** Sectors

FIU-Aruba has received unusual transaction reports from 15 types of sectors and institutions in 2021.



**246** Cross-border cash transport declaration reports

Cross-border cash transport declaration reports received from the Customs Department in 2021.



**Top 3** Sectors with the most UTRs

- Commercial Banks
- Casinos
- Money transfer companies



**69** FIRs

Total number of 69 FIRs disclosed to competent national and international authorities.



**Top 4** Crime types based on FIR disseminations

- Money laundering
- Terrorist financing
- Corruption & bribery
- Drug trafficking



**179** National outgoing requests for information

- Requests for information: National authorities
- Consulted databases / collected information from: Government Agencies and Open Source Intelligence
- Request (additional) information: (Non) Financial Institutions



**9** Outgoing foreign request

9 Outgoing requests for information



**18** Incoming foreign request and information

18 incoming information requests from other FIUs





# KEY FIGURES 2021

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# Key Figures 2021

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## 2021 figures in context

The figures in this chapter show that the year 2021 was a remarkable year for FIU-Aruba and its Operational Analysis Department. In this chapter, the statistics of 2021 are placed in context wherever possible so that their value can be rated.

The commercial banks remain to be the institutions that file the most UTRs, followed by the casinos and money transfer companies (MTC) as shown in table 1. Over the past three years, there was a fluctuation in the total number of UTRs received. The main reason thereto, were the measures taken in the period March 2020 through the first six months of 2021 to manage the negative effects of the COVID-19 pandemic in Aruba. These were specific measures taken by the Government, such as the closing of international borders, and “lockdown and shelter-in-place” instructions.

In addition to these UTR's, FIU-Aruba received 246 cross-border cash transport declarations from the Customs Department in 2021, compared to 199 in 2020 and 498 in 2019. Fluctuations in the amount of these declarations can also be explained by the COVID-pandemic and its effects on international travel.

**Table 1: UTRs received per sector and per type of institution**

Sector	Type of institution	2021	2020	2019
<b>Financial</b>	Commercial Banks	17,691	14,931	21,811
	Money Transfer Companies	1,961	2,143	2,696
	Other Financial Institution	97	172	246
	Life Insurance Companies	6	23	10
<b>Non- Financial</b>	Accountants	57	65	43
	Lawyers	94	58	138
	Tax Advisors	5	10	15
	Casinos	12,294	8,330	13,848
	Jewelers	10	12	14
	Car Dealers	101	48	42
	Real Estate Agents	501	256	282
	Notaries	707	350	420
	Pension Funds	3	-	-
	Trust Service Providers	210	236	376
<b>Supervisory Body</b>	Supervisory Body	1	-	-
<b>Total</b>		<b>33,738</b>	<b>26,634</b>	<b>39,941</b>

Unlike the MTC's, whose UTRs are mostly filed under the subjective indicator, the commercial banks and the casinos used mainly objective indicators to file their UTRs. Of the non-financial institutions, the notaries have filed the most UTRs based on the subjective indicator. This underlines their important position within the AML/CFT/CPF chain as gatekeeper. This is illustrated in table 2.

**Table 2: UTRs received under the objective or subjective indicator per sector and per type of institution 2021**

Sector	Type of institution	Indicator	UTRs Received
Financial	Commercial Banks	Objective	16,959
		Subjective	732
	Money Transfer Companies	Objective	5
		Subjective	1,956
	Other Financial Institutions	Objective	89
		Subjective	8
	Life Insurance Companies	Objective	2
		Subjective	4
Non-Financial	Casinos	Objective	12,215
		Subjective	79
	Notaries	Objective	519
		Subjective	188
	Real Estate Agents	Objective	483
		Subjective	18
	Trust Service Providers	Objective	206
		Subjective	4
	Car Dealers	Objective	63
		Subjective	38
	Lawyers	Objective	84
		Subjective	10
	Accountants	Objective	41
		Subjective	16
	Jewelers	Objective	9
		Subjective	1
	Tax Advisors	Objective	5
		Subjective	-
Supervisory Body	Supervisory Body	Objective	1
		Subjective	-
<b>Total</b>			<b>33,738</b>







## Key Figures 2021

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### Overview Financial Transactions in the Districts of Aruba





Focus areas of operational analysis

To initiate a case analysis, the Operational Analysis Department applies a risk-based approach to identify and select UTRs and/or other (financial) information available in the FIU-Aruba Database related to money laundering/terrorism-/ proliferation financing. There are parameters and screening procedures in place to guide the Operational Analysts in identifying possible predicate offences/risks and in prioritizing the commencement of an analysis. One of the selection criteria is the probability and the impact an identified predicate offense/risk will have on the effectiveness of the prevention and combating of money laundering/terrorism- and proliferation financing in Aruba.

The FIU conducts an exhaustive analysis of the UTRs and other information available that results in a FIR submitted to competent authorities. FIRs contain information relating to possible predicate offences/risks. In accordance with the scope of the legislation of the FIU, the purpose of the financial intelligence contained in a FIR is to provide ‘guidance information’ used to support the investigation of the relevant LEA (competent authority).

Table 3: Operational Analysis Case Files

	2021	2020	2019
Case files outstanding previous year	29	32	27
Case files initiated current year	82	57	44
Total number of case files analyzed current year	111	89	71
Case files discarded	12	17	5
Financial Intelligence Reports disseminated/CO-meetings current year	69	42	35
Total number of case files outstanding current year	30	30	31

In 2021, FIU-Aruba disseminated a total number of 69 FIRs to relevant national and international competent authorities. In comparison to previous years, the Operational Analysis Team analyzed 26% more case files in 2021 than the previous year, and 56% more compared to 2019. While there are several factors that triggered this increase, one factor worth mentioning in particular is the surge in money laundering related cases. The case files in 2021 had a link with several probable predicate offences or risks. The table below illustrates the number of FIRs per type of offence or risk.

Table 4: FIRs disseminated/CO-meetings based on a possible predicate offence / risk

	2021	2020	2019
Money Laundering	36	9	13
Terrorism Financing	14	12	3
Corruption & Bribery	7	10	9
Drug Trafficking	7	3	1
Sexual Abuse and Exploitation of Children: Child Pornography	1	0	0
Embezzlement	1	2	2
Breach of Rule of Law, Integrity and Security	1	3	0
Participation in a Criminal Organization	1	2	1
Smuggling	1	0	6
Murder, Aggravated Assault, Crimes Against Humanity	0	1	0
Total	69	42	35







# Key Figures 2021

As in previous years, money laundering offences, terrorism financing and corruption & bribery received the most attention of the Operational Analysis Department. The chapter “FIRs highlighted” elaborates further on the aforementioned topic.

The increase in FIRs disseminated in 2021 based on the offence of money laundering is partly caused by an increased attention to different kinds of fraudulent transactions, such as scams. The amount of information requests in relation to money laundering offences received from national competent authorities also increased.

Compared to 2019 and 2020, FIU-Aruba has disseminated more FIRs related to the possible offence of terrorism financing. This increase is because of more information requests and spontaneous information received from foreign FIUs, specifically related to terrorist financing. There is a small decrease in the number of FIR’s analyzed in 2021 related to corruption and bribery. This is caused by the fact that several high profile corruption cases, on which FIU-Aruba provided assistance during 2019-2020, are currently under prosecution by the PPO.

In 2021, the focus was also on an international trend referred to as ‘sexual abuse and exploitation of children: child pornography’. FIU-Aruba opened a case file in 2021, based on the findings of a strategic report received from foreign FIU in Asia. This investigation is still ongoing.

Table 5: Analysis that resulted in FIRs

An overview of analysis files that resulted in a Financial Intelligence Report (FIR)								
A possible predicate offence / risk disseminated	Number of FIRs	Number of unusual transaction reports *	Indicators related to the reports		FIR based on own initiative	FIR based on information request national authorities	FIR based on request other FIU	FIR based on spontaneous information (inter) national
			subjective	objective				
Money laundering	36	386	54	332	12	16	5	3
Terrorism financing	14	2**	2	0	2	0	3	9
Corruption & bribery	7	41	12	29	1	4	2	0
Drug trafficking	7	18	12	6	0	6	1	0
Sexual abuse and exploitation of children: child pornography	1	0	0	0	0	0	0	1
Embezzlement	1	3	1	2	1	0	0	0
Breach of rule of law, integrity and security	1	0	0	0	0	1	0	0
Participation in a criminal organization	1	5	5	0	1	0	0	0
Smuggling	1	2	0	2	0	0	1	0
Total	69	457	86	371	17	27	12	13

\*: UTRs form the foundation of an analysis, but FIU-Aruba can also use its authority to request additional information from the service providers with regard to transactions. The number of transactions analyzed as a result of additional information is not included in these statistics.

\*\* : FIRs contain intelligence received from UTRs, information received from national and/or international competent authorities and/or information acquired from open sources. This is especially the case with regard to FIRs related to terrorism- or proliferation financing. In addition, a FIR can be disseminated to more than one party and an analysis can be divided into several FIRs. Therefore, the amount of FIRs analyzed in a year is not dependent on the amount of (national and international) information requests and spontaneous information exchanges the FIU has received in a year.





# Key Figures 2021

Both the objective and subjective indicators are of great importance for the FIU and are thoroughly analyzed to write a qualitative FIR. The FIRs disseminated in 2021, contained analysis of 371 UTRs based on objective indicators, and 86 UTRs based on subjective indicators. UTRs based on objective indicators provide among others, valuable insight into money flows, financial relationships or specific patterns. The benefits of the subjective indicator is that in addition to the aforementioned, they may include the professional judgement and experience of the service providers.

### Operational analysis results through cooperation efforts

The FIU submitted 179 information requests to collect information and intelligence for its FIRs in 2021, which is a significant increase compared to the previous years. The nature of an analysis generally dictates the need for additional information. In 2021, more FIRs were analyzed for which additional information was required, especially from (non-) financial institutions. In addition, the continuous improvement in the cooperation with government agencies also led to more outgoing information requests. The FIU also changed its method of registration resulting in an increase in the frequency of open source intelligence (OSINT) consultations.

Less requests for information as well as spontaneous information were sent to foreign FIUs in 2021, because the nature of the analyses did not require doing so. In 2019 and 2020 the majority of information requests sent to foreign FIUs were related to the investigation of a high profile corruption case. These requests were made both on own initiative and on request of law enforcement agencies, serving as an example of the close cooperation between FIU-Aruba and law enforcement in major criminal investigations.

**Table 6: An overview of (inter)national outgoing requests for information / consulted databases to enhance an analysis file with (additional) information**

	2021	2020	2019
Requests for information sent to:			
National Authorities*	7	2	5
Consulted Databases / Collected Information from :			
Government Agencies** and Open Source Intelligence (OSINT)	114	21	5
Requests for (additional) information sent to:			
(Non) Financial Institutions	58	30	16
Total	179	53	26
Requests for information/spontaneous information sent to:			
Foreign FIUs	9	24	25
<b>Total</b>	<b>9</b>	<b>24</b>	<b>25</b>

\*More specific the PPO, LEAs, Security Service of Aruba.

\*\* Such as Immigration Register, Chamber of Commerce Register and Population Register.

**Table 7: An overview of (inter)national incoming requests for information / spontaneous information**

	2021	2020	2019
Requests for information received from:			
National Authorities	25	9	13
Spontaneous information received from:			
National Government Agencies and Supervisory Authority / National Citizens	5	0	2
Requests for information received from:			
FIUs	10	10	21
Spontaneous Information received from:			
FIUs	8	7	7
<b>Total</b>	<b>48</b>	<b>26</b>	<b>43</b>







# Key Figures 2021

In 2021, there was a significant increase in incoming information requests from national authorities, especially from the National Central bureau for Counterterrorism, Security and Interpol (NCT-VI) and the Asset Recovery Team. This led to an increase of FIRs related to money laundering.

An overview of all the international outgoing and incoming requests and spontaneous information, divided per region and per predicate offence/risk in 2021, is added in table 8.

**Table 8: An overview of the international outgoing and incoming requests and spontaneous incoming information in 2021 per possible predicate offence and per region**

Possible Predicate Offence	Region (Jurisdiction)	International Outgoing Requests*	International Incoming Requests	International Incoming Spontaneous Information
Corruption	Americas	5	3	0
Child Pornography	Asia	1	0	1
Drug Trafficking & Money Laundering	Europe	1	2	0
Drug Trafficking & Tax Fraud	Africa	0	1	0
Healthcare Fraud & Money Laundering	Americas	0	1	0
Money Laundering & Terrorism Financing	Asia	0	1	2
Terrorism Financing	Asia	1	2	5
Participation in a Criminal Organization	Americas	1	0	0
Total		9	10	8

\*: to enhance a case file.





# Financial Intelligence Reports Highlighted

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## Financial Intelligence Reports Highlighted

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As was shown in table 8 in the previous section, in 2021, multiple FIRs were analyzed related to the possible predicate offences of money laundering, terrorism financing and corruption and bribery. An additional area of focus was 'sexual abuse and exploitation of children: child pornography', which is considered an international emerging risk.

In 2021, FIU-Aruba disseminated substantially more FIRs related to the possible offence of money laundering, compared to 2019 and 2020. This increase is mainly due to an increase in FIRs initiated on the FIUs own initiative. There was also an increase in information requests received from national competent authorities, such as NCTVI and the Asset Recovery Team. The FIRs based on own initiative are mainly related to various types of scams and fraud, such as romance scams, misuse of donations, tax fraud and advance fee scams. It is worth mentioning that the FIU issued various articles and alerts on these topics with the objective to create public awareness of these risks.

The importance of the objective indicators are not to be underestimated, as 332 UTRs based on the objective indicator were used in FIRs related to the money laundering. Casinos and commercial banks submitted most of these UTRs.

Fourteen (14) FIRs disseminated to competent authorities were related to the probable offence of terrorism financing. The majority of these reports (12) were the result of information requests and spontaneous information exchanged with foreign FIUs, and two (2) FIRs were a result of analysis initiated on own initiative.

One of the FIRs in relation to terrorism finance is based on spontaneous information received in 2020 from a FIU in South America. This information included an international arrest warrant for a subject on charges of terrorist financing. Even though there was no hit on this information in FIU-Aruba's database, the FIU shared this intelligence with the relevant competent authorities in Aruba enabling them to remain vigilant of the respective subject.

Of the 10 information requests received in 2021 from a foreign FIU, 3 were from the same FIU in the Middle Eastern region, and these were all TF related. This same FIU has also shared information spontaneously on TF matters 7 times in 2021 although this did not result in any hits with the FIU-Aruba database.

The majority of the FIRs disseminated on the possible offence of corruption and bribery in 2021, originated from information requests received from the national law enforcement agencies. These information requests concerned extensive criminal investigations into corruption and bribery in several high profile cases, which commenced in 2019 and 2020 and were still ongoing in 2021. FIU-Aruba initiated one case analysis, also related to the possible predicate offence of corruption and fraud and disseminated its FIR to the relevant LEA and the PPO.

Through its international network and cooperation efforts, FIU-Aruba received a report of a study conducted by a foreign FIU on child pornography in 2020 and a subsequent 2021 report on the same topic. The information shared by the foreign FIU in the two reports has assisted FIU-Aruba in the identification of red flags and to gain further awareness on the topic of 'sexual abuse and exploitation of children: child pornography'. The aforementioned report triggered a case analysis that is still ongoing, for which FIU-Aruba awaits additional information from its foreign colleagues.





# Financial Intelligence Reports Highlighted

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# Developments in 2021

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## International Developments

### Egmont Group

The Egmont Group is an international organization dedicated to strengthening international co-operation and intelligence sharing between financial intelligence units worldwide to combat money-laundering, terrorist financing and associated predicate offences. Currently, the Egmont Group counts 166 members.

The Egmont Group raised its profile among stakeholders and the general public. It was able to establish beneficial new collaborations, including one with the World Customs Organization (WCO), which resulted in the publishing of a Handbook for FIU-Customs Cooperation and the Egmont Group becoming a WCO observer. In addition, Egmont Groups' executives attended the G20 Virtual Anti-Corruption Ministerial Meeting and the G20 Anti-Corruption Working Group/FATF meeting, reflecting on the outstanding success of the Egmont Group combined work with the FATF on Trade-Based Money Laundering (TBML).

Despite the continuous problems of the COVID-19 epidemic, the Egmont Group remained flexible and continued its critical anti-money laundering and counter-terrorist financing (AML/CFT) work by holding virtual meetings and making out-of-session decisions throughout the year. ECOFEL, the Egmont Centre of FIU Excellence and Leadership, also continued to help FIUs in their pursuit of excellence and leadership through their eLearning platform and the development of various new eLearning courses and workshops in-house.

Besides the international cooperation through the Egmont Group on an operational level, FIU-Aruba actively participates in three working groups of this organization (i.e. the Membership, Support and Compliance Working group (MSCWG); The Policy and Procedures Working Group (PPWG), and; The Information Exchange Working Group (IEWG)). After participating as Vice-Chair for the PPWG, the representative for FIU-Aruba was elected as Chair for this working group in November 2021, for a period of two years.

### Financial Action Task Force

The Financial Action Task Force (FATF) is an inter-governmental body that sets international anti-money laundering, terrorist financing and anti-proliferation financing standards. These standards relate to the political commitment of jurisdictions, the creation of legislation as well as the measures that countries must take to combat these crimes. Jurisdictions all over the world are required to implement these standards.

Besides its task of assessing jurisdictions on the implemented measures to combat money laundering, terrorist financing and proliferation financing, the FATF also conducts research on typologies, trends and risks. In this regard, increased attention is given to human smuggling and human trafficking. In particular, the effects of COVID-19 on the commission of these crimes was subject to research as well as the continuous changing modus operandi of human trafficking and human smuggling.

The FATF commenced its work to update its 2011 report on "Money Laundering Risks Arising from Trafficking of human Beings and Smuggling of Migrants". Noteworthy is the fact that child abuse is often related to human smuggling and human trafficking. The subject has received increased attention by authorities on an international level, such as Interpol. FIU-Aruba has also taken notice of these developments and conducted an analysis on a case concerning child abuse as was discussed in "Financial intelligence reports highlighted". The FIU has also assigned one specific analyst to human smuggling and human trafficking cases.

The use of cryptocurrency by criminals to launder illicitly gained funds is another emerging trend and receives increased attention by the FATF and the global community. Continuous research and case examples show how criminals have increasingly used cryptocurrencies to their advantage. In this regard, the FATF amended its Recommendation 15 in 2018 to include a definition of virtual assets. In 2019, the FATF also amended its interpretive note to Recommendation 15 to include compliance requirements for service providers in relation to virtual assets.

These international developments regarding the risks involved with virtual assets has also led Aruba to implement provisions in its national AML/CFT/CPF regime in order to mitigate risks originating from the use of virtual assets, such as the inclusion of virtual asset service providers as service providers in the AML/CFT State Ordinance (this is discussed in "National developments"). Virtual assets is an emerging trend that undoubtedly will have an increasing affect on Aruba.







## Regional Developments

### Caribbean Financial Action Task Force

The regional organization for cooperation on counter-measures against money laundering and terrorist financing between states and territories within the Caribbean region is the CFATF. The CFATF conducts the evaluation rounds for the Caribbean region, including Aruba. In view of the fourth round of the mutual evaluation, Aruba maintained close contact and cooperated with the CFATF to receive training and support with the objective of successfully completing this process.

Because actual CFATF meetings were limited in 2021, virtual platforms supported and, in certain cases, extended CFATF collaboration with regional and international organizations. Under the Chairmanship of The Bahamas, the CFATF provided training, made presentations, and actively participated in or was invited to watch more than forty (40) events. These included high-level CARICOM Standing Committee meetings, as well as seminars on banking, fintech, compliance, and counter-terrorism, as well as discussions on combating modern slavery, human trafficking, and illicit financial flows.

At numerous fora, CFATF Members were informed of new sorts of illicit activities and varied manifestations of existing crimes that evolved as a result of the COVID-19 pandemic. Notably, criminals have considerably profited from the pandemic's issue in terms of contemporary slavery and people trafficking. The CFATF remains committed to collaborating with organizations, agencies, and other stakeholders to address emerging and current ML/TF/PF issues affecting its Members and the global network, and will continue to focus on virtual assets, virtual asset service providers, and risk assessments for proliferation financing in the next round of mutual evaluations.

### Identified regional risks affecting Aruba

Aruba's proximity to Latin-American countries delivers a potentially increased risk of being used as a transit point for drugs and money derived from drug trade. In addition, FIU-Aruba remains vigilant for the effects of, among others, unstable governments, oppression, political conflicts and elections. The intention is to prevent and combat the misuse of our financial system by criminals due to our good financial and business relations with the United States and Europe.

Human smuggling and human trafficking are also important risks to take into consideration not only on an international level but also on a regional level. There are two main destinations of human smuggling: North America and Europe. Furthermore, due to the unstable political situation in certain parts of Latin America, there has been a substantial movement of population in the region,

which has also affected Aruba. Considering abovementioned regional risks, it is imperative that Aruba remains vigilant and ensures that it takes the necessary measures to mitigate these risks. Creating awareness by informing service providers, cooperation on a national and international level as well as the implementation of relevant laws are important steps taken in this regard.







# Developments in 2021

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## Developments within the Kingdom of the Netherlands

During a meeting between the heads of FIU of the jurisdictions within the Kingdom – Aruba, the Netherlands, Curacao and St. Maarten - it was agreed that the FIUs would intensify information sharing to increase the effectiveness of the cooperation. This would allow the FIUs to detect common risks and trends with the intention to combat money laundering and terrorist financing throughout the whole Kingdom in a more effective manner.

### Further development of Kingdom-wide information exchange

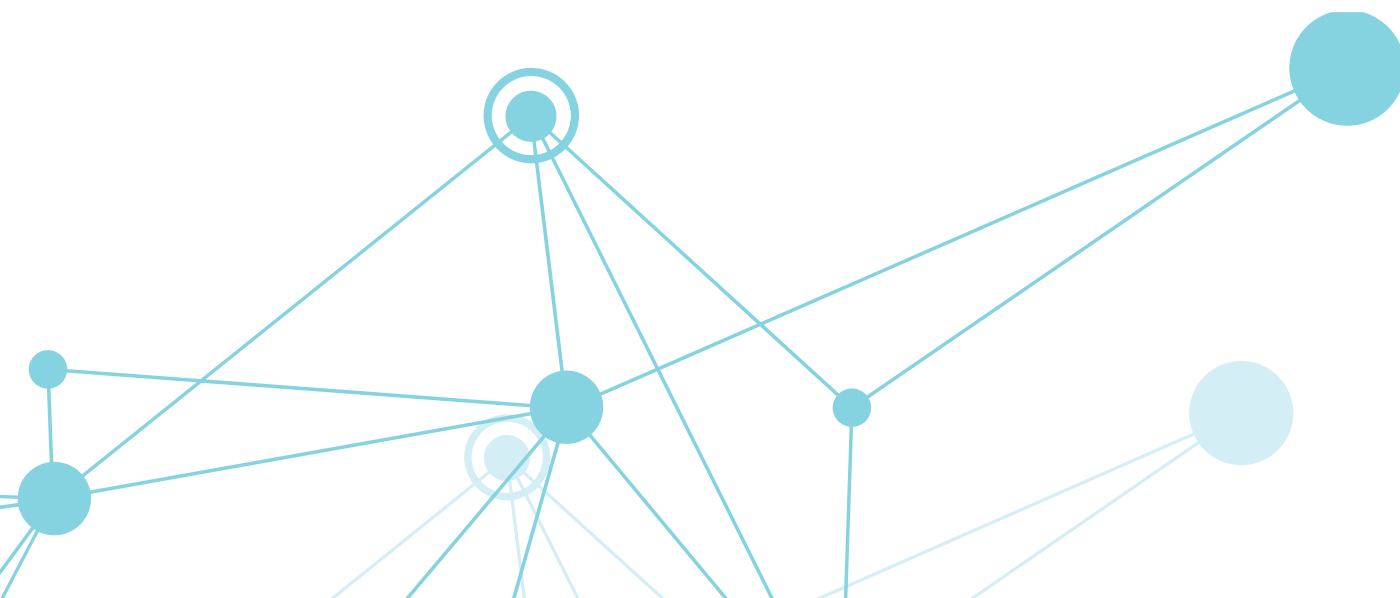
On the operational level, the FIUs discuss the use of FCI.net to share intelligence. This system of information exchange is comparable to FIU.net, a system that FIU-Aruba used until recently.

FCI.net was originally initiated by the Dutch Fiscal Intelligence and Investigation Service (Fiscale inlichtingen- en Opsporingsdienst – also called FIOD) in cooperation with the British HMRC (Her Majesty's Revenue and Customs). The goal was to tackle problems relating to the exchange of information in financial investigations between jurisdictions. FIU Netherlands commenced cooperation with the FIOD to utilize this system for the exchange of information between the FIUs within the Kingdom. Due to the success thereof, and its vision to continuously strengthen its role in the national and international AML/CFT/CPF-network, FIU-Aruba decided to implement FCI.net. Working towards the implementation of FCI.net, the FIUs of Aruba, the Netherlands, Curacao and St. Maarten conducted a test match to check whether the digital information exchange and the IT-infrastructure of all participating FIUs were up-to-date, sufficiently secured and up to standard as agreed upon by the FIUs. It is the intention of the FIUs to commence operational cooperation mid-2022.

### Sharing of information through seminars

In order to stimulate the sharing of information and experiences, each FIU would annually host a seminar, called a 'Koninkrijksseminar' ('Kingdom seminar'). FIU-Aruba kicked-off this new round of seminars with a webinar in 2021 followed by FIU St. Maarten. Corruption was the 2021 leading theme for FIU-Aruba, and in this regard several national and international speakers were invited to share their knowledge and expertise in this 'anti-corruption' webinar held in February, 2021. The main objective was to incentivize inter-agency cooperation as well as to stimulate authorities to seek cooperation with the other jurisdictions within the Kingdom in order to increase the effective tackling of corruption within the Kingdom of the Netherlands. Relevant authorities from all jurisdictions, such as the FIUs, supervisory bodies, LEAs, PPOs and tax authorities participated in this webinar. In addition, service providers from Aruba that are often confronted with unusual transactions in relation to corruption, such as banks and civil notaries, also participated.

FIU St. Maarten was the second in line to host a seminar, and their focus was on the fourth mutual evaluation round. This webinar was of particular interest for Aruba and the Netherlands, as their evaluation process was planned for 2021 and 2022, respectively. Our sister islands, Curacao and St. Maarten will undergo this process in 2024. It allowed all participating parties to share insights and to gather additional information on how to achieve the best result possible.





# Developments in 2021

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## National Developments

### 25th anniversary of FIU-Aruba

FIU-Aruba (under the name Meldpunt Ongebruikelijke Transacties or MOT) was established on February 29, 1996 when the State Ordinance Reporting Obligation Unusual Transactions (Landsverordening Meldplicht Ongebruikelijke Transacties) was enacted. One year later, in 1997, FIU-Aruba was one of the first FIUs to become a member of the Egmont Group. The operations of FIU-Aruba initially consisted of only two staff members. To date, FIU-Aruba has expanded its operations with 13 well-trained and dedicated associates.

Financial institutions were the first service providers to be subject to the reporting obligation and on 1 September 1996, FIU-Aruba received its first UTR from a commercial bank. It was not until 2011 that the reporting obligation also included the DNFBPs with the implementation of the AML/CFT State Ordinance (Landsverordening voorkoming en bestrijding witwassen en terrorismefinanciering/LWTF). With the adoption of the new legislation, a whole range of new service providers, such as lawyers, real estate agents, casinos, accountants and tax advisors, were also required to submit UTRs. Currently, FIU-Aruba receives an average of 35,000 unusual transaction reports on an annual basis.

FIU-Aruba has faced many changes, including a recent change to its name; and challenges, such as the most recent fourth round mutual evaluation by the CFATF. Nonetheless, throughout the years, FIU-Aruba was continuous in its efforts to seek cooperation and collaboration with other parties, national as well as international. On a national level in particular, FIU-Aruba aimed to provide knowledge and awareness regarding financial intelligence and the relevance thereof to prevent and combat money laundering and terrorist financing amongst the national partners.

Furthermore, it has also maintained and intensified its contact and accessibility to service providers in terms of creating awareness and to provide them with information on their reporting obligation of UTRs. FIU-Aruba also has and will continue to provide assistance to service providers regarding the reporting of UTRs. The reporting behavior of the sectors shows a general increase in awareness indicating that the FIU's efforts are paying off.

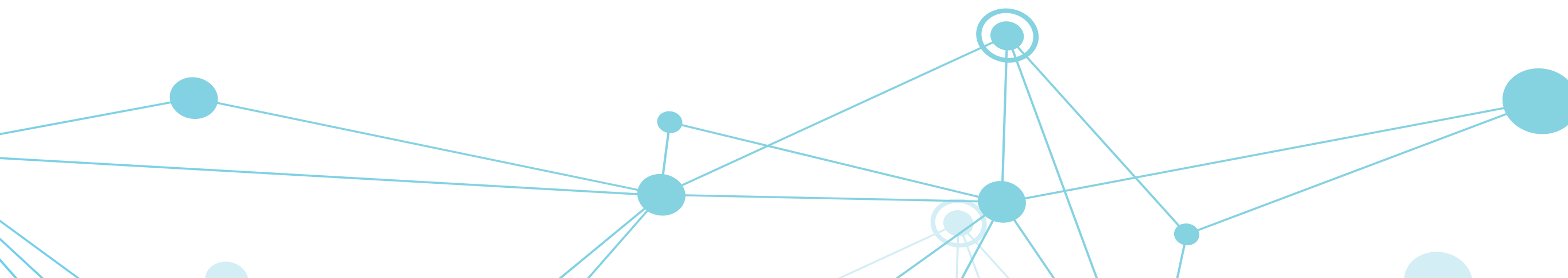
### Approved versus allocated budget 2019 - 2021

One of the FIUs' primary challenges is dealing with insufficient budget to hire additional staff, as it is entrusted with additional tasks and responsibilities after each revision of the law. The most recent amendment to the AML/CFT State Ordinance occurred in August 2021. In preparation of these amendments, FIU-Aruba had initiated a process in 2019 to revise its organizational structure with the objective of requesting an expansion of its total number of staff. FIU-Aruba was not able to complete this procedure due to the Covid-19-pandemic and the subsequent financial constraints on the national budget, not allowing public departments to hire new staff members. Should there be no further changes in this recruitment policy in the near future, the FIU would significantly be limited in its required growth and the execution of its tasks and responsibilities. In addition to the recruitment of qualified staff, a tight budget limits the FIUs' ability to invest in new technologies and hardware, which in turn can be crucial for its operations.

The table below presents the annual approved budget by the Parliament of Aruba versus the allocated budget for that same year.

Table 9: Annually approved budget vs. allocated budget

	Allocated		Allocated		Allocated	
	Budget 2019	Budget 2019	Budget 2020	Budget 2020	Budget 2021	Budget 2021
Wages	1,630,900	1,493,716	1,452,100	1,484,885	1,480,500	1,469,839
Operational expenses	599,500	531,284	777,100	679,045	912,500	757,025
Depreciation	419,000	404,325	197,300	146,600	184,600	184,600
<b>Totals</b>	<b>2,649,400</b>	<b>2,429,325</b>	<b>2,426,500</b>	<b>2,310,530</b>	<b>2,577,600</b>	<b>2,411,464</b>
Budget allocation in %		92%		95%		94%







# Developments in 2021

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## National Developments

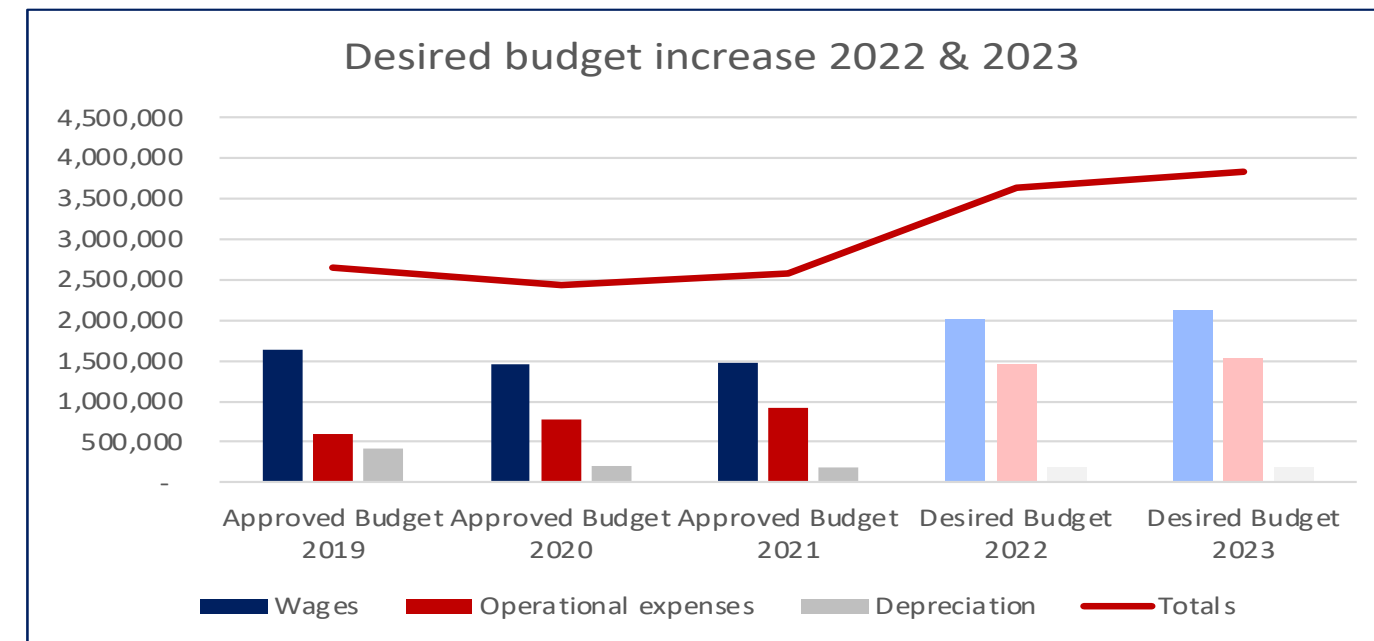
In 2019, the Parliament of Aruba approved Afl. 2,6 million for the FIU of which 92% was allocated. In the Covid-19-year 2020, the budget approved for the FIU was 8% less (due to the applied Covid-19 solidarity measures), of which only 95% was spent as the Government of Aruba requested all public departments to be prudent in their spending. FIU-Aruba's approved budget increased with 6% in 2021 in comparison with the previous year, but it still did not reach the pre-Covid-19 budget level, as the approved total budget was 3% less in comparison with the year 2019.

The biggest adjustment in the FIU budget category 'wages' in 2021, will be visible in 2022 as one staff-member chose an early retirement as of December 1, 2021. There was no new recruitment during this year because, according to the Governments' policy, positions that qualify for early retirement may not be replaced.

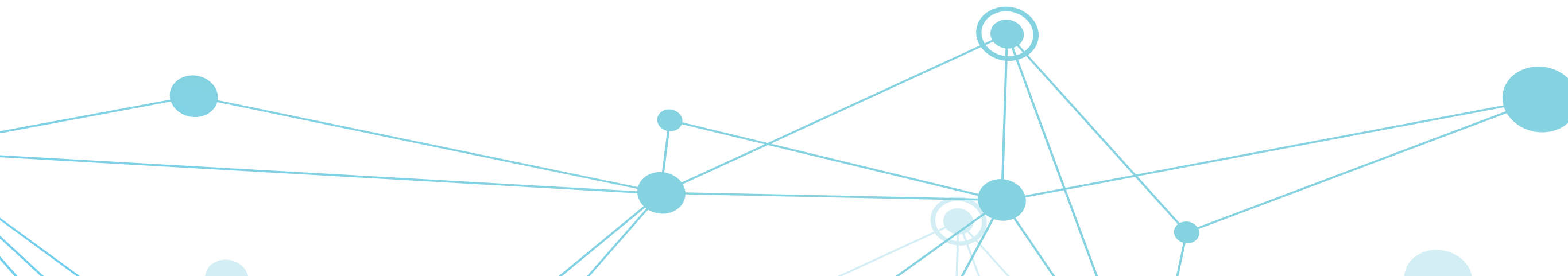
The FIU has been dealing with insufficient budgets for some time now, but was always able to continue its operations with the available means. This was possible due to careful planning, the application of a risk-based-approach to conduct case-analysis, and the commitment of its staff-members. However, the immediate attention of the Government is necessary to carefully consider the budget wishes of the FIU to prevent reaching a point where the FIU may not be able to fulfill its tasks and responsibilities as required by law.

The chart below presents the approved budget totals for each main budget category from 2019 – 2022, and the desired budget increase for the years 2022 and 2023.

Chart 1: Approved budget (2019-2020) and desired budget (2022-2023) for FIU-Aruba



Using the year 2019 as basis, the FIU requires a budget increase of 38% in 2022 and 45% in the year thereafter. The objective of the budget increase is to enable the FIU to grow with five (5) additional staff members and to replace a number of hard and software. The budget increase is considerable, as the replacement of hard- and software is long overdue.





## National Developments

### National cooperation and collaboration efforts

FIU-Aruba fulfills a unique position within the AML/CFT/CPF chain as it functions as a buffer between the service providers, the LEAs and the PPO. This buffer function comes with the responsibility to show good judgement, prudence and professionalism in action and decisions to be taken with respect to data and intelligence entrusted to her. The FIU receives UTRs from various service providers and, based on the aforementioned aspects of its buffer function, decides whether to initiate an analysis and to issue FIRs to the relevant authorities or not, based on its own analysis and risk-based approach.

In order to comply with and to safeguard the legal requirements, the efforts of the FIU are to continuously foster and maintain an effective communication and cooperation with all stakeholders. The periodical meetings with the Central Bank of Aruba (CBA), the PPO and compliance officers of the various service providers serve as an example thereof. The topics discussed during these meetings depends on identified risks, trends, policies to be adopted or issues that have arisen requiring immediate attention.

### Cooperation through CO-meetings with service providers

Meetings with compliance officers of several sectors have proven to be an effective method of information exchange, the effective use of our short communication lines and, to establish a solid basis for cooperation and mutual understanding. These meetings provide a transparent and open communication channel between FIU-Aruba and the respective compliance officers of the service provider. These meetings are also effective because the FIU and the compliance officers have the opportunity to introduce topics, exchange information, experiences and cases with the FIU and the other compliance officers present at the meeting. Furthermore, these meetings have demonstrated that all parties can learn from each other and assist in detecting common risks and trends. Nonetheless, the substantive quality of the meetings largely depends on the interactive and critical attitude of the compliance officers participating in the meetings. In this regard, FIU-Aruba aims to further increase the level of interactive participation by several sectors.

### Cooperation with law enforcement authorities

FIU-Aruba's buffer function also entails that its FIRs provide law enforcement agencies with 'guidance information'. This means that the FIU aims to provide law enforcement with (new) insights when they are in the process of gathering evidence.

The FIRs, therefore, serve intelligence purposes only. Consequently, FIU-Aruba's FIRs and the underlying documents to these reports may not serve as evidence to support criminal investigations or in the prosecution of suspects.

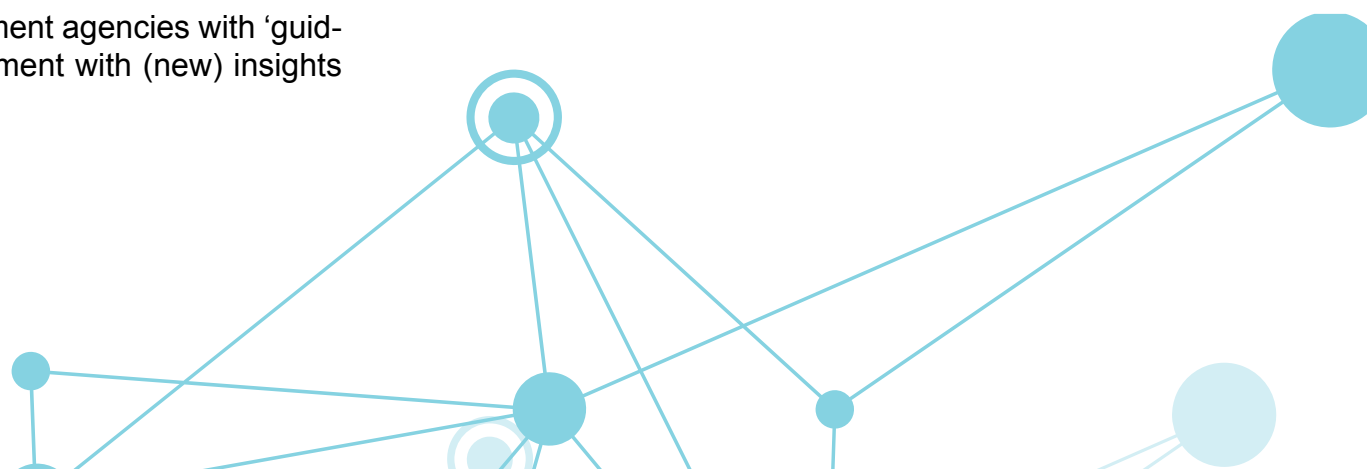
In order to encourage the effective use of the financial intelligence provided by the FIU, rapprochement is sought with LEAs by maintaining close contact as was demonstrated during the criminal investigations in a high-profile corruption and bribery case. This has resulted in good relations and a better mutual understanding between the FIU analysts and the LEAs. Moreover, FIU-Aruba's active participation in the Asset Recovery Team (Afpakteam) also continues to attribute to a good cooperation with local partners.

It is FIU-Aruba's vision to strengthen its role and to safeguard its good standing as a national authority on AML/CFT/CPF matters. This entails its cooperation with relevant AML/CFT/CPF authorities on a policy and an operational level.

### Outreach activities

Providing information on a wide range of topics to service providers and authorities within the AML/CFT/CPF chain is one of the tasks of FIU-Aruba pursuant to article 20 of the AML/CFT State Ordinance. There are several ways in which information is provided to the public, service providers, local partners and other relevant authorities.

The maturity and knowledge of the various sectors in relation to money laundering, terrorist financing and proliferation financing plays an important role in determining the content of the information provided to the service providers. Therefore, depending on the audience, FIU-Aruba adjusts the content of the information that is presented as well as the setting, among others, through information sessions and/or seminars organized for specific service providers or authorities; meetings with the compliance officers of the various sectors, and; social media. The kind of information that is provided to the various parties also depends on different factors, such as the annual theme of the FIU, recent developments, and identified trends, risks & typologies.





## National Developments

In view of the increasing popularity of social media channels, FIU-Aruba decided to participate in this trend and share information on counter-money laundering and anti-terrorist financing efforts through these communication channels. Besides FIU-Aruba's continuous efforts to provide information to its local partners and to the service providers through information sessions and seminars, it is evident that there is need for the public to stay abreast of current developments and to be warned of emerging risks. The goal is not to just combat the commission of crimes, but to also prevent crimes from happening. FIU-Aruba launched its Facebook page and created a LinkedIn account. Through these social media accounts, the FIU shared information on various topics, such as scams, changes in legislation, red flags and emerging risks. In line with the above-described efforts, FIU-Aruba also launched a renewed website that has a fresh and modern look and that is more accessible for its users.

### Amendments to the national AML/CFT/CPF regime

The revision of the AML/CFT State Ordinance was in the making for several years and negotiations were well underway prior to the commencement of the mutual evaluation process conducted by the CFATF. However, it was of crucial importance that the Aruban Parliament would adopt the revised AML/CFT State Ordinance and that it would be enforceable prior to the conclusion of the onsite-evaluation by the assessors-team for the mutual evaluation. This would ensure that the revisions could be taken into consideration by the assessors for the evaluation of the technical compliance section of the mutual evaluation.

In order to increase awareness and an understanding of the most important amendments to the AML/CFT State Ordinance, FIU-Aruba and the CBA provided presentations before a special commission of Parliament in February 2021, consisting of several members of Parliament. In this presentation, FIU-Aruba explained the relevance of the amendments in relation to its tasks and how they contribute to the prevention and combating of money laundering, terrorist financing and proliferation financing. The aim was, amongst others, to create a better understanding of the work conducted by FIU-Aruba, the necessity of the proposed amendments and the need of additional resources enabling the FIU to comply with the law.

After much anticipation, Parliament adopted the revised AML/CFT State Ordinance on August 19, 2021. In addition to the revised AML/CFT State Ordinance, Parliament also passed a motion to conduct a revision of supervision. The revised AML/CFT State Ordinance entered into force on September 8, 2021. The most important changes in relation to FIU-Aruba are:

- The inclusion of virtual asset service providers as financial institutions and, therefore, subject to the obligation to report UTRs (article 1);
- Name change from Meldpunt Ongebruikelijke Transacties to Financial Intelligence Unit of Aruba (article 20);
- Asset tracing as a task of FIU-Aruba (article 20);
- Countering-proliferation financing as a task of FIU-Aruba (article 20);
- Broadening the scope of authorities that are allowed to receive FIRs by FIU-Aruba (article 24);
- The requirement for financial institutions to include the counterparty to the transaction (article 26);
- The possibility for authorities and civil servants to submit reports to the FIU – also referred to as 'meldrecht' (article 32);
- The authority for FIU-Aruba to suspend transactions (opschortingsbevoegdheid) (article 28a).

In addition, the Landsverordening toezicht kansspelen (AB 2021 no. 150) (State Ordinance gaming supervision) also entered into force in September 2021. Pursuant to this State Ordinance, supervision for the casinos is placed with a, yet to be established, Gaming Board. This Gaming Board will have the authority to conduct prudential as well as AML/CFT supervision. Furthermore, the Gaming Board will also be responsible for granting gaming licenses. However, for the time being and until the gaming board is up and running, the CBA remains the authority for conducting AML/CFT supervision on the casino sector.

As part of the revision of the AML/CFT/CPF regime for Aruba, the Criminal Code of Aruba was also subject to amendment as the criminalization of proliferation financing was implemented (Article 2:55a of the Criminal Code of Aruba). Another important development was that Book 2 of the Civil Code of Aruba entered into effect. It contains, amongst others, responsibilities for service providers in relation the keeping and updating of ultimate beneficiary ownership information and it aims to phase out the use of Aruban exempt corporation (Aruba vrijgestelde vennootschap - AVV) which are considered vulnerable to misuse by criminals for money laundering activities.

Although important steps were taken to amend the AML/CFT/CPF regime, more laws are still awaiting the necessary amendments in order to further increase the solidity of the AML/CFT/CPF regime of Aruba.







## National Developments

### Mutual Evaluation of Aruba

FIU-Aruba’s main focus in 2021 was to be well prepared for the mutual evaluation process and to go through this process with flying colors. FIU-Aruba had an essential role in the national preparations, with respect to documents that were required to be submitted to the assessment team, prior to the on-site visit that took place in the fall of 2021. In 2021, all efforts were directed to support Aruba’s lead agent to submit a comprehensive and qualitative Technical Compliance document. This document was to present to the assessors, the extent to which national laws are up-to-date and in accordance with the international standards of the FATF. Furthermore, the preparations began for the compilation of the AML/CFT/CPF-Effectiveness document. This document contained substantive argumentation and supporting documentation with respect to the level of effectiveness of our national framework and strategies in the prevention and combating of money laundering and terrorist financing.

The submissions regarding the effectiveness of Aruba - which were based on the FATF methodology and its immediate outcomes - required all relevant authorities in the AML/CFT/CPF chain to submit information on the manner in which they have effectively prevented and combatted money laundering and terrorist financing in practice. Authorities were required to submit qualitative as well as quantitative documentation to support their submissions. FIU-Aruba also provided guidance and assistance to authorities when requested. As a result, cooperation between authorities turned out to be an important factor to the successful completion of this process.

The on-site visit by the CFATF-assessors took place from August 30 up to September 10, 2021, during which they visited several authorities responsible for AML/CFT/CPF matters, such as the PPO, the CBA, the Aruban Police Force, the Customs Authority and Chamber of Commerce. The assessors also visited the premises of the FIU to validate the information provided by the FIU and to examine its policies and procedures. The assessment team also met with several representatives from the private sector.

Subsequent to the submission of the ‘effectiveness document’ and after the on-site visit, Aruba received its first draft of the mutual evaluation report in October 2021 including the preliminary ratings with respect to the compliance with the FATF recommendations and the effectiveness of its AML/CFT/CPF-framework. This was followed by various moments of correspondence between Aruba and the assessors in order to provide further clarifications, corrections and comments to the report.

The aim was to avoid inconsistencies and to ensure that the report would accurately reflect the situation in Aruba.

Although not all discussions on the draft report were concluded by the end of 2021, FIU-Aruba already knew that its efforts and hard work had paid off and that in 2022 it could commence its work towards optimizing the final draft report to be presented to the CFATF plenary.





# Annual Report Theme 2021







# Annual Report Theme 2021

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## The Dark Web of Child Sexual Exploitative Material: The Risks Involved

### Introduction

Child sexual abuse is as old as human existence. The defining feature of the 21st century which is the rapid spread of technology and the internet, have exacerbated its prevalence through the Dark Web using Child Sexual Exploitative Materials (CSEM). CSEM refers to “any representation, by whatever means, of a child engaged in real or simulated explicit sexual activities or any representation of the sexual parts of a child for primarily sexual purposes” (Optional Protocol of the CRC, art.2 (c)). This article explores the relationship between adults watching CSEM through the Dark Web and the perpetration of child sexual abuse. The article describes the Dark Web, the scope of child sexual abuse and pornography and their effects on children. The relationship between adults who watch CSEM and their involvement in child sexual abuse is explored.



Clementia Eugene, PhD Candidate, Anton de Kom University of Suriname & Interim Program Manager, Social Work and Development, University of Aruba

### The Dark Web

The Dark Web “can only be accessed using special software such as the Onion Router (TOR), Freenet and I2P. It contains content that cannot be indexed by traditional search engines and provides anonymity for users and website operators” (National Crime Agency, 2019b, p. 6.). According to Europol, 2021, criminals use more secure communication channels and obfuscate the movement of illicit funds, making it a lucrative venture using crypto debit cards, Coin Join, Swapping, and Bitcoin ATMs, amongst others (Europol, 2021). Europol, 2021 also posits that the universality of these practices creates monetary incentives for expanding the crime-as-a-service business model and grey infrastructure.

The anonymity and privacy of the Dark Web is the intervening variable that contributes to its massive volume of CSEM for personal and commercial reasons, thus maintaining online pedophilic networks (Europol, 2021; UNICEF, 2020 & 2021). This is further compounded by children spending more time online, making them more susceptible to grooming, leading to an increase in self-produced exploitation material (UNICEF, 2017; Insoll, 2022; Europol, 2021).

### Scope of Child Sexual Abuse

The United Nations Children’s Fund (UNICEF) estimates that globally 1 in 5 girls and 1 in 13 boys have been sexually exploited or abused before age 18 (UNICEF, 2020). A study conducted amongst high school children in Aruba revealed child sexual abuse to be the least prevalent type of maltreatment for the year at 8.9%, while lifetime prevalence was at 20.4% (Eugene et al., 2022a). The scope of children in Aruba that are exposed to sexual exploitation on the Dark Web is not known. However, “globally, 80% of children in 25 countries report feeling in danger of sexual abuse or exploitation online” (UNICEF, 2017). The United Kingdom National Crime Agency identified 2.88 million registered accounts across the ten most harmful Dark Web sites (We Protect, 2019). In 2020, there were 21.7 million reports of suspected online (CSEM) by USA technology companies to the National Center for Missing and Exploited Children (We Protect, 2021). The Internet Watch Foundation (IWF, 2021), found 252,194 reports of imagery online of children being sexually abused. Girls were seen in 97% of the imagery IWF helped remove. Most of the children were 11 – 13 years old, and there were children aged 3 – 6 years. The Boystown Dark Web was taken down by an international task force and had 400,000 registered users (Europol, 2021). According to Europol, 2021, there has been a steep increase in online grooming activities on social media and online gaming platforms, mainly by younger children. The sad reality is that children are accessing the internet unsupervised at a younger age, engaging in self-generated CSEM, thus increasing their risks of sexual exploitation (We Protect, 2019; Europol, 2021). Moreover, the increasing normalization of sexual behaviour online is changing children’s attitudes to sharing explicit content, providing offenders with a wider pool of potential victims (Europol, 2021; UNICEF, 2021). All this contributes to increased CSEM distribution on the Dark Web consumed through pornography.





# Annual Report Theme 2021

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## The Dark Web of Child Sexual Exploitative Material: The Risks Involved

### Scope of Pornography

The Dark Web facilitates adults to watch pornographic materials involving children. The scope of adults watching pornography in Aruba is not known. With easy access to the internet and electronic devices, pornography appears to be a normative experience among adolescents. Ninety per cent of boys and 60% of girls are exposed to pornography at some point in their teenage years (Sabina et al., 2008). In the case of Aruba, a study conducted amongst high school children revealed 51.9% of the children watched pornography (Eugene et al., 2022b). These results are similar to a previous study which found 67.3% of adolescents watched pornography (Lisen, 2021). Regarding sex, more boys watched pornography than girls (Eugene et al., 2022b; Lisen, 2021). Children watching pornography is a form of sexual abuse. These results must not be ignored as these children may mature into adulthood with an unhealthy understanding of sex and sexuality (Burton et al., 2010) and become entrapped within the Dark Web.

### CSEM and Child Sexual Abuse

Pornography using CSEM is sexual violence against children (Seigfried-Spellar & Soldino, 2019). Article 34 of the Convention on the Rights of the Child (CRC), the CRC Optional Protocol for CSEM in the Digital Age, and the Sustainable Development Goals (SDG) 16.2 make sexual exploitation of children a global priority. Therefore, the questions that remain to be answered are (1) what are the effects of CSEM on children and (2) whether the adults entrapped on the Dark Web of pornography contributes to their later involvement in child sexual abuse.

### Effects of CSEM on Children

There are many implications for the exploited children used as sexual materials on the Dark Web. First, these children become prone to repeated abuse and trauma each time their images or videos are shared online with one button click. Secondly, these children are at higher risks for depression, anxiety, suicide, PTSD, drug abuse and offending behaviour (Bisha et al., 2019; D'Inverno et al., 2021). Third, upon disclosure, social stigma, blaming and blackmail by offenders (Reid, 2016; Pais, 2010) erodes children's self-esteem and self-confidence, which interferes with their self-efficacy in all domains of their lives, primarily educational attainment. Fourth is a more nuanced effect on children acquiring an unhealthy development about sex and sexuality. This can result in initiating problematic sexual behaviours in other children (Friedeich, 2006) and, at times, can become sexually aggressive (Ybarra et al., 2011).

In one study, 42.0% of the respondents reported seeking direct contact with children through online platforms after viewing CSEM (Insoll et al., 2022). Finally, for some children who meet face-to-face with their online abuser, the outcomes are almost always adverse as some are gone missing and sold into prostitution.

### The Relationship Between Pornography and Child Sexual Abuse

The massive spread of the internet has changed the nature of sexual crimes against children. A body of research has examined the association between viewing CSEM and the perpetration of child sexual abuse. Many child pornography offenders have psychological difficulties in multiple areas of functioning (Houtepen et al., 2014). Meanwhile, there appear to be disagreements regarding causal relationships. Three perspectives were found in the literature (Diamond et al.; John et al., 2004 & James et al., 2008). The first argues that viewing child pornography increases an individual's likelihood of committing child sexual abuse. The rationale is that pornography normalizes or legitimizes the sexual interest in children. The second perspective argues that viewing CSEM decreases an individual's likelihood of committing child sexual abuse. The reason is that CSEM acts as a substitute or an alternative for actual offences so that real children are not harmed. The third argument is a more neutral stance in that there is no meaningful association, as the available evidence is insufficient to conclude.

Notwithstanding the above disagreements, many studies have found consistent associations between adults watching CSEM and child sexual abuse. Hessick, 2010 found that adults viewing child pornography increases their risk of sexually abusing children as the arrests of paedophiles have found large amounts of CSEM in their possession. A study in the United Kingdom found an association between pornography usage and harmful attitudes and behaviours towards women and girls (Upton et al., 2020). A meta-analysis of 22 studies found that exposure to pornography, particularly violent pornography, is significantly associated with increased rates of sexual aggression in the general population (Wright et al., 2016). Several other studies associate CSEM as contributing to child-perpetrated sexual abuse (Seto et al., 2011; Faust et al., 2014; Yoder et al., 2018; Marshall et al., 2021; Woodhams, et al., 2021; Insoll et al., 2022). It is believed that the inconsistencies in the research about the relationship between CSEM and the perpetration of sexual offences against children are irrelevant, as the very initial act of grooming, recording, sharing and viewing CSEM is already a sexual offence against children.







# Annual Report Theme 2021

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## The Dark Web of Child Sexual Exploitative Material: The Risks Involved

### Conclusion

The massive spread of the internet, cameras, phones and computers have changed the nature of sexual crimes against children. CSEM on the Dark Web is a sinful, hideous, lucrative venture. The relationship between adults watching CSEM and child sexual abuse is real yet complex. CSEM affects the sexual and mental health of children and contributes to adults committing sexual crimes against children, thus stealing their childhood. The work of law enforcement is commended for taking down Dark Webs, but more needs to be done. The introduction of the CRC Optional Protocol and CSEM provides necessary guidelines yet is deficient in eradicating children's exposure to exploitation.

### Recommendations

- (1) Public education about the social construction of children to increase awareness about the inherent dignity and human rights of children for survival and development to transition into healthy adulthood.
- (2) Sex education at multiple levels in society.
- (3) Greater parental supervision of their children on electronic devices to disrupt the bedroom culture with technology.
- (4) Strengthen children's skills in online safety.
- (5) Enforcement of laws that require online payment providers to report suspected cases of CSEM.
- (6) Law enforcement aggressively pursues suspected cases of CSEM in the best interest of protecting our children, ensuring they live lives worthy of their human dignity and flourishing.



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# Annex







Annex I – List of abbreviations

AML	Anti-money laundering
A.V.V.	Aruban exempt corporation (Aruba vrijgestelde vennootschap)
CFATF	Caribbean Financial Action Task Force
CFT	Counter-Terrorist financing
CO-meetings	Compliance Officer meetings
CPF	Counter-proliferation financing
DNFBP	Designated non-financial businesses and professions
FATF	Financial Action Task Force
FIOD	Fiscal Intelligence and Investigation Service (Fiscale Inlichtingen- en Opsporingsdienst) (The Netherlands)
FIR	Financial intelligence report
FIU	Financial Intelligence Unit
FIU-Aruba	Financial Intelligence Unit of Aruba
HMRC	Her Majesty's Revenue and Customs (United Kingdom)
LEA	Law enforcement agencies
LWTF	AML/CFT State Ordinance (Landsverordening voorkoming en bestrijding witwassen en terrorismefinanciering)
ML	Money laundering
MOT	Meldpunt Ongebruikelijke Transacties (currently: Financial Intelligence Unit of Aruba)
MTC	Money transfer company
NCTVI	National Central bureau for Counterterrorism, Security and Interpol. (Nationaal Centraal Bureau Terrorisme en Interpol).
PF	Proliferation financing
PPO	Public Prosecutor's Office
PPWG	Policy and Procedure Working Group
TF	Terrorist financing
UTR	Unusual transaction report

