

ANNUAL REPORT

2 0 2 3



FINANCIAL
INTELLIGENCE
UNIT OF ARUBA



TABLE OF CONTENTS

Preface by the Head of FIU

Highlights of 2023
Essencial Data Points

Key Figures 2023
Aruba Map - Overview Financial Transactions per District
Operational Analysis Results throught Cooperations Efforts
Financial Figures

Financial Intelligence Reports Highlighted
Connectedness to the Global Network

International Developments
Regional Developments
Developments within the Kingdom of the Netherlands
National Development

Trade-Based Money Laundering: Trends to Watch Out for

List of Abbreviations

Preface by the Head of FIU

As we reflect on the events of the past year, we are pleased to present the Annual Report of the Financial Intelligence Unit of Aruba (FIU-Aruba) for 2023. This year has been characterized by robust collaboration with the Public Prosecutors’ Office (PPO) and a concerted effort to align our national stakeholders in proactive measures against money laundering (ML), terrorism financing (TF), and proliferation of weapons of mass destruction (PF). We take pride in the significant achievements made by both Aruba and our dedicated team at FIU-Aruba.

November 2023 was particularly noteworthy for our financial intelligence unit (FIU) and the Aruban nation as a whole. A key highlight was the successful organization of the 57th Plenary meetings of the Caribbean Financial Action Taskforce (CFATF) in Aruba, funded by the Government of Aruba and orchestrated by our FIU team. With over 300 participants from our region and supporting countries, this event was a resounding success. We express our gratitude to the Government of Aruba and all collaborating departments for their support in making these meetings a success. Of special pride is the formal installation of the Head of FIU-Aruba as the Chairman of the Caribbean Financial Action Task Force (CFATF), marking the second time in the organization’s 32-year history that Aruba has held this prestigious position.

In 2023, Aruba witnessed a substantial economic recovery following the profound impact of the COVID-19 pandemic, leading to an increase in the number of Unusual Transaction Reports (UTRs) filed at the FIU. This recovery prompted us to address challenges and refocus our efforts on high-risk areas. We dedicated significant time to strengthening cooperation channels, enhancing the quality of Financial Intelligence Reports (FIRs), and addressing emerging risks. Importantly, we initiated various projects to ensure our readiness to tackle evolving financial crime dynamics. The adaptability and dedication demonstrated by our team during these times have been admirable.

Aruba Chairs the CFATF for 2023-2024. The plenary meeting held in November was a resounding success.

Despite our achievements, we recognize the challenge faced by many FIUs in attracting qualified staff. In this regard, we urge the Government of Aruba to review salary scales, remuneration, and secondary benefits for civil servants in financial analysis, data analysis, and IT fields to enable us to recruit top talent. Regrettably, our project to assess the staffing needs of FIU-Aruba relative to its expanded tasks and responsibilities has been postponed without clarity on its resumption. With respect to the funding of the FIU, we earnestly request the Minister of Finance and the Aruban Parliament to consider the budget requirements for 2025, as this is crucial for our effective fulfillment of mandated responsibilities.

In this report, we delve into operational developments, regional and international influences on our activities, such as changes to Financial Action Task Force (FATF) standards, the impact of international conflicts, and the identification of new trends and risks. We reaffirm our commitment to effective information sharing, national and international cooperation, and nurturing strong relationships with financial institutions and designated non-financial businesses and professions.

The year 2023 saw closer collaboration with competent authorities like the PPO, the National Central Bureau for Counterterrorism, Security, and Interpol (NCTVI), and other FIUs within the Kingdom of the Netherlands. Together, we strengthened efforts to combat corruption and emerging trends in financial crimes.

While our previous annual report focused on defining the financial intelligence concept, this year, we have invited Mrs. Simone van der Zee, a seasoned professional in our region, to contribute an article on Trade-Based Money Laundering (TBML). This article aims to explain TBML’s essence and contribute to its effective combat. TBML requires extensive information sharing among international trade players and exploration of public-private partnerships to disrupt criminal processes effectively.

In conclusion, we extend our gratitude to all stakeholders for their unwavering support.

The achievements of FIU-Aruba in 2023 underscore the dedication of our team and the collaborative spirit among stakeholders. As we navigate the evolving financial landscape, we remain steadfast in our mission to prevent and combat money laundering, terrorism financing, proliferation financing, and associated offenses.

drs. Angelo Brete.



SUMMARY

In 2023, FIU-Aruba remained steadfast in its commitment to protect the financial integrity of Aruba, navigating an evolving landscape of financial intelligence with a risk-based approach. By prioritizing resources to high-risk sectors, the Operational Analysis Department maintained robust collaboration with AML/CFT partners, ensuring the provision of crucial financial intelligence to support criminal investigations and asset tracing. Despite a reduction in the number of FIRs disseminated, FIU-Aruba's focus on enhancing analytical depth led to more extensive investigations requiring greater coordination with law enforcement.

FIU-Aruba also observed a decrease in requests for additional information from service providers and consultations with databases, consistent with the reduced number of FIRs analyzed. Handling embargoed FIRs with heightened security measures continued to be a priority, particularly in high-profile cases involving corruption, fraud, or money laundering. Nationally, requests from local authorities remained stable, while there was a notable decline in incoming requests and spontaneous disclosures from foreign FIUs, particularly in terrorism financing-related inquiries.

Handling embargoed FIRs with heightened security measures continued to be a priority, particularly in high-profile cases involving corruption, fraud, or money laundering.

Several cases highlighted the importance of asset tracing, strategic analysis leading to an operational analysis, and a case demonstrating the importance of national and international collaboration between FIU-Aruba and competent authorities. Information sharing and cooperation with national and international entities, as well as strengthening relationships with financial institutions and designated non-financial businesses and professions (DNFBPs) (collectively referred to as "service providers"), remain vital in combating ML/T/PF and associated predicate offenses. Furthermore, the emergence of new risks, such as TBML and its increasing significance both locally and regionally, require that the identified risks in the 2021 National Risk

Assessment (NRA) be reviewed to continue to ensure the financial integrity of Aruba. Despite fluctuations in its budget due to events like the COVID-19 pandemic and hosting of the CFATF Plenary meetings, FIU-Aruba managed financial challenges through strategic planning. However, ongoing issues such as funding for staff and technology continue to be crucial for effectively combating financial crimes.

In conclusion, FIU-Aruba maintains its commitment to safeguarding Aruba's financial integrity through prioritized resource allocation, robust collaboration with AML/CFT partners, and enhanced analytical depth, while emphasizing national and international cooperation and addressing financial crime challenges amidst budgetary fluctuations.



Essencial Data Points



49,254 UTRs

FIU received 49,254 UTRs in 2023 of which 4% were based on the subjective indicator



TOP 3 Sectors with the Most UTRs

- Casinos
- Commercial Banks
- Money Transfer Companies



88 National Outgoing Requests for Information

- National authorities
- Consulted Databases / Collected Information from Government Agencies and Open Source Intelligence
- Requests for (additional) information sent to (Non) Financial Institutions



15 Sectors

FIU received UTRs from institutions belonging to 15 different sectors and the customs department.



36 FIRs

36 Financial Intelligence Reports were disseminated to competent national and international authorities



13 Outgoing Requests

13 Requests for information to foreign FIUs.



410 Cash Declaration Reports

These are cross border cash transport declaration reports received from the Customs Department.



TOP 3 Crime Types Disseminated

- Money laundering
- Fraud
- Corruption & bribery



10 Incoming Requests

There were 9 incoming information requests from other FIUs and 1 spontaneous info received



KEY FIGURES

1. Key Figures 2023

1.1 2023 Figures in Context

This chapter of our Annual Report examines key performance indicators that offer insights into operational efficiency, effectiveness, and impact, within the context of evolving regulatory frameworks, emerging threats, and collaborative partnerships. These figures summarize achievements and guide strategic direction and dedication to upholding financial integrity.

Within the financial institutions, the money transfer companies (MTC's) reported 465 (29%) fewer UTRs compared to the previous year. As indicated in the table below, this reduction relates primarily to the reports filed under the subjective indicator, while the number of UTRs reported under the objective indicator remained unchanged. This decline is attributed to changes in the reporting procedures implemented by the MTCs in 2022, which consolidated multiple financial activities into single UTRs, thus reducing the total number of reports.

Table I:
UTRs received per sector and per institution type.

Sector	Type of Institution	2023	2022	2021
Financial	Commercial Banks	20.239	20.591*	17.721*
	Money Transfer Companies	1.126	1.591	1.966
	Other Financial Institutions	257	159	101
	Life Insurance Companies	2	3	6
	Total	21.624	22.344	19.794
Non-Financial	Casinos	25.513	21.084*	12.321
	Notaries	783	857	710
	Real Estate Agents	728	665	504
	Trust Service Providers	385	320	210
	Lawyers	84	101	100
	Accountants	92	40	61
	Car Dealers	16	16	101
	Pension Funds	24	2	3
	Tax Advisors	1	7	5
	Jewelers	3	0	10
	Pawn Shops	1	9	0
	Total	27.630	23.101	14.025
Customs	Customs	410	332	246
Supervisory Authority	Supervisory Authority	0	3	1
	Total	410	335	247
Total		49.664	45.780	34.066

* Backlog adjustments.

The table above details the UTRs received categorized per sector and type of institution. In 2023, there was a modest 8% increase in the total number of UTRs and cash declarations received. The financial sector reported 3% fewer unusual transactions, whereas the non-financial sector reported a 20% increase. This trend reflects Aruba's ongoing economic recovery and growth in years following the end of the COVID-pandemic.

While this procedural change has improved the quality of the submitted UTRs, it has also resulted in a lower overall number of filed reports.

KEY FIGURES

The 62% increase in the “Other financial institutions” category, while seemingly substantial, pertains to a single institution and is linked to Aruba’s economic development post-pandemic. The Customs Department submitted 78 more cross-border cash declarations, reflecting a 23% increase, largely due to intensified surprise controls conducted by the Customs Department by the initiative and in collaboration with the PPO.

As illustrated in the table below, the commercial banks and the casinos are the leading entities in submitting UTRs overall. Casinos submitted 21% more UTRs in 2023, following a significant rise in 2022 driven by the rapid recovery of the tourism industry post-COVID. This significant increase is seen solely in UTRs submitted under the objective indicator (transactions exceeding Afl. 5,000). Commercial banks reported a slight decline in 2023, with a 1% decrease in reports filed under the objective indicator and a 29% decrease in reports filed under the subjective indicator, compared to 2022.

Table II:
Objective and subjective UTRs received per institution type.

Sector		Type of Institution	2023	2022	2021
Financial	Objective	Commercial Banks	19.752	19.901*	16.986
		Other Financial Institutions	213	141	91
		Money Transfer Companies	16	16	6
		Life Insurance Companies	1	2	2
		Total	19.982	20.060	17.085
	Subjective	Money Transfer Companies	1.110	1.575	1.960
		Commercial Banks	487	690	735*
		Other Financial Institutions	44	18	10
		Life Insurance Companies	1	1	4
		Total	1.642	2.284	2.709
Non-Financial	Objective	Casinos	25.434	21.015*	12.241
		Notaries	688	708	521
		Real Estate Agents	702	640	486
		Trust Service Providers	378	310	206
		Lawyers	68	94	89
		Accountants	89	38	45
		Car Dealers	14	14	63
		Pension Funds	21	1	2
		Tax Advisors	1	7	5
		Jewelers	2	0	9
		Total	27.397	22.827	13.667
	Subjective	Notaries	95	149	189
		Casinos	79	69	80
		Real Estate Agents	26	25	18
		Car Dealers	2	2	38
		Lawyers	16	7	11
		Accountants	3	2	16
		Trust Service Providers	7	10	4
		Pawn Shops	1	9	0
		Pension Funds	3	1	1
		Jewelers	1	0	1
		Total	233	274	358
Supervisory Authority	Objective Subjective	Supervisory Authority	0	0	1
			0	3	0
		Total	0	3	1
Total			49.254	45.448	33.820

* Backlog adjustments.

As demonstrated in tables I and II, accountants filed 52 more UTRs in 2023 representing a significant increase of 130%. This growth may be attributed to meetings held between the FIU, the CBA, and this sector. When broken down by indicator categories, 51 (134%) more UTRs were filed using objective indicators, while only one additional UTR was submitted under the subjective indicator.

The pension funds reported 22 UTRs more compared to 2022, primarily due to one institution catching up after receiving clarification on interpreting the objective indicator 130103, related to one of the products/services offered by this institution. There were 21 more UTRs filed under the objective indicator and 3 more under the subjective indicator.

Real estate agents submitted 63 more UTRs compared to the previous year, with 62 additional UTRs using the objective indicators and 1 more under the subjective indicator, totaling 26 UTRs filed under the subjective indicator. In comparison, notaries filed 95 UTRs under the subjective indicator in 2023. Given the visible developments in Aruba’s real estate sector and its inherent money laundering risks, FIU-Aruba finds the number of UTRs filed by real estate agents under the subjective indicator relatively low. In this context, the necessary attention will be provided in upcoming meetings and presentations for the service providers in this sector.

The Customs Department submitted 78 more cross-border cash declarations, largely due to intensified surprise controls by the initiative and in collaboration with the PPO.



Aruba Map - Overview Financial Transactions in the Districts

This page serves as an introduction to the infographic on the next page, displaying a map of Aruba divided into six (6) districts. In 2023, FIU-Aruba received 45,913 UTRs from 17 distinct sectors, including the Supervisory Authority and the Customs Department, covering 54,887 transactions, which is a 5% decrease from the previous year. Each transaction could be a service or a financial transaction. Notably, a single UTR might encapsulate either a single financial action, like a cash deposit of Afl. 25,000, or multiple transactions, such as a property sale, bank transfer, and cash deposit, reflecting a series of client activities over time, all reported within one UTR. Additionally, the total transaction count includes intended transactions—those initiated but not completed.

The infographic details the distribution of these transactions carried out by registered individuals and/or corporations across Aruba's six (6) districts, as reported to the FIU by various service providers. Users can select a specific district to view the total number of transactions, the top five reporting sectors, and the top five indicators reported within that district. Indicator descriptions are provided at the bottom of this page.

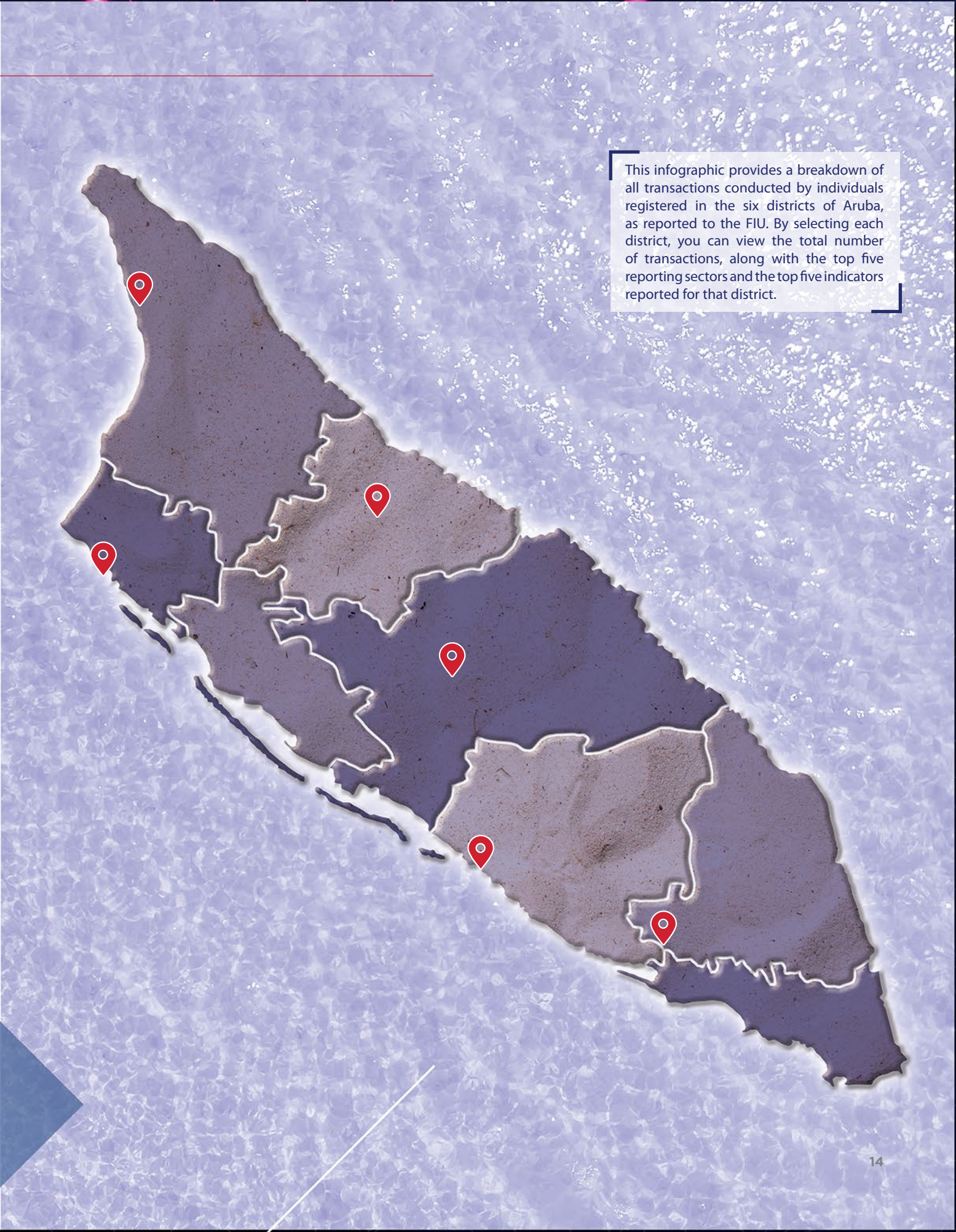
From the statistics in the infographic on the next page, various conclusions can be drawn. The goal is not to provide an exhaustive analysis of the transactions in each Aruba district but to offer basic data to aid service providers, policymakers, and the supervisory authority in their analysis, enabling them to perform their duties and obligations more effectively.

The following text summarizes and highlights the infographic's key points.

Similar to 2022, the majority of transactions reported to the FIU were executed by individuals and/or companies with a (home) address in Oranjestad. This district saw 26,372 transactions, a 6% increase from the previous year, included in the 45,913 UTRs reported to the FIU, with most transactions processed through commercial banks, followed by casinos, trust service providers, money transfer companies, and notary offices. In 2023, the most frequently reported UTR indicator was 130103 (wire transfers of Afl. 500,000 or more), followed by indicator 130104 (cash transactions of Afl. 25,000 or more). Indicator 130105 (cash transactions of Afl. 5,000 or more) is applicable only to casinos and was the third most reported. Indicator 130201, a subjective indicator related to potential money laundering, was the fourth most reported in Oranjestad, with over 2,576 transactions.

As in 2022, Savaneta had the least reported transactions within UTRs in 2023. There were 2,412 transactions, an 8% decrease from the previous year, with casinos accounting for the most transactions, followed by commercial banks, MTCs, notary offices, and real estate agents. The most frequently used indicator in Savaneta was 130105 (cash transactions of Afl. 5,000 or more) in casinos. Indicator 130201, related to potential money laundering, was the second most reported indicator in Savaneta, with 574 transactions.

FIU-Aruba received 45,913 UTRs from 17 distinct sectors, including the Supervisory Authority and the Customs Department, covering 54,887 transactions, which is a 5% decrease.



KEY FIGURES

1.2 Focus Areas of Operational Analysis

In the ever-evolving landscape of financial intelligence, FIU-Aruba remains steadfast in its commitment to safeguarding the Aruba financial systems against illicit activities. The FIU wants to ensure that resources are strategically allocated to the areas with the highest potential for financial crime.

FIU-Aruba utilizes a risk-based approach. Therefore, prioritization is important as it allows the FIU to allocate or direct resources in accordance with priorities and identified risks. To effectively prioritize UTRs, it is important to determine the level of risk associated with:

- The reported activity;
- Natural- and/or legal person;
- Additional information from the service provider; (if necessary) in relation to the various types of crimes and predicate offences;
- Trends and typologies;
- The risks identified in the 2021 NRA;
- Other (emerging) risks.

In 2023, the Operational Analysis Department of FIU-Aruba has continued its effective cooperation with the AML/CFT chain partners. The goal of the FIU is to provide financial intelligence relevant to the end user’s need. The main purpose of intelligence is to aid in decision making i.e. to support the end user in planning his activities. This may be a new criminal investigation, an ongoing criminal investigation, or an investigation related to asset tracing / asset recovery, suspension of transactions or (inter)national sanctions.

The trigger to start an analysis can be diverse, such as an identified risk, or observed signs of a specific predicate offense. Whenever possible, efforts are made to coordinate the analysis with the recipients of the information, e.g. the law enforcement authorities (LEAs). This brings the FIU closer to its counterparts, with a distinct focus on the contribution the FIU can make with respect to the course of the (financial) investigations by its AML/CFT chain partners.

The fact that the FIU has developed a closer relationship with its AML/CFT chain partners is because it has invested a lot in this avenue, therefore the nature and amount of cooperation between parties has continued to intensify. The FIU is pleased with this positive development, since much consultation takes place between the FIU and, in particular, LEAs and PPO, both formally and informally, which undoubtedly increases effectiveness with respect to the use of financial intelligence. The continual goal is to make a meaningful contribution to preventing and combating money laundering, terrorism financing, and proliferation financing. Additionally, the FIU aims to support successful asset tracing and recovery within the AML/CFT-chain. Asset tracing and recovery is a strategic objective of the PPO’s policy.

Table III:
Operational Analysis files:

	2023	2022	2021
Case files outstanding previous year	25	30	29
Case files initiated current year	40	52	82
Total number of case files analyzed current year	65	82	111
Case files discarded	2	10	12
Financial Intelligence Reports disseminated	36	47	69
Total number of case files outstanding current year	27	25	30

Compared to previous years, the total number of case files analyzed decreased, from 82 to 65. The number of disseminated FIRs also decreased from 47 to 36. The main reason for this is the increase in complexity of the analysis conducted by the FIU during this year. The number of FIRs the FIU produces is dependent on the complexity of each initiated case file, the number of transactions that must be scrutinized per analysis, the number of external open and closed sources that must be consulted to acquire additional information, the risks involved and the prioritization the FIU gives to an analysis in consultation with the LEAs and lastly the available resources at hand. One of these more complex analyses is described in the chapter “FIRs Highlighted”.

Another attributing factor resulting in the dissemination of less, although more complex FIRs, is the fact that the FIU and LEAs have modified their cooperation efforts. The FIU cooperates in investigations together with the appropriate LEAs before commencement and throughout the criminal investigation in a more active and targeted manner. For example, investigations are more often discussed in advance, prior to the commencement of an analysis by the FIU. Therefore, the scope of the analyses has become more aligned with the LEAs’ investigation needs, given that the results of an analysis are more frequently discussed in person upon dissemination of the FIR, which can also lead to new analyses within the same investigation. An example of such an analysis is described under “FIRs Highlighted”.

Table IV:
FIRs disseminated based on a presumed predicate offence / risk:

	2023	2022	2021
Money laundering	23	24	36
Terrorism financing	1	7	14
Sexual abuse and exploitation of children: child pornography	0	3	1
Corruption & bribery	2	2	7
Fraud	8	2	1
Human trafficking and human smuggling	1	0	0
Fencing	1	0	0
Breach of rule of law, integrity and security	0	2	1
Designated persons on sanction lists	0	4	0
Drug trafficking	0	1	7
Smuggling	0	1	1
Theft	0	1	0
Participation in a criminal organization	0	0	1
	36	47	69

In determining its focus areas, the FIU considers all predicate offenses that were identified in the NRA as having the highest money laundering threat for Aruba, as well as emerging risks. Like previous years, most FIRs disseminated are based on the predicate offense of money laundering. The number of FIRs based on this offense has not changed since 2022. Money laundering is a very broad offence. A FIR labeled as money laundering can also contain red flags pointing to other predicate offences, such as fraud or tax evasion. An example of this is discussed under “FIRs Highlighted”.

The number of FIRs based on fraud as predicate offense has increased, from 2 FIRs to 8 FIRs. Fraud is also one of the predicate offenses that was deemed noteworthy as a ML threat for Aruba in the NRA of 2021. Fraud can cover a broad area, such as various types of scams, crimes connected to corruption and cyber-related crimes.

KEY FIGURES

Trade-base money laundering (TBML) seems to be a method of money laundering that in Aruba. This method of ML involves disguising the proceeds of criminal activity through legitimate or seemingly legitimate trade transactions, using international trade to obscure the origins of illicit funds. As a response to this observation, FIU-Aruba increased its vigilance and monitoring activities to detect, analyse and subsequently disseminate the analyzed results regarding this ML method. Although international cooperation was pursued, in many cases prosecution for fraud and forgery was chosen.

A major risk identified in the NRA, which continues to be an area of concern, is illicit drug trafficking. Similar to its surrounding islands, Aruba is considered a hub between South American producing countries, North America and Europe, as the sales market of illicit drugs. Drug trafficking therefore remains a focus area for this region. Although the FIU has not disseminated FIRs that specifically target this predicate offense the fight against drugs does have the attention of the LEAs and the FIU. Notably, the financial aspect of drug trafficking often involves other predicate offenses, such as money laundering. These are the areas in which the FIU can support ongoing investigations.

Another important focus area from the NRA and one that has also been a focus area for FIU-Aruba for some time is the fight against corruption. In the past, the FIU has contributed to several major corruption investigations, which was also discussed in previous annual reports. In 2023, 2 FIRs related to corruption were disseminated. This will continue to be an area of focus in upcoming years as well.

A permanent area of focus for the FIU is the prevention and combating of TF. The risk of TF has been addressed in a separate NRA for Aruba and is estimated to be low for the island. The amount of FIRs disseminated in 2023 on the predicate offense of TF, which is only one, reflects this. Few UTRs are received concerning TF, and all UTRs submitted under the objective indicator for potential TF are analyzed. However, they are often found to be related to ML or scams instead of TF. An example of such an investigation is detailed under “FIRs Highlighted”. Nevertheless, the FIU has a continuous awareness for TF and undertakes a daily screening of the FIU Registry for TF related UTRs.

The monitoring of the focus area in 2022 (sexual abuse / child pornography and persons designated on the sanction lists) continued throughout 2023 but there were no new developments in these areas. As with TF, there is daily screening for UTRs related to these risks. However, in 2023, no UTRs were received, no FIRs were disseminated, and no information requests were made in these areas.

Aruba has given special attention to the predicate offence of human trafficking and human smuggling these past years. In 2023, FIU-Aruba investigated only one case based on the predicate offence of human trafficking and human smuggling, which was an analysis on its own initiative, to aid an ongoing investigation by the competent authorities. More information about other initiatives that were taken to address this risk can be found in the section “Identified risks by FIU-Aruba”.

The Asset Recovery Team continued its investigations with renewed energy and with a new dedicated Public Prosecutor. The Asset Recovery Team completed a major criminal investigation they were focused on in 2022, and this case is set to go to trial in 2024. Two new major criminal investigations were launched in 2023, one of which is scheduled to go to trial in 2024. The FIU has provided its expertise and financial analyses to these investigations, and it remains an active participant in the Asset Recovery Team.

FIU increased its vigilance and monitoring activities to detect TBML, analyse and subsequently disseminate the analyzed results regarding this ML method.

Table V:
Analyses that resulted in FIRs:

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	23	257	92	165	1	12	6	4
Fraud	8	512	10	502	1	4	1	2
Corruption & bribery	2	17	17	0	0	1	1	0
Terrorism financing	1	0	0	0	0	0	0	1
Human trafficking and human smuggling	1	9	9	0	1	0	0	0
Heling (Handel in gestolen goederen)	1	3	2	1	0	1	0	0
	36	798	130	668	3	18	8	7

* 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.

As previously stated, FIU-Aruba has disseminated 36 FIRs in 2023. The resources allocated to the analysis of a case file, in terms of human resources, time, energy, and tools, are primarily dependent on the complexity of the subject matter being investigated. The level of complexity is determined, among other factors, by the ML and/or TF typology applied to conduct the financial transactions, the underlying predicate offense, and the number of individuals and legal entities involved. Table V presents the total number of FIRs completed in 2023 for each predicate offense with the respective numbers of UTRs related to the FIRs and the number of subjective and/or objective indicators that were relevant to those final reports. Furthermore, this table provides information on the FIRs that were disseminated on the FIUs’ own initiative or upon request of another authority.

As shown in table V, the number of UTRs based on the objective indicator that were used in the FIRs for analysis and dissemination has increased vastly. In 2022, 291 UTRs based on the objective indicator were used versus 668 UTRs in 2023. The total amount of UTRs analyzed in FIRs has increased from 401 in 2022 to 798 in 2023. This is the result of the complex nature of the analyses that were conducted by the FIU in 2023 for which a large number of UTRs were analyzed. An example of such a large investigation is detailed under “FIRs Highlighted”.

The increase in UTRs under the objective indicator used in FIRs showcases the importance of these UTRs to analyses. These UTRs can be used to demonstrate ‘the bigger picture’ to LEAs and illustrate certain patterns that the FIU notices thereby guiding the LEAs in their criminal investigations. Consequently, there is a significant difference between the number of used UTRs and FIRs disseminated.

KEY FIGURES

Furthermore, a FIR can contain information from multiple UTRs and it can be further enhanced with information from other sources, such as various open sources, and/or information received from service providers, for instance transaction information received in response to a request for additional information by the FIU. This information is not included in the table above.

The number of UTRs based on the subjective indicator has increased in 2023, from 110 in 2022 to 130 in 2023. The FIU has devoted a lot during previous years in guiding and training the service providers on the filing of subjective reports. Reports based on subjective indicators involve the professional judgement and experience of the service providers in assessing whether a transaction may be linked to ML/TF. These reports offer a unique perspective to the FIU because of the provided insights that go beyond the standard metrics. The subjective transactions allow for a more nuanced understanding of potential suspicion of possible criminal activities.

The number of FIRs based on own initiative has decreased slightly. This is partly due to the intensified cooperation between the FIU and the LEAs and PPO, which has led to an increase in FIRs based on an information request from national authorities. Noteworthy is the fact that the initiation of a case-file can be on FIUs own initiative or upon request of another national or international authority. As a result of the effective collaboration among the local authorities, the initiation of a case-file can be a joint effort and would not directly be reflected under e.g. FIRs based on own initiative.

The number of FIRs based on request for information by another FIU has decreased compared to the number in 2022, from 16 FIRs to 8 FIRs. This decrease is mainly due to the decrease in the number of international information requests related to TF. In 2022, the FIU received 8 requests regarding TF and in 2023, 1 request was received. The reduction of the number of received request for information may cause by the globally evolved method of terrorism and terrorism financial. This is a further indication that the risk of TF is low for Aruba in line with the conclusions of the 2021 NRA for TF/PF.

1.3 Operational Analysis Results through Cooperation Efforts

1.3.1 National Cooperation Efforts

The table below presents an overview of (inter)national outgoing requests for information / consulted databases to enhance an analysis file with (additional) information.

Table VI:
Outgoing information requests and databases consulted:

	2023	2022	2021
Requests for Information Sent To: National Authorities *	3	6	7
Consulted Databases / Collected Information from: Government Agencies ** and Open Source Intelligence (OSINT)	60	67	114
Requests for (Additional) Information Sent to: (Non) Financial Institutions	25	27	58
Total	88	100	179
Requests for Information/Spontaneous Information Sent to: Foreign FIUs	13	4	9
Total	13	4	9

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

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

FIU-Aruba is on a continuous course to strengthen its cooperation efforts, both with domestic partners as with its service providers and with other FIUs. On a national level, this led to various information sessions with service providers on current developments, their reporting obligations and identified trends and risks. These information sessions further increase the quality of submitted UTRs and raise awareness amongst the service providers on emerging risks.

FIU-Aruba has the authority to request additional information from a service provider or from government authorities, based on articles 27 and 23 of the AML/CFT State Ordinance. In 2023, the FIU made 25 requests for additional information to service providers and consulted additional databases on 60 occasions. This represents a slight decrease compared to 2022, when additional information was requested on 100 occasions. In 2022, there was a more significant decrease, compared to 2021, which was explained in the annual report of 2022. The decrease in the amount of outgoing information requests and consulted databases is consistent with the decrease in the total number of FIRs analyzed. The improved quality of information provided by service providers has also contributed to this decrease.

As in 2022, FIU-Aruba was involved in a few collaborative projects that were classified ‘embargo’. These case files were investigated with an enhanced level of confidentiality and high restricted access to avoid any risk of detriment. This classification is required because of the sensitive nature of the information and the exceptionally grave implications if the analysis/investigation is compromised. The FIU will only request additional information in an embargo case (including from service providers, closed sources and foreign FIUs) if this is explicitly agreed upon with the LEA involved or the PPO. These investigations require a high level of cooperation between FIU and the investigating LEA, with frequent communication before, during and after the FIR has been disseminated.

1.3.2 National and International Cooperation Based on Requests for Information

The number of requests for information and spontaneous information sent to foreign FIUs has increased in 2023, from 4 in 2022 to 13 in 2023. Several of these requests are part of the same large criminal investigation in which the FIU collaborates with the LEA involved. More details about this investigation can be found under “FIRs Highlighted”.

Table VII:
An overview of incoming requests for information / spontaneous information:

	2023	2022	2021
Requests for Information Received from: National Authorities	13	14	25
Spontaneous Information Received from: National Government Agencies and Supervisory Authority / National Citizens	2	4	5
Requests for Information Received from: FIUs	9	14	10
Spontaneous Information Received from: FIUs	1	8	8
	25	40	48

Overall, the number of incoming requests for information / spontaneous information has decreased from 40 in 2022 to 25 in 2023. On a national level, the amount of incoming information requests received from national authorities has remained close to the amount that was received by the FIU in 2022. The requests for information received from a foreign FIU and spontaneous information received from a foreign FIU have decreased. Evidently foreign FIUs did not conduct as many investigations for which they required additional information from Aruba in 2023 as in the year before. A significant contributing factor is the reduction in, information requests received regarding TF, as evidenced by the sole instance of such information received in 2023 regarding potential TF.

Table VIII:
An overview of the international information exchange:

Possible Predicate Offence	Region (Jurisdiction)	International Outgoing Requests *	International Incoming Requests	International Incoming Spontaneous Information
Money laundering	Americas	8	2	0
Money laundering	Europe	1	2	1
Money laundering	Caribbean	2	2	0
Money laundering	Asia	0	1	0
Corruption & bribery	Africa	0	1	0
Fraud	Americas	1	1	0
Fraud	Europe	1	0	0
Fraud	Total	13	9	1

* To enhance a case file.

In 2023, there have been multiple outgoing requests regarding money laundering to other FIUs in the Americas. Of all the requests that were sent out, four requests are part of the same criminal investigation, which is conducted in close cooperation with the LEA involved. This criminal investigation is further detailed under “FIRs Highlighted”, as it provides a good example of the closer cooperation between FIU-Aruba and the LEA.

The spontaneous information received from Europe was residual information. This information, although not the primary focus of the original investigation, was deemed by the foreign FIU to have potential relevance or significance to ongoing or future inquiries in our jurisdiction. Recognizing its importance, they shared this residual information proactively, considering it could provide valuable insights or leads for our own investigative efforts.

The investigation was first presented by the investigating FIU in a virtual meeting before the relevant information was sent to FIU-Aruba through the Egmont Secure Web (ESW).

1.3.3 Cooperation within the Kingdom of the Netherlands Through FCINet

As was discussed in the annual report of 2022 in the section “Further development of Kingdom wide information exchange”, the operational use of FCINet commenced in 2023. Following a match with FIU-Aruba, one of the participating FIUs involved was able to start an operational analysis, with the predicate offence of ML. This resulted in an information request to FIU-Aruba, which was answered in 2023. According to this colleague FIU, the information shared expanded the scope of their investigation, identified new leads, and proved to be useful.

1.4 Financial Figures

There always seems to be a delicate strain between the allocated budget and the commitment of FIUs to execute their tasks and responsibilities. FIUs must constantly navigate the complex trade-offs between resource limitations and the growing demands of their critical role in maintaining financial security. FIU-Aruba continues to encounter substantial difficulties in obtaining sufficient funding to recruit skilled personnel for both current and newly assigned tasks and responsibilities. Although it is worth mentioning that the Government of Aruba has provided FIU-Aruba with sufficient financial resources to host the 57th CFATF Plenary meetings in Aruba in November 2023. However, FIU-Aruba continues to face significant challenges in securing adequate funding to hire qualified staff for existing and newly acquired tasks and responsibilities.

Looking ahead, it is evident that substantial investments are necessary in the fields of information technology and artificial intelligence. These investments are crucial to prepare FIUs for the future, enabling them to become more advanced and efficient in preventing financial crime and TF. Unfortunately, the FIUs’ project to revisit its organizational structure and job descriptions has been postponed by the Government of Aruba’s Human Resource & Development department (DRH). FIU-Aruba urges that this project be finalized promptly, as attracting qualified staff is already a significant challenge. The current remuneration in the public sector is not competitive enough to recruit the talent needed for the FIUs’ analytical skills and advanced technological and IT requirements.

It is essential to recognize that restricting the hiring of staff and resources in key public departments, and not revising the salary scales for civil servants, could have detrimental effects on the prevention of financial crime and TF. Therefore, FIU-Aruba stresses the significance of prioritizing institutions like itself in discussions concerning the adoption of the 2025 budget. Ensuring that FIU-Aruba receives adequate funding and resources is crucial for its mission to protect the financial integrity of this nation.

FIU-Aruba places its trust in the commitment of the Government of Aruba to address these needs and support its efforts to build an innovated, future-ready financial intelligence IT-infrastructure.

1.4.1 Budget Growth Over Time

The graph below illustrates the development of the budget of FIU-Aruba from 2019 through 2024 and includes the expected growth for 2025, capturing the significant fluctuations influenced by various factors over these years.

Starting from a baseline in 2019, which is the pre-COVID-19 period, FIU-Aruba’s budget experienced a noteworthy growth trajectory influenced by the pandemic and subsequent events. In 2021, post-COVID, the Parliament of Aruba approved a 6% increase in the budget, a response likely aimed at the partial recovery of the cutbacks triggered by the pandemic in 2020.

However, in 2022, the budget growth slowed significantly, with only a 1% increase from the previous year. This modest growth is attributed to national budgetary constraints after the initial post-pandemic adjustments.

In contrast, the fiscal year 2023 saw a remarkable budget increase of 39%. This substantial rise was primarily due to FIU-Aruba’s role as the organizer of the 57th CFATF Plenary meetings. This event attracted over 300 delegates from the Caribbean region, along with participants from cooperating and supporting countries like the UK, USA, Mexico, Canada, and Spain, as well as esteemed institutions, such as the FATF, International Monetary Fund, World Bank, and the Asset Recovery Unit of the Caribbean. The significant costs associated with hosting such a high-profile international event warrant the one-time substantial budgetary support from the Government of Aruba. This financial impulse was essential to ensure a successful execution of the event, which was without any compromise of the quality, security and the hospitality Aruba is known for. It reflected the government’s commitment to the CFATF but moreover to the financial integrity of the Caribbean region.

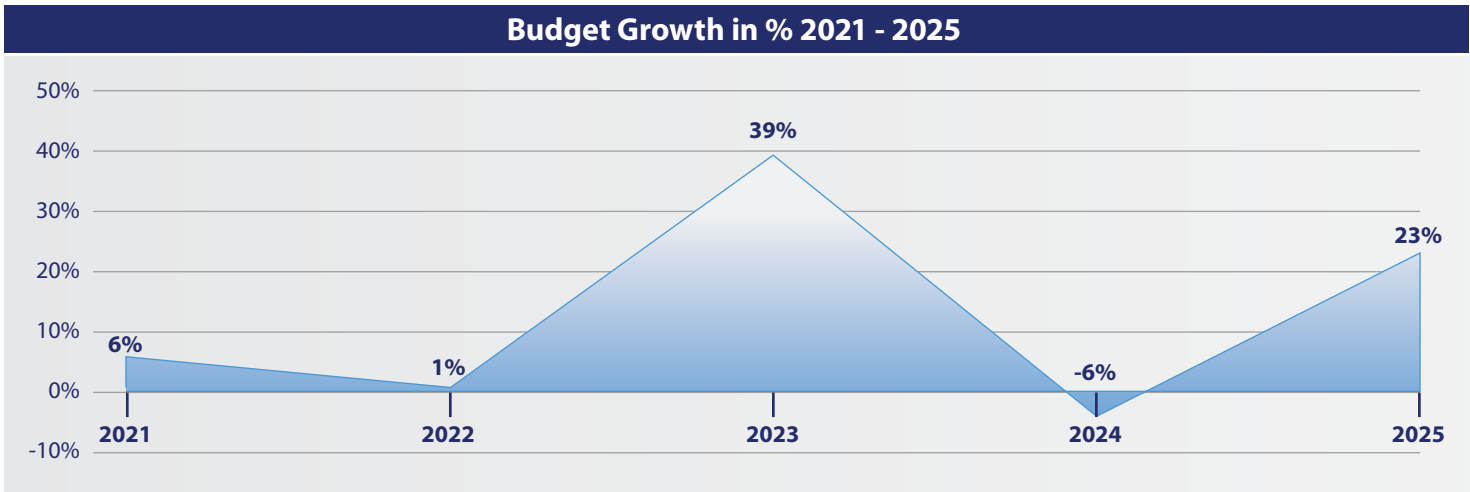


KEY FIGURES

Following this exceptional increase, the budget for 2024 was adjusted back to a more typical level, resulting in a 6% decrease. This reduction reflects a return to normalcy after the extraordinary expenses of the previous year.

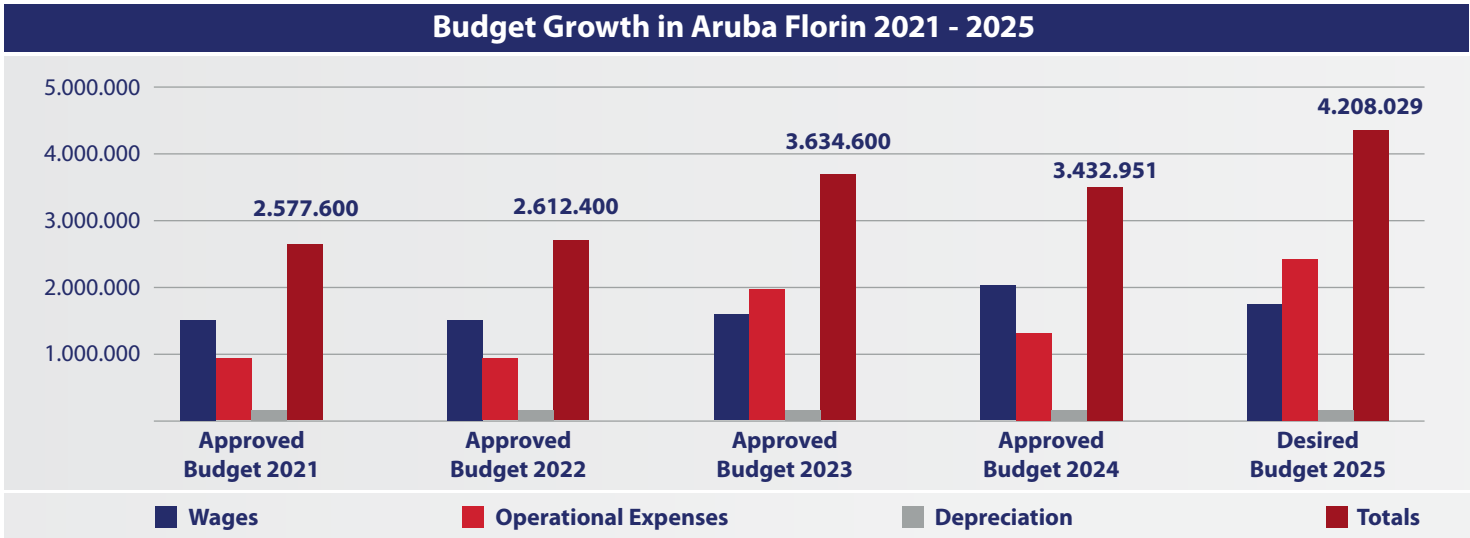
Looking ahead, the expected budget for 2025 is set to rise by 23% compared to the approved budget for 2024. This anticipated increase, which will be discussed in Parliament before December 31, 2024, suggests a forward-looking approach to meet future operational needs and strategic initiatives of FIU-Aruba.

Overall, the graph depicts a dynamic budgetary landscape for FIU-Aruba, characterized by significant increases and occasional decreases, reflective of both extraordinary events and ongoing financial adjustments.



Graph I: Budget Growth 2021 - 2025

The following graph visually depicts the budget development for each primary budget item from 2020 to 2023, as well as the projected allocation for 2024. Although this trend demonstrates a consistent increase in the budget over time, it is important to highlight that FIU-Aruba has consistently managed budgetary challenges through careful planning and the implementation of a risk-based approach to prioritize case analyses and to further the development of its IT-infrastructure.



Graph II: Budget Growth 2021 - 2025 In Afl.

The graph above also illustrates the proposed budget for the year 2025, which includes an additional Afl. 775,078 requested for project execution.

1.4.2 Approved Budget versus Budget Allocation

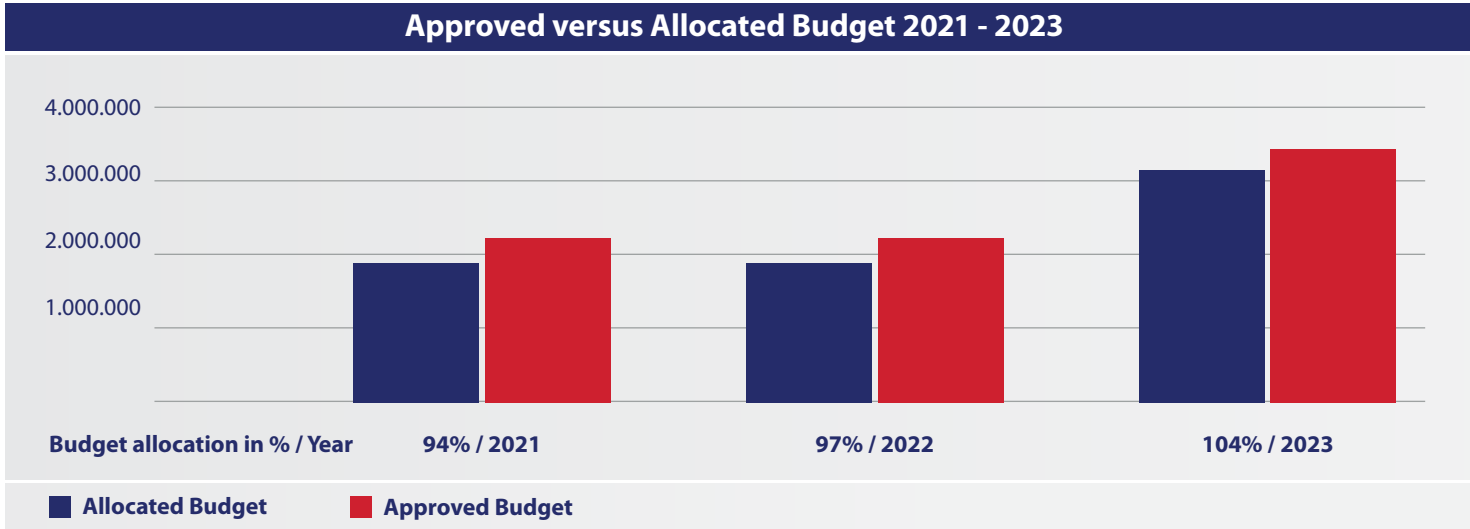
The subsequent table contrasts the funds approved by the Aruban Parliament for the reporting period 2021 up to 2023 with the corresponding allocated funds.

Table IX: Approved versus Allocated Budget 2021 - 2023									
	Budget 2021	Allocated 2021	▲	Budget 2022	Allocated 2022	▲	Budget 2023	Allocated 2023	▲
Wages	1.480.500	1.469.839	99%	1.476.900	1.492.710	101%	1.550.500	1.708.679	110%
Operational Expenses	912.500	757.025	83%	950.900	858.958	90%	1.899.500	1.872.440	99%
Depreciation	184.600	184.600	100%	184.600	184.600	100%	184.600	184.600	100%
Totals	2.577.600	2.411.464		2.577.600	2.577.600		3.634.600	3.765.719	
Budget allocation in %			94%			97%			104%



KEY FIGURES

In 2023, the Aruban Parliament approved Afl. 3,6 million for FIU-Aruba, and the entire budget was allocated. Calculating the allocated funds against the approved budget shows an expenditure rate of 104%. However, it is important to note that there was no actual budget overspending because this calculation includes annual depreciation costs. The ‘depreciation’ category comprises costs budgeted by the Department of Finance of the Government of Aruba for accounting purposes, which do not result in actual cash outflows. Excluding depreciation costs, the budget allocation was 99% in 2023. At the main budget item level, there appears to be a 10% cost overrun in the wages category. This overrun was due to converting an employee’s service agreement into a permanent contract after more than six years.



Graph III: Visual Presentation of the Approved Versus Allocated Budget

1.4.3 Conclusion

The budgetary trajectory of FIU-Aruba from 2019 to 2025 demonstrates both significant growth and occasional reductions, influenced by various factors such as the COVID-19 pandemic and the hosting of the 57th CFATF Plenary meetings. Despite these fluctuations, FIU-Aruba has adeptly managed financial challenges through strategic planning and a risk-based approach.

However, the organization continues to face difficulties in securing adequate funding for staffing and technological advancements. The conversion of service agreements to permanent contracts, combined with the need for competitive remuneration, underscores the critical need for substantial investments in information technology and artificial intelligence.

To ensure that FIU-Aruba can effectively combat financial crime and TF, it is imperative that the Government of Aruba prioritizes funding and resources for the organization.

To ensure that FIU-Aruba can effectively combat financial crime and TF, it is imperative that the Government of Aruba prioritizes funding and resources for the organization. The anticipated 23% budget increase for 2025 reflects a positive step towards addressing these needs. FIU-Aruba remains hopeful that the Government’s commitment will support its mission to protect the financial integrity of the nation.





2. Financial Intelligence Reports Highlighted

As detailed in the preceding chapter, FIRs in 2023 were disseminated concerning inter alia potential ML, TBML, and asset tracing. Additionally, in 2023, the FIU provided information to two government agencies to prevent money laundering and other illegal practices. This information, which was shared in response to specific concerns, enables these agencies to implement appropriate measures and interventions, to ensuring that preventative actions are taken to stop the recurrence or continuation of illicit practices and misuse.

In early 2023, the Operational Analysis Department identified its focus areas for the year using a risk-based approach. The following areas of focus are outlined below, along with brief descriptions of how attention was directed to each:

- TF/PF: these areas continue to receive ongoing attention due to their high risk to Aruba and the public, directly impacting economic assets and lives;
- Fraud, including corruption and scams: increasing public awareness to prevent them from becoming victims of scammers;
- Trade Based Money laundering: see below;
- Human trafficking and human smuggling: this was a focus area as a result of the attention for human trafficking and human smuggling on a national level. In addition to participating in and collaborating on various information sessions on this topic, the FIU also created and published a red flag document;
- Sexual abuse and exploitation of children (including child pornography): information and red flags were shared through the publication of the document containing red flags (see section 3.4.3 "Outreach activities" of this Annual Report);
- Virtual assets (VAs) and virtual asset service providers (VASPs): increasing awareness of this risk among service providers and acquiring additional knowledge.

FIU-Aruba has identified the following analyses as significant for further elaboration. These investigations demonstrate the FIUs' efforts to combat ML comprehensively.

Strategic Analysis leading to an Operational Analysis

In April and June 2023, FIU-Aruba was part of a brainstorm and feedback session with competent authorities in the intelligence field to discuss the counter-terrorism procedural approach of the relevant government departments and the TF threat landscape of Aruba. Perceived threats were discussed in this meeting, leading to a strategic analysis started in June 2023 by FIU-Aruba, based on possible migrants' flows and TF-risks. Based on its analysis of the transactions and identified red flags resulting from this strategic analysis, FIU-Aruba determined that the top subjects identified posed a risk for ML and not terrorism and/or TF.

FIU-Aruba followed up on the performed strategic analysis with an operational analysis on its own initiative targeting the top identified subjects with reported UTRs indicating possible ML. This investigation commenced in August 2023. Although this investigation was classified under the predicate offence of ML, the FIU has detailed several red flags in its FIR that have indicated the presence of other possible predicate offences. These red flags included out of profile transactions, the use of front companies for the laundering of criminal proceeds, falsified invoices (fraud), a possible merchant scam and tax evasion.

Simultaneously, in the Financial Investigative Partners Forum (FOP) held in June 2023, a possible ML phenomenon was identified, that incidentally involved the same subject that FIU-Aruba was investigating on its own initiative. This meeting and the meetings held hereafter in late 2023, resulted in a collaboration between the partners in gathering intelligence and a spinoff joint analysis/investigation that will continue in 2024 (see "National cooperation and collaboration efforts" for further discussion on this topic).

Trade Based Money Laundering

This investigation actually started in 2022, when it was still in its preliminary stages and has continued all through 2023. FIU-Aruba has worked very closely with the LEA in a long-term ongoing criminal investigation regarding possible TBML, more specific false invoicing, resulting in monetary flows between multiple (international) entities without an obvious validation. On request of the LEA involved, FIU-Aruba sent multiple requests for information to foreign FIUs. The responses received by FIU-Aruba were processed and, with the consent of the providing FIU, disseminated to the LEA, in accordance with the applicable rules established within the Egmont Group. This information is intended to be used as guidance information / intelligence by the LEA and not as evidence in the criminal investigation.

This investigation is a great example of the intensified cooperation between the FIU and the investigating LEA. The FIU has been actively involved in this investigation since its inception, with several meetings held throughout to discuss the next steps. This investigation will proceed into 2024.

Money Laundering, National and International Cooperation

Through the PPO, the FIU received spontaneous information, which was shared by a foreign intelligence department, not being a FIU. The FIU took notice of the spontaneous information it had received and decided to spontaneously share the relevant information it had available in its register with the FIU of the same country through ESW. In the enclosed letter, FIU-Aruba granted the foreign FIU permission to share this intelligence with its counterparts, including the foreign intelligence department that had provided the initial information. Nationally, the same information was shared with the PPO to inform them about the available intelligence related to the spontaneous information received, in anticipation of potential mutual legal assistance requests from that country.

FIU has worked very closely with law enforcement in a long-term ongoing criminal investigation regarding possible TBML; false invoicing, resulting in monetary flows between multiple international entities.

Trade Based Money Laundering and Asset Tracing

This FIR contains one of the largest analyses the FIU has performed in 2023. The FIR encompasses an extensive and thorough analysis that relied on a significant number of UTRs. Given the volume and complexity of the data, this analysis required a considerable amount of time to conduct and finalize. The process involved meticulously reviewing the received UTRs, identifying patterns, and assessing potential links to other jurisdictions, which were crucial for informing the PPO. By mid-2023, FIU-Aruba received an information request from a foreign FIU in the Americas regarding a subject suspected of TBML and ML. In particular, the subject was suspected of evading duties by providing inaccurate information for cross-border transfer of goods. When consulting its register, the FIU realized it had a substantial amount of information regarding these subjects, which it had received under the objective indicator. More than 500 UTRs were analyzed and the information was comprehensively structured to provide the requesting FIU with a broader picture of the methods that were used by the subjects to launder money from illicit activities in all ML phases (from placement to integration). For this purpose, information regarding asset tracing / asset recovery was also provided to the same FIU.

Connectedness to the Global Network

This section serves as an introduction to the infographic on the next page, which features a world map. The map illustrates the number of transactions included in UTRs across various regions: North America, Caribbean, Central America, South America, Europe, Middle East, Africa, Russia & Asia, and Oceania. As highlighted earlier in this Annual Report, FIU-Aruba received 45,913 UTRs in 2023 from service providers across 17 sectors, including the Supervisory Authority and the Customs Department. These reports encompassed 54,887 transactions in Aruba, of which 26,380 were either incoming or outgoing transactions, marking a 10% increase compared to the previous year, and involving 123 different countries (there are 195 countries in the world).

Each transaction could signify either a service or a financial transaction. It is important to note that a single UTR might represent a single transaction, like a cash deposit of Afl. 25,000, or multiple transactions, such as a property sale, bank transfer, and cash deposit, reflecting a series of actions by a client over time, all within one UTR. The total transaction count also includes intended transactions.

The infographic on the next page depicts the distribution of these transactions for or on behalf of individuals or companies domiciled outside of Aruba, referred to here as the global network. The primary goal of including this infographic in the Annual Report is to provide data to support:

- **Cross-Border Risk Assessment:** Including data on transactions involving various regions allows for a thorough assessment of cross-border financial risks. Financial crimes like money laundering and terrorist financing often cross international borders. This information helps authorities understand the extent of cross-border illicit activities and identify high-risk areas.
- **Enhanced International Cooperation:** Transparency and information sharing are critical for effective international cooperation in combating financial crimes. By presenting statistics on transactions involving other regions, FIU-Aruba fosters collaboration with foreign counterparts, enabling the exchange of intelligence and coordination of enforcement efforts, thereby strengthening the global response to financial crimes and improving the ability to track illicit funds across jurisdictions.
- **Identification of Transnational Networks:** Illicit financial activities often involve complex networks spanning multiple countries or regions. Analyzing data on unusual transactions involving other regions helps authorities identify connections and patterns indicative of transnational criminal networks, crucial for disrupting operations, dismantling networks, and holding perpetrators accountable.
- **Risk Mitigation and Compliance Obligations:** Financial institutions in Aruba may need to assess

and mitigate risks associated with cross-border transactions under international ML/TF standards. Presenting statistics on unusual transactions involving other regions enables these institutions to fulfill their compliance obligations more effectively by identifying potential red flags and implementing appropriate risk mitigation measures.

- **Strategic Resource Allocation:** Understanding the scope and nature of cross-border financial activities helps authorities strategically allocate resources to address emerging threats and vulnerabilities.

In summary, the infographic presenting the number of transactions included in UTRs submitted to the FIU involving other regions aims to enhance risk assessments, promote international cooperation, identify transnational networks, facilitate compliance, and support strategic resource allocation in combating financial crimes.

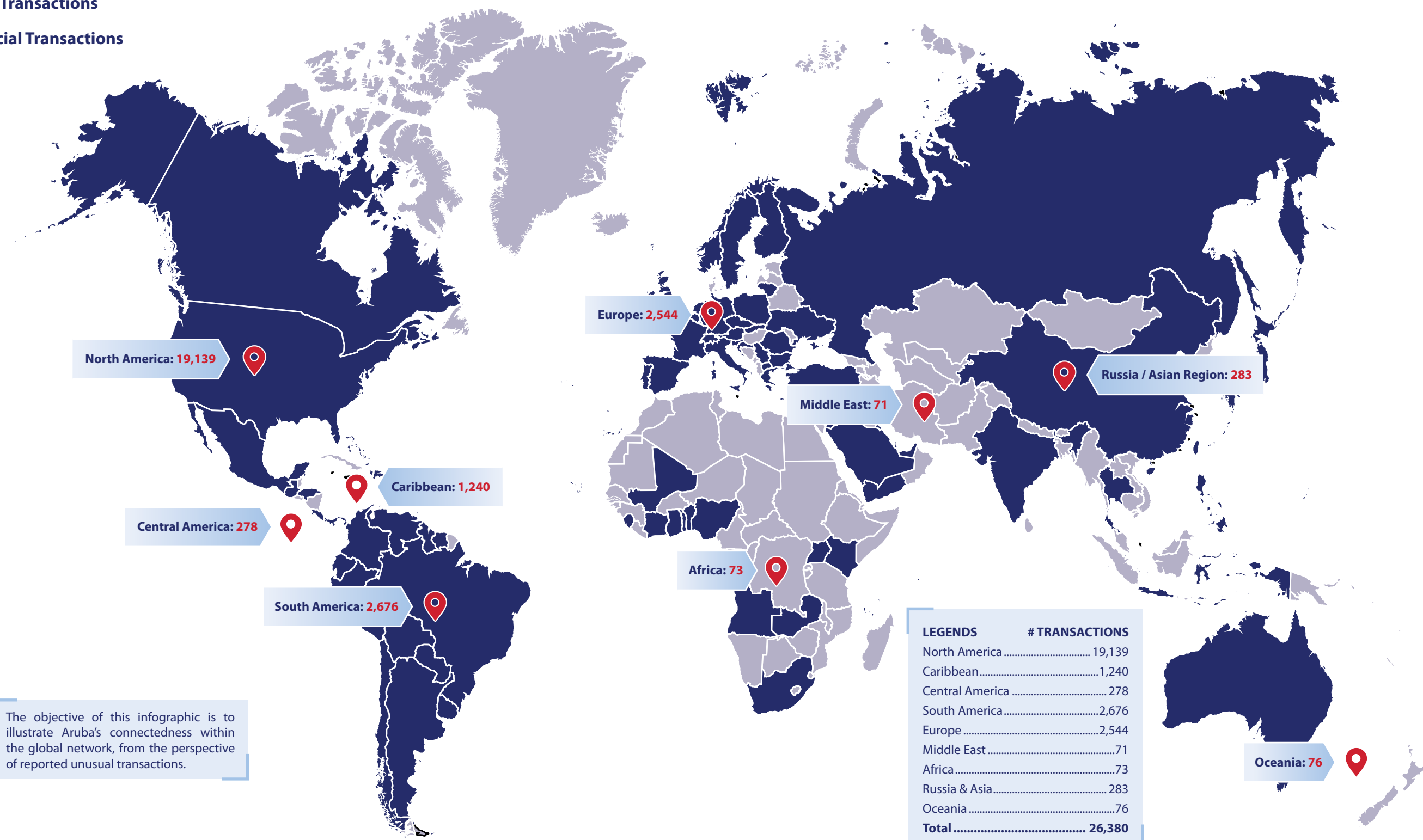
By selecting a specific region, users can view the number of transactions originating from Aruba to that region, or vice versa. Additionally, the infographic highlights the top five countries with the most reported transactions in the submitted UTRs:

1. USA with 17,473 transactions (an increase of 15%);
2. Canada with 1,665 transactions (a decrease of 1%);
3. Colombia with 1,220 transactions (a decrease of 30%);
4. The Netherlands with 917 transactions (a decrease of 16%);
5. Spain with 704 transactions (an increase of 121%), replacing Curaçao, which is not in the top five countries for 2023.



Connectedness to the Global Network

- Financial Transactions
- No Financial Transactions



The objective of this infographic is to illustrate Aruba's connectedness within the global network, from the perspective of reported unusual transactions.



3. Developments in 2023

As previously stated in this Annual Report, FIU-Aruba applies a risk-based approach to initiate and prioritize its operational and strategic analyses. In this regard, the FIU monitors the national, regional and international developments to determine whether there are any trends or emerging risks that impact Aruba requiring the FIU to take these developments into consideration when determining its operational and strategic approach. The following paragraphs describe the most essential developments that had an effect on the operations of the FIU.

3.1 International Developments

3.1.1 Sanction Implementation in Response to the Armed Conflict in Ukraine

The 2022 Annual Report offered comprehensive details on the sanctions imposed by the European Union (EU) against the Russian Federation following the onset of the conflict with Ukraine. These sanctions, initially established in response to Russia's actions against Ukraine, encompass a broad range of measures targeting key sectors of the Russian economy, including finance, energy, and military goods. As the conflict persists, the EU has not only maintained these sanctions but has also reinforced and extended them, introducing new restrictions and tightening existing ones. This ongoing escalation aims to increase pressure on the Russian government to cease hostilities and seek a diplomatic resolution.

Aruba has also continued to focus on the implementation of targeted financial sanctions (TFS), including sanctions imposed on the Russian Federation, through discussions held with other competent authorities. Moreover, the FIU has published a document providing the service providers with some necessary guidance with respect to their reporting obligation in relation to TFS.

3.1.2. Conflict Israel and Hamas

Following the attacks that were executed by the Hamas on Israeli soil on October 7, 2023, the situation in the Middle Eastern region quickly escalated. A potential threat was created by the call for a global jihad by certain Muslim leaders encouraging Muslims to contribute to the fight, including financial support.

Given the severity of the situation, the FIU issued an alert urging all service providers to be alert and to report unusual money flows to the Middle Eastern region to the FIU. This alert was published on the website of the FIU and on social media, such as LinkedIn.

3.1.3 Financial Action Task Force

FATF is an inter-governmental body that sets international anti-money laundering (AML), terrorist financing and anti-proliferation 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 and other related threats to safeguard the integrity of the international financial system. Jurisdictions all over the world are required to implement these standards.

Amendments in the FATF Recommendations Regarding the FIU

FIUs play a pivotal role in the global fight against financial crimes by collecting, analyzing, and disseminating financial intelligence to support LEAs, Supervisory Authorities, and other stakeholders. Therefore, any changes in the FATF Recommendations for the FIUs are significant as they influence the operational framework and practices of FIUs worldwide.

The power to suspend a transaction by a FIU has been increasingly gaining importance among FIUs internationally. Nonetheless, there are differences in how the power can be applied by each FIU, e.g. duration of the suspension. In line with this international development, FATF Recommendations 4 and 40 have been adapted in October 2023. These recommendations require that countries ensure that their FIU or other competent authority are able to take immediate action, directly or indirectly, to withhold consent to or suspend a transaction suspected of being related to ML/TF. The adaptation of FATF Recommendations 4 and 40 signifies an important development in the global efforts to combat financial crimes, particularly ML and TF.

DEVELOPMENTS



Prior to the amendments of the Recommendations by the FATF, the Kingdom of the Netherlands declared the applicability of the 'Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism' for Aruba in 2015. Consequently, Aruba was required to implement the provisions of this Convention, which included the power to suspend transactions.

When the AML/CFT-State Ordinance was revised in September 2021, significant changes were implemented in the legislation, marking a crucial milestone in the ongoing efforts to strengthen anti-money laundering and counter-terrorism financing (CFT) measures. One notable enhancement introduced through these amendments was the adoption of the power to suspend a transaction for FIU-Aruba. The Aruban legislator took the important step to ensure that the FIU is equipped with this crucial preventative measure, reflecting the commitment to maintaining high standards of financial transparency and security, thereby protecting the global interests.

The power to suspend a transaction grants FIU-Aruba the legal authority to halt or delay transactions suspected of involvement in ML/TF and associated predicate offences pending further investigation or other measures taken by other competent authorities. Suspending a transaction is a response to emerging threats and evolving tactics employed by criminals to conceal assets from confiscation or seizure or to employ them for terrorist actions.

In essence, by suspending a transaction, FIU-Aruba can effectively disrupt these nefarious activities. It allows the FIU to temporarily halt or delay suspicious transactions, providing crucial time for investigation and analysis. This pause in the transaction process serves as a critical intervention point, preventing illicit funds from being further laundered or utilized for illicit purposes, such as TF. Moreover, suspending transactions serves as a deterrent to criminals, signaling that the FIU is actively monitoring and intervening in financial transactions suspected of involvement in criminal activities. This proactive stance sends a strong message that illicit financial activities will not be tolerated, thereby deterring offenders from exploiting the financial system for their illicit purposes.

In this regard, FIU-Aruba has issued instructions and guidance for service providers on how to report an unusual transaction, which may require suspension, via its website (www.fiu-aruba.aw).

Expression of Concern Regarding the Armed Conflict in Ukraine

One year after the commencement of the conflict, FATF published a public statement regarding the situation in Ukraine. Therein it expressed its sympathies for all of the victims of this conflict, and it voiced its concern on a number of issues. Most importantly, it emphasized the need for vigilance for possible emerging risks due to the evasion of measures taken by countries because of the conflict between the Russian Federation and Ukraine, and to protect the international financial system from ML, TF and PF related risks.

In its statements, FATF further reiterated that the Russian Federations' actions run counter to its core principles that aim to promote security, safety and the integrity of the international financial system. Furthermore, such actions are considered a violation of the commitment of countries to international cooperation and mutual respect.

Consequently, FATF has suspended the membership of the Russian Federation. The Russian Federation remains accountable and must continue to implement the FATF Standards and meet its financial obligations. Furthermore, the Russian Federation remains a member of the Global Network as well as an active member of the Eurasian Group on Combating Money Laundering (EAG). Lastly, the Russian Federation will retain its rights as an EAG member. At each FATF Plenary meeting the situation will be re-evaluated to determine whether the restrictions should be lifted or modified.

3.1.4 Egmont Group

The Egmont Group is a global network of FIUs facilitating international cooperation in combating ML, TF and other financial crimes (www.egmontgroup.org). Currently, the Egmont Group comprised of 170 members in 2023 and FIU-Aruba has been a member of the Egmont Group since June 1997.

Over the years, the Egmont Group has played a crucial role in enhancing the exchange of financial intelligence among its member FIUs and it has promoted effective measures to combat illicit financial activities. Hereunder are some recent noteworthy developments within the Egmont Group:

Adoption of a New Secure System

In 2023, the Egmont Group launched a new secure communication system for its 170 member FIUs. The ESW ensures that secure, continuous, an efficient information exchange is provided using technology that is compatible with future technological developments. The adoption of the new ESW by the Egmont Group signifies an important advancement in the network's capabilities for facilitating communication and collaboration among FIUs worldwide. This modernized platform represents a concerted effort to address the evolving challenges and complexities of combating financial crimes in an increasingly digital and interconnected world.

Expansion of Members

The Egmont Group has seen continued growth in its membership, with more FIUs having joined the network. The expansion of membership strengthens the global network of FIUs, fostering greater collaboration and information sharing across borders. The Egmont Group has welcomed four new member FIUs as Lao DPR, Lesotho, Iraq and Zimbabwe joined the Egmont Group in July 2023.



EGMONT
GROUP





Leadership of PPWG

FIU-Aruba had the privilege to hold the chair of the Policy and Procedure Working Group of the Egmont Group (PPWG) for the last two years. The PPWG's mandate is to identify important operational policy and strategic issues affecting the Egmont Group and to coordinate a response across the organization and with partner organizations. This group's role includes providing strategic advice to the Egmont Group Committee and the Egmont Group as an organization. Assisting other working groups, implementing operational findings and the development of related policies and procedures are also responsibilities that this working group addresses. The task of the chair of the PPWG is to ensure that the group achieves these objectives.

An additional responsibility of the working group chair is to participate in the Egmont Committee, to carry out the goals of the Egmont Group as an organization. Also to represent the aforementioned organization, in that capacity.

The term for the chair of the PPWG will end in January 2024. Due to circumstances, FIU-Aruba withdrew its nomination for the renewal of the chairmanship. Nonetheless, FIU-Aruba remains committed to the objectives of the Egmont Group.

Suspension of Membership

In October 2023, the Egmont Group published a statement regarding the conflict between the Russian Federation and Ukraine. It emphasized its status as an independent, apolitical organization and highlighted the importance of international cooperation and trust. To be able to sustain this stance, the Egmont Group has decided to suspend Russia's membership to safeguard the Egmont Group's integrity and objectives. The Egmont Group noted that it will continue to monitor these measures as long as necessary.

3.1.5 Participation in the FATF-Interpol Roundtable Engagement II

On 19 and 20 September 2023, two senior officials of FIU-Aruba, representing the CFATF Delegation, participated in the FATF - Interpol Roundtable Engagement (FIRE II) which was held in Lyon, France. FIRE II is an international forum that aims at exploring methods of enhancing

overall efforts from countries to effectively deal with the evolving financial crime threat landscape and strengthening global asset recovery. The forum brought together key stakeholders including law enforcement, FIUs, prosecutors, asset recovery offices/networks, policy makers and regulators, regional and international organizations, as well as non-governmental experts. The combined focus of the FATF and INTERPOL on improving asset recovery on the global stage will ensure that asset recovery remains a key pillar in the global approach to tackling ML and TF.

3.2 Regional Developments

3.2.1 Caribbean Financial Action Task Force

The regional organization for cooperation on counter-measures against ML, TF and PF between states and territories within the Caribbean region is the CFATF. The CFATF conducts the mutual evaluation rounds for the Caribbean region, including Aruba.

Fourth Round of Mutual Evaluations

The fourth round of mutual evaluations is scheduled to end in 2024, while the fifth Round is set to begin in 2025. The remaining countries in the Caribbean region that are currently undergoing the 4th Round of Mutual Evaluations are Belize, Anguilla, Guyana, Montserrat, Curaçao and St. Maarten.

The upcoming round of mutual evaluations will place increased emphasis on assessing countries' effectiveness in preventing and combating ML/TF/PF, building upon findings from the Fourth Round Mutual Evaluation Reports of countries. Aruba is scheduled to undergo this new round of mutual evaluations in 2029.

Working towards the commencement of the 5th Round of Mutual Evaluations, countries that are still in the enhanced follow-up procedure and those that are listed by the FATF as jurisdictions under increased monitoring ('grey list'), are undertaking efforts to ensure that they exit the so called 'grey list' and exit the CFATF enhanced follow-up procedure. The Cayman Islands has strengthened the effectiveness of its AML/CFT regime as set out in its action plan regarding the strategic deficiencies

that were identified by the FATF and it has exited the FATF 'grey list' in October 2023. The Cayman Islands will remain in the CFATF enhanced follow-up process, and it is expected to present its last follow-up report in the May 2025 CFATF Plenary meetings.

Trinidad and Tobago, Jamaica and The Bahamas have exited the 4th Round follow-up reporting process in 2023. All remaining countries in the CFATF enhanced follow-up procedure are currently working to address all deficiencies in their mutual evaluation reports (MER) as soon as possible in order to transition into the 5th Round of Mutual Evaluation Assessments.

Chairmanship by Aruba and Host to the CFATF Plenary Meetings

The November 2023 CFATF Plenary meetings marked the commencement of the Chairmanship for the CFATF by the Head of FIU-Aruba. As per tradition, the host country for these CFATF Plenary meetings will commence its position as Chair during those meetings for the duration of one year. Therefore, the CFATF Plenary meetings were held in Aruba in November. With the political commitment and financial support of the Prime Minister, who is also the Chair of the National AML/CFT Steering Committee; the Minister of Finance and Culture, and the Minister of Justice and Social Affairs, the CFATF Plenary meetings were considered a success.

The focus for this term will be on 'Strengthening our Caribbean Bond Through AML/CFT/CPF Compliance'. It underscores the importance of cooperation and the need for countries within the Caribbean region to provide each other with support with respect to e.g. the exchange of information, knowledge and experience. It also focusses on cooperation between member countries in terms of providing support in the preparation of the mutual evaluation processes through the sharing of experiences and knowledge.

The position as Chair demonstrates commitment by a jurisdiction and is not merely one of a symbolic nature. This position requires a high level of dedication by the Chair during his tenure to take on the responsibilities, which are broad and vary from representing the CFATF before other international organizations, to preparation and moderation of the discussions during the CFATF Plenary meetings as well as in depth involvement in the overall activities and governance of the CFATF Secretariat.





Participation by FIU-Aruba

Building on its previous engagements, FIU-Aruba maintained its participation with the CFATF with the aim of supporting the CFATF in its endeavors to ensure its effective implementation of the FATF Recommendations by its members, in order to prevent and combat Money Laundering, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction.

BREMOLT Award

In its plenary meeting of May 2022, the CFATF announced its intention to commence with the CFATF Risk Trends and Methods Group (CRTMG) Best Case Award Competition with the aim of stimulating members' participation in the CRTMG working group. This initiative was a way of sharing information on regional risks and trends for ML, TF and PF. All CFATF members can submit one or more cases to the CFATF.

On behalf of Aruba, FIU-Aruba received the award for the Best Regional AML/CFT Case Award 2023. The case was submitted in cooperation with colleagues from the LEAs and the PPO of Aruba. Upon selection of the case, a representative of the FIU presented the case during the CRTMG working group meeting and the CFATF Plenary meetings.

This award is a recognition of the hard work and dedication of all law enforcement professionals that safeguard the integrity of the Aruban financial system. Additionally, this award demonstrates the level of cooperation and collaboration between the authorities of the AML/CFT/CPF-chain in Aruba.

Participation WGFI Sub-Working Group

A representative of FIU-Aruba participated in the Working Group on FATF Issues (WGFI) Sub-Working Group for the review of the MERs for Dominica and St. Vincent and the Grenadines. This sub-working group is tasked with the identification and formulation of the key issues that will be discussed during the WGFI meeting and the CFATF Plenary meetings prior to the adoption of a MER.

3.2.2 Noteworthy Regional Highlights

Increased Focus on Trade Based Money Laundering (TBML)

Regionally, there has been an increased focus on TBML as a significant risk, which corresponds with the TBML risk identified by the FIU at a national level.

At the CFATF Plenary meetings, a presentation was delivered to delegations on deforestation in relation to TBML. This provided insights into how criminal networks operated and how competent authorities apprehended the criminals and dismantled their illegal enterprises.

Furthermore, the CFATF, in cooperation with the UNODC, organized a training on ML and TBML with a focus on the role and importance of customs authorities in the identification of TBML. This training was provided to authorities of CFATF member countries with a focus on the regional TBML risks. Competent authorities, in particular customs authorities, from many of the CFATF member countries participated in the training. For Aruba, the following entities attended the training: FIU, PPO and LEA. In conclusion of this training, a document was drafted which stipulates how competent authorities, such as customs authorities, PPO, FIUs and LEAs, should cooperate through e.g. information exchange and the use of financial intelligence.

Identified Regional Risks

The Caribbean region faces ongoing challenges due to political instability, economic difficulties, and social unrest in neighboring and nearby countries, that may create a fragile environment that could negatively impact the region. Political turmoil may lead to increased irregular migration, straining resources and infrastructure in neighboring countries. Weak governance and instability can also foster security challenges such as crime, drug trafficking, and illicit activities, affecting regional security. As stated by various countries and in publications, the political situation in Haiti remains concerning, with no immediate prospects for improvement.

Furthermore, due to its proximity and economic ties the political developments in Venezuela still raise concerns across the Caribbean. These developments continue to lead to an outflow of Venezuelans seeking better opportunities, potentially fostering money laundering, corruption, and illicit financial activities. These issues have garnered increased attention from national authorities and within the Kingdom of the Netherlands.

Additionally, the Caribbean region continues to face common risks such as drug trafficking. Due to their proximity to South America, Caribbean islands are often used as transit points for drugs destined for the USA and Europe.

FIU-Aruba closely monitors these trends to prioritize its activities in the field of operational and strategic analysis, as well as on a policy-level. Aruba must remain vigilant in implementing AML/CFT measures to counter potential spillover effects like drug trafficking and organized crime. To effectively address these challenges, FIU-Aruba continues to strengthen its collaboration with various national, regional, and international partners to facilitate information sharing and bolster efforts to combat illicit activities.





3.3 Developments within the Kingdom of the Netherlands

For a number of years, the four FIUs within the Kingdom of the Netherlands participated in a working group led by the Central Bank of the Netherlands that had the main objective to promote integration and harmonization of policies, procedures and legislation with respect to AML/CFT & PF-matters. The FIUs deemed that this working group should be further amplified with the participation of stakeholders, other than the Central Banks and the FIUs since much has been realized between the last two entities over the past years. The last working group meeting in the previous format was held in St. Maarten in 2022, and the FIUs are currently considering how these goals can be pursued more effectively within a broader platform. The objective is to be more inclusive by inviting all the existing supervisory authorities to participate to primarily foster more collaboration in the work of the prevention and combatting of ML, TF and PF.

3.3.1 Head of FIU Forum of the Kingdom of the Netherlands

The four FIUs within the Kingdom hold monthly meetings to exchange and discuss operational and strategic information. Several highlights are IT-support between FIUs, support provided to Curaçao and St. Maarten in preparation of their 4th round mutual evaluation, the findings of FCI-net match activities, the consequences of the intention of the Kingdom of the Netherlands to adopt a general data protection regulation (see also paragraph 3.4.6).

Another great benefit of the effective collaboration within the Kingdom of the Netherlands, is that FIU-Aruba has strengthened its relationship with her sister FIUs in relation to operational and strategic analysis.

3.3.2 Sharing of Information Through Seminars

As agreed in 2007, the four FIUs within the Kingdom of the Netherlands, organize a Kingdom Seminar biannually. These seminars serve as a platform for facilitating collaboration and information exchange among all FIUs operating within the jurisdiction of the Kingdom of the Netherlands, as well as their chain partners. The establishment of this collaborative forum dates back to 2007 when it was first introduced in

Curaçao, marking the beginning of concerted efforts to enhance cooperation and coordination in combating financial crimes across the Kingdom. Since its inception, the Kingdom Seminar has played a vital role in fostering partnerships and promoting best practices among FIUs and their stakeholders.

In 2011, FIU-Aruba took the initiative to continue this collaborative endeavor, recognizing its value in addressing common challenges and leveraging collective expertise to combat ML, TF and other financial crimes effectively. In 2014, FIU-the Netherlands assumed the role of host for the Kingdom Seminar, further underscoring the commitment of all FIUs within the Kingdom. The decision to rotate the hosting responsibilities among different FIUs highlights the spirit of inclusivity and shared responsibility that characterizes the Kingdom Seminar. In this regard, Aruba hosted a virtual Kingdom Seminar on Fraud and Corruption in 2021, followed by FIU-the Netherlands addressing ML through Real Estate, and Sint Maarten focusing on experiences related to the 4th Round of Mutual Evaluations.

In 2023, the FIUs collectively determined that it was both desirable and beneficial to revive and sustain the Kingdom Seminar, reaffirming their commitment to collaboration and information sharing in pursuit of common goals. The decision to reconvene the seminar underscores the ongoing relevance and importance of fostering close cooperation and coordination among FIUs and their chain partners. The seminar was held in Curaçao on September 12 and 13, 2023.

The discussions of the Kingdom Seminar 2023 touched upon a range of topics, including information sharing mechanisms, capacity building initiatives, joint investigations, and cooperation frameworks. Moving forward, stakeholders will continue to explore these ideas in greater detail, identifying specific objectives and achievable outcomes.

3.4 National Development

3.4.1 National Risks: Update to the National Risk Assessment

Aruba published its National Money Laundering Risk Report and its Terrorist Financing and Proliferation Financing National Risk Assessment (NRA) in 2021.

While a summary of the ML risk assessment was published, the results of the TF and PF risk assessment were treated as confidential and the report was not published.

The predicate offences that were considered to pose the highest ML threat in Aruba were:

- Illicit drug trafficking
- Bulk cash smuggling
- Bribery and corruption

The sectors that were considered to be most exposed to the threat of ML were:

- Banking sector
- Casino sector
- Real estate sector
- Notary sector

Regarding the previously identified threats, illicit drug trafficking remains a concern due to the island's strategic location in the Caribbean, its proximity to South America and the United States, and its position within the Kingdom of the Netherlands. Although the FIU has not specifically conducted investigations into illicit drug trafficking, it does receive attention by the LEAs and PPO. Additionally, bulk cash smuggling did not feature in the analyses conducted by the Operational Analysis Department of the FIU since the conclusion of the NRA. Furthermore, bribery and corruption continue to be a threat within Aruba and remain an important focus for the FIU. The next section of this Annual Report under 'National cooperation and collaboration efforts' will further elaborate on the outreach the FIU has conducted with respect to the sectors that are most exposed to the threat of ML.

Besides the identified vulnerabilities, threats and risks in the ML NRA, the FIU has seen several upcoming and emerging risks. Previous Annual Reports, in particular 2021 and 2022, discuss several emerging risks that would require further analysis in an update to the NRA, such as human trafficking (including sexual exploitation and child pornography), scams, as well as TBML. The Annual Report of 2022 noted an increasing trend of cases related to TBML and the commitment of the Operational Analysis Department to increase its focus on TBML. The sections "Focus areas of operational analysis", "FIRs Highlighted", and "Noteworthy regional highlights" discuss TBML as a risk from an operational perspective.

On a global level, emerging risks have been identified that also affect the national risks for Aruba (e.g. VASPS and TBML). Furthermore, changes to the global threat of terrorism as well as TF and PF risks have changed globally which should be taken into consideration when assessing threats, vulnerabilities and risks for Aruba.

Hence, although several of the identified threats, vulnerabilities and risks in the NRA remain relevant to this date, the FIU has seen several emerging risks that would indicate that an update to the previous risk assessment would be appropriate. In addition, in order to ensure that Aruba is able to address all potential risks and as required by the FATF Recommendations, Aruba is yet to conduct a risk assessment for new technologies (including VA/VASPs) and one for legal persons and arrangements.

3.4.2 Identified Risks by FIU-Aruba

This section outlines the national risks identified by the FIU, with a focus on those that have received the most attention.

Corruption and Bribery

As noted in the previous section of this Annual Report, corruption and bribery remain significant national threats and continue to receive attention from the Operational Analysis Department of the FIU, as detailed in the section "Focus Areas of Operational Analysis." Additionally, the misuse of foundations, particularly the establishment of new foundations, particularly the establishment of new foundations for campaign purposes, is considered a risk. With scheduled elections in 2025 and campaign activities ramping up in 2024, FIU-Aruba will increase its focus on this risk in the coming year.

Bribery and corruption continue to pose a threat in Aruba and remain a key focus for the FIU.



Scams

The 2022 Annual Report noted a shift in the types of scams being employed by criminals. As was stated in the report, the FIU and the NCTVI would address this development through an awareness campaign. The awareness campaign commenced in 2023 with the publication of a first awareness video and will continue in 2024 with the creation of a second awareness video on another scam-related topic. This is further discussed in the section “National cooperation and collaboration efforts”.

Scams were not given heightened priority by the Operational Analysis Department in 2023, because it is necessary to first complete the awareness campaign. The goal of this campaign is to create more awareness among the public. It is also expected that this will have a secondary effect in terms of increased reporting related to scams.

However, the FIU has seen a decrease in the reporting of UTRs with respect to scams over 2023, which could indicate that there have been less cases related to scams as opposed to the previous year and/or that there is more awareness of the risk of scams amongst the potential victims and service providers. Another reason for this development could be that service providers are warning their customers about potential scam risks, helping to prevent them from becoming victims.

Trade Based Money Laundering

An emerging risk for Aruba is TBML. Although TBML is not a predicate offence, it features within other offences, such as fraud and ML. Rather, TBML is considered a method that is used by criminals to commit the offence of ML and other predicate offences.

In the Annual Report of 2022, TBML was addressed as an emerging risk and it was stated that it would receive further attention throughout 2023. The FIU’s identification of TBML as an emerging risk has led to increased focus on TBML on an operational level, as discussed in the section “Focus Areas of Operational Analysis” and “FIRs Highlighted”. The heightened regional attention to TBML indicates that it is also considered a risk within the Caribbean region (see section “Noteworthy Regional Highlights”).

Human Smuggling and Human Trafficking

In recent years, there has been increased attention and awareness of human trafficking and human smuggling at both national and international levels. International organizations, such as FAST, have been focused on ensuring that authorities, including FIU-Aruba, are more informed of these predicate offences through: the involvement of victims during webinars providing firsthand accounts; providing insight into trends, typologies and methods of human smuggling and human trafficking; and by providing information to authorities on how to approach a risk assessment.

On a national level, relevant authorities have also given attention to human smuggling and human trafficking by creating more awareness within the community as well as amongst compliance officers of the financial and non-financial institutions and other competent authorities. The FIU has also addressed this risk by publishing a ‘Red Flags’ document, which incorporates specific red flags for the various forms of human trafficking as well as human smuggling.

3.4.3 National Cooperation and Collaboration Efforts

FIU-Aruba fulfills a vital position within the AML/CFT/CPF-chain as it functions as a buffer between the reporting entities, the LEAs and the PPO. Through this buffer function, the FIU is entrusted with the responsibility to exercise good judgment, prudence, and professionalism in handling data and intelligence entrusted to it.

Therefore, the FIU continuously fosters and maintains cooperation and effective communication with all stakeholders. The periodical meetings with the PPO, the CBA and compliance officers of the various service providers serve as an example thereof. The topics discussed during these meetings depend on identified risks, trends, and policies to be adopted or issues arising at that time that require immediate attention.

Notification Right Competent Authorities

This right refers to the legal right of government agencies to disclose information even when confidentiality obligations might typically restrict such sharing. This right allows these

agencies to disclose information to FIU-Aruba without being bound by usual confidentiality rules. The purpose of notification right is to facilitate the effective sharing of critical information that may be necessary for further analysis and when opportune to investigate and prosecute illegal activities. By overriding standard confidentiality constraints, this right ensures that crucial data can be communicated when it is in the public interest or essential for preventing or addressing significant issues, such as financial crime, national security threats, in short, the integrity of the government and the interests of the general public.

To ensure that there is a level of awareness of the right to report to the FIU, FIU-Aruba has continued to engage with strategic selected government authorities by providing presentations and exploring possible collaborative endeavors with these government agencies.

Exploring a Public Private Partnership with the Banking Sector

The banking sector is an important sector within Aruba due to its size and impact on the Aruban economy and it is considered a high-risk sector. Nonetheless, the banking sector is well versed and aware of their compliance responsibilities and the risks within the sector. The FIU’s initiatives to raise awareness on specific topics and promote open communication have contributed to fostering a positive relationship between the FIU and compliance officers in the banking sector.

Therefore, and in line with the international focus on the need to establish public private partnerships (‘PPP’) with certain sectors, the FIU also initiated efforts to discuss the options for a ‘PPP’ with the banking sector. Although the initiative was well received by the banking sector, there were differing opinions in terms of its usefulness considering that the already existing broad cooperation – i.e. through the compliance officers’ meetings and close contact between the compliance officers and the FIU - is already present.



Cooperation with Law Enforcement Authorities

To enhance the effective utilization of financial intelligence from the FIU, efforts are made to foster closer ties with LEAs through consistent communication and exploring new avenues for cooperation. This approach involves forging new relationships and nurturing existing ones. As a result, there have been improved relations and a deeper mutual understanding between the Operational Analysis Department of the FIU and the LEAs. Additional details regarding enhanced cooperation can be found in the sections “Focus areas of operational analysis” and “Operational analysis results through cooperation efforts”.

Tackling TF and Scams in cooperation with the NCTVI

Central to tackling ML/TF/PF and associated predicate offences is the cooperation between the relevant authorities. Therefore, FIU-Aruba also maintains close contact with the NCTVI to align operational focusses in order to ensure that the disseminated financial intelligence is used effectively.

As outlined in the 2022 Annual Report, the FIU and the NCTVI agreed to collaborate to jointly raise awareness about scams. Therefore, an online awareness campaign was set up for which a video on “fake prize and lottery scams”. This campaign targets the public and service providers with the aim of creating awareness by giving information on how to detect such a scam. This video was published on the website of the FIU and on its social media pages. NCTVI and FIU have continued their collaboration in 2024 by initiating the development of a second video for this awareness campaign.

The Financial Investigation Partners Platform

On this multilateral collaborative platform, FOP, various representatives from LEAs, the PPO, the Supervisory Authority, and FIU-Aruba exchange experiences, knowledge, identify risks, and discuss developments on ML/TF.

Due to a several comprehensive investigations, the partners did not have the opportunity to meet in the previous year on a regular basis. They instead convened when necessary, typically in bilateral or smaller settings. These ad hoc meetings mainly served to address urgent matters or to maintain communication channels given the amended meeting schedule. Nonetheless, the partners

remained committed to maintain their collaborative and cooperative efforts.

However, the regular meetings were resumed in June 2023, which is a positive shift towards re-establishing regular collaboration and communication channels. This renewed frequency of meetings signifies a collective recognition of the importance of ongoing collaboration, especially in the context of addressing challenges related to ML/TF.

During the meeting in June 2023, partners identified a possible ML phenomenon. The partners collectively recognized and discussed suspicious activities and patterns that suggested potential instances of ML. These activities raised red flags and triggered concerns among the partners, prompting further scrutiny and investigation.

During the discussion, different partners provided insights from their respective perspectives, noting specific actions or behaviors that they believed could be linked to ML. The identification process was collaborative and involved input from multiple stakeholders, each bringing their unique expertise and observations to the table. The diversity of perspectives enriched the analysis and helped in uncovering various aspects of the suspected ML phenomenon.

Subsequently, the partners decided to initiate a joint investigation to trigger a criminal investigation. This decision underscores the seriousness with which the partners viewed the identified ML concerns. By initiating a joint investigation, the partners demonstrated their commitment to collective action and collaboration in addressing financial crimes.

Additionally, the FIU provided all representatives of the FOP with a presentation on the topic of TF with a specific focus on the origins of TF funding in relation to the utilization of those funds by terrorists.

Collaboration with the PPO

The collaboration between FIU-Aruba and the PPO is a critical component of efforts to combat financial crimes effectively. This partnership brings together two key authorities with complementary roles and expertise in addressing ML/TF/PF. By working together, these authorities can maximize their impact in detecting, investigating, and prosecuting individuals and entities engaged in illicit financial activities.

Strategic Planning

In reference to the above, it is very important that the partners engage in joint initiatives aimed at building, combining the focus on addressing ML/TF symptoms. The goal alignment has been considered.

Feedback Mechanism

In the MER of Aruba from 2022, the inclusion of the element of feedback signifies its recognition as a crucial aspect for the effectiveness of financial intelligence and other information. It underscores the importance as a tool for promoting continuous improvement and refinement of the Aruban AML/CFT framework. One of the objectives of feedback is its incorporation in the FIUs’ policies and operational activities with the aim of achieving better alignment with the needs of LEAs and PPO.

Providing/receiving feedback suitable to be incorporated in the functions of the FIU, remains a challenge. The reasons are e.g. the long processing time of a criminal investigation and the rapid overturn of prosecutors. Despite these challenges, the PPO have provided feedback to some extent, which are taken in consideration by the FIU. The FIU utilizes this feedback for information sessions for service providers, in order to enhance the quality of the reporting obligation. Additionally, the PPO and FIU-Aruba are exploring other feedback mechanism options.

3.4.4 Outreach Activities

Providing information on a wide range of topics to reporting entities 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, reporting entities, local partners and other relevant authorities.

The maturity and knowledge levels of AML/CFT/CPF across different sectors are crucial in shaping the information shared with 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 nature of information shared and discussed with various parties also varies based on factors such as the FIU’s annual theme, current developments, and identified trends, risks, and typologies.





Collaborative Outreach Activities

FIU-Aruba was invited by the CBA to deliver presentations during information sessions aimed at the jeweler sector, life insurance brokers, and other financial institutions. This collaborative effort, reaching out to different sectors, underscores a shared commitment to enhancing understanding of AML/CFT compliance across various sectors.

During these sessions the participants were presented by FIU-Aruba with a sanitized case describing how the analysis was initiated, the relevant red flags and the conclusion of the case, i.e. dissemination of the FIR and, when available, the conviction and sentencing. The cases presented focused on the transparency of Ultimate Beneficial Owners (UBOs) of legal entities concerning ML and corruption activities. Participants were also given key takeaways to aid them in identifying and reporting UTRs.

Furthermore, FIU-Aruba participated in an information session held by the CBA for the banking sector and the MTCs, which focused on human trafficking and human smuggling. A presentation was provided by the Coordination Center on Human Trafficking and Migrant Smuggling Aruba (CMMMA) with the aim of informing the sectors on how to identify human trafficking and human smuggling. The FIU was present to address any questions pertaining to the reporting obligation in relation to the discussed topic.

Co-Meetings with Reporting Entities

Meetings with compliance officers of several sectors have proven to be an effective method of information exchange, it is an effective use of our short communication lines and it established a solid basis for cooperation and mutual understanding. These sessions offer a transparent and open channel of communication between FIU-Aruba and the compliance officers. They are beneficial as they allow the FIU and compliance officers to introduce topics, share information, experiences, and cases among themselves and with others present. These meetings have also demonstrated that all parties can learn from each other and collaborate in identifying common risks and trends.

Among the factors that contribute to determining for which sectors co-meetings should be held are: risk

indication; size and importance to the Aruban economy; AML/CFT/CPF relevance (e.g. gatekeepers); reporting behavior, and; external developments requiring outreach to the sector. The sectors for which co-meetings were held are the notary offices, casinos, banks and the car dealers.

During the co-meetings, specific topics (e.g. news-related items and recent developments) and case examples are discussed that have a direct nexus to the sector. A case should resonate with compliance officers based on its outcomes and how the sector's actions contributed to those outcomes. By illustrating the significance of reporting obligations and the subsequent events triggered by submitting one or more UTRs, service providers can grasp the importance of their role in the AML/CFT/CPF framework, aimed at preventing and combating ML/TF/PF and predicate offences. By preventing cases and statistics regarding reporting behavior within the sector, the FIU offers feedback to sectors on enhancing compliance with reporting obligations.

Cases discussed during the co-meetings pertained to e.g. sanctions, corruption, legal persons, UBOs and ML through real estate (property land & long lease land).

Furthermore, each co-meeting discusses risks, threats and trends that are identified by the sector. This provides both the FIU and the CO's of the sector with insight into possible risks and threats that the sector might be facing ensuring that the necessary measures are taken to mitigate the identified risks and threats.

Information Session for the Compliance Advisory Companies

FIU-Aruba conducted an information session for Compliance Advisory Companies, focusing on recently issued guidance documents. The session included a presentation on interpreting and applying these guidelines in relation to reporting obligations.

Companies gained a 'helicopter view' over multiple sectors in terms of risks, threats and challenges.

Targeting these companies for an information session had several advantages. Firstly, these companies provide services to service providers of several sectors with respect to e.g. AML/CFT compliance, advisory activities and training services. These companies, through their services, have gained a 'helicopter view' over multiple sectors in terms of risks, threats and challenges related to compliance with the reporting obligation.

Secondly, the Compliance Advisory Companies often provide training and advise to service providers with respect to the reporting obligation. Therefore, it was necessary to ensure that the information that is provided to the service providers related to the reporting obligation is uniform, consistent and accurate. By organizing an information session for the Compliance Advisory Companies, the FIU was able to indirectly target a larger audience at once and ensure that the level of understanding with respect to the reporting obligation overall is enhanced.

Publications

In addition to delivering presentations to service providers, FIU-Aruba publishes various documents as a way of conducting outreach to all sectors, such as

guidance documents, instructions, alerts and news items. A number of guidance documents were published on the website (see: www.fiu-aruba.aw) of the FIU with the aim of increasing the understanding of service providers regarding their reporting obligation. Examples include:

- Richtlijn Indicatoren (Guidance document for the reporting of UTRs).
- Red flags: Witwassen, Terrorismefinanciering, Proliferatiefinanciering & Gerelateerde Misdriften (Document containing red flags for ML/TF/PF and associated predicate offences).
- Sancties en de meldplicht (Guidance on sanctions in relation to the reporting obligation).
- Simpelweg melden (Reference document aimed at simplifying and summarizing the Richtlijn Indicatoren).





The FIU published two instructions with respect to the reporting of subjective UTRs related to PF and the suspension of transactions. Furthermore, FIU-Aruba posted an alert and a news item related to TF.

3.4.5 Bibob-Legislation

The Bibob is a (preventive) administrative law instrument in the Netherlands. The objective of this legislation is to address serious threats that may arise, for example, from a permit issued by a government authority being misused. The competent government authority can refuse the application or revoke the issued permit after assessment by this law-mandated authority.

This legislation enables the mandated authority to take measures to prevent government facilitation from being misused for criminal activities, while also safeguarding the competitive standing of lawful entrepreneurs.

The initial NRA, completed in 2012, identified that ML occurred through legal entities and arrangements, among other findings. This conclusion was reaffirmed in the latest NRA, published in 2021. In response to this, the NCTVI was mandated to explore possibilities to mitigate this risk and introduce a similar instrument as the Bibob.

In this regard, the NCTVI organized a 4-day training on the Bibob legislation for several relevant partners within the chain, including two representatives of the FIU. Although this mechanism is very robust, relevant and necessary, participants were uncertain whether a similar approach to the Bibob, as applied in the Netherlands, would adequately mitigate the identified risk. The NCTVI recognizes the importance of addressing the identified risk effectively and is committed to exploring additional measures to mitigate this further to ensure that it is in line with the requirements of FATF Recommendations 24 and 25.

3.4.6 Implementation of Legislation for Data Protection

The 'Landspakket' is an agreement between Aruba and the Netherlands, which was signed in November 2020, requiring Aruba to implement measures and structural reforms that are aimed at contributing to the resilience of the Aruban economy and society. This includes the implementation of a Kingdom Act that will implement legislative provisions that are in line with the General Data Protection Regulation (GDPR) by the EU. All European member states, including the Netherlands, are required to implement the GDPR regulation in national law. However, the GDPR is not directly applicable to the other countries within the Kingdom of the Netherlands. Therefore, the implementation of a Kingdom Act ('Consensus Rijkswet Bescherming Persoonsgegevens') is aimed at ensuring that all countries within the Kingdom of the Netherlands are held to the same data protection legislation and requirements.

The FIUs within the Kingdom have discussed and sought alignment with respect to the implementation of this Act and its possible effect on the activities and mandates of the Kingdom FIUs.

FIU-Aruba participated in an introductory meeting concerning the implementation of the Kingdom Act and will continue to participate in discussions with representatives of the drafters of the Act on how and to what extent this Act should be applicable to the FIU. Furthermore, the FIUs within the Kingdom have discussed and sought alignment with respect to the implementation of this Act and its possible effect on the activities and mandates of the Kingdom FIUs.





ANNUAL THEME 2023

Trade-Based Money Laundering: Trends to Watch Out for

by Simone van der Zee, May 2024

Between 2013 and 2017, billions of dollars' worth of gold, gathered through illegal mining, foreign bribery, and illicit smuggling, entered the legal gold refining and trade industry in the United States (US). The gold was then internationally paid for through wire transfers that were disguised as legitimate wholesale gold purchases, processed via a legitimate bank, and directed straight to the launderers. Financial investigation into the case showed a multi-billion-dollar cycle of money laundering involving drug traffickers in Peru who used the proceeds of cocaine sales in the US to purchase illegally sourced Latin American gold in Peru. The illicit drug money was smuggled back to Peru from the US. Subsequently, the drug networks purchased the illegally sourced gold with the dirty cash. A front company was set up in Peru to sell the gold to US-based refineries, through co-conspirators working for a legitimate US gold refinery, one of the largest in the US. Another co-conspirator helped to get the gold past U.S. Customs and Border Protection and facilitated the forging of documents that concealed the gold's illegal origins in Latin America and its route through the Caribbean. The front company in Peru then received payment for the gold via bank wire transfer.¹

Trade-Based Money Laundering is a Difficult Money Laundering Method to Unravel

How could it happen that international trade regimes and the financial system were misused on such a scale for the laundering of drug money and illegal gold? The answer appears straightforward: when legal trade structures are used for illegal purposes by internationally organized crime networks, these schemes are hard to detect and unravel. This is one of the most complicating aspects of international trade-based money laundering (TBML) schemes like these. TBML is defined by the Financial Action Task Force (FATF) as 'the process of disguising the proceeds of crime and moving value through the use of trade transactions in an attempt to legitimize their illegal origin or finance their activities'. According to a recent report from Europol, the most commonly traded goods include secondhand vehicles, metals, clothes, construction equipment, medical devices, fish products,

real estate, watches, high value goods, gold, clothing, art, non-fungible tokens (NFT's)² and even horses.³

Several methods are used for TBML, including over or under invoicing, invoicing a shipment multiple times, over or under shipping, shipping something else, or bogus shipments. Where such methods are used, the detection of, for instance, abnormal pricing may require investigation of the entire transaction. It is also possible that multiple changes of information take place during transit, so that the information regarding the movement of goods in the country of origin ends up being altered somewhere in the supply chain, carrying information, like bills of lading, that is different from the actual goods being transported.



Mrs. Simone van der Zee

Often, companies or business structures specifically designed for money laundering are involved. According to the FATF, TBML works best when importers and exporters are complicit and actively cooperate with the money launderer to make part of the process appear different from reality and that would argue in favor of focusing on the accomplices to disrupt the process. TBML is one of the most common and most difficult methods of money laundering, due to factors like the vast volume of international trade, the crossing of multiple borders and the fact that criminals sometimes use legitimate businesses as a front.

2. Non-fungible tokens (NFTs) are a type of digital asset that represents ownership or proof of authenticity of a unique item or piece of content using blockchain technology.

Trade-Based Money Laundering and the Fourth Generation of Organized Crime

Although TBML has been around for some time, there is reason to believe that use of this method might be increasing. In 2006 the FATF concludes that TBML 'represents

No country in the world is immune to Transnational Organized Crime, and Aruba has a few characteristics that make it attractive for TBML

an important channel of criminal activity and given the growth of world trade, an increasingly important money laundering and terrorist financing vulnerability.⁴ Since then globalization has only intensified, driven, among other things, by economic changes, technological innovations like the internet and demographic trends. Another factor that might contribute to a possible increase of TBML

is the emergence of Transnational Organized Crime, or what the Hague Center for Strategic Studies (HCCS), calls the Next Generation Organized Crime. In a report of 2023, the HCCS states that today's organized crime consists of 'increasingly flexible, decentralized, technologically advanced and resilient trading networks' that 'use complex financial and corporate structures to establish criminal financial structures to conceal the true economic ownership of funds behind a veneer of legal commercial activities.'⁵ These networks use professional money launderers.

Whether transnational criminal organisations are in the business of trafficking humans, illegal arms, drugs, minerals or wildlife or are in the business of counterfeiting, fraud, extortion, or cybercrime, their common main hurdle is the laundering of criminal proceeds to make them appear legitimate and usable in the formal economy. Anti-money laundering regulations make it increasingly hard to use financial systems to that end and this is where TBML comes in handy. Criminal groups perceive the use of the international trade system as a very advantageous method for money laundering, capitalizing on the opportunities that arise from global trade.⁶ It is no wonder that criminal networks are increasingly involved in TBML, as Europol writes in the report mentioned earlier.

Key Trade-Based Money Laundering Trends Worth Monitoring in Aruba

But what do these global criminal developments have to do with Aruba? The answer is simple: no country in the world is immune to Transnational Organized Crime, and Aruba has a few characteristics that make it attractive for TBML. One of them is the presence of a Free Trade Zone. According to InSight Crime, money laundering can be facilitated by the presence of economic weak spots. These are places that offer ideal conditions for money laundering, such as Free Trade Zones (FTZ).⁷ The same conditions that make these zones attractive for legal trading purposes also make them interesting for illegal trading purposes, especially TBML. The International Coalition Against Illicit Economies (ICAIE) has done a study on global Illicit economies and states that 'kleptocrats, criminal organizations, terrorist groups, and their enablers exploit networked hubs of illicit trade centered on free trade zones, ports, and other logistical channels of transportation, communications, and trade.'⁸ The Aruba Free Trade Zone is mentioned in the report as one of the FTZs of primary concern. Since Aruba's economy relies on international trade, especially goods and services related to the tourism sector, there are many opportunities for TBML. Dependence on import and export creates opportunities to exploit trade channels for illegal purposes.

Apart from the FTZ, there are other TBML methods that might have impact on Aruba, for instance in relation to the illicit tobacco trade. This is a cash intensive and highly profitable business, which make this trade ideal for money laundering.⁹ Over the years, various major criminal investigations have taken place involving money laundering through illegal tobacco trade with connections to the Caribbean region. Although no specific information is known about the extent of illicit cigarette trade in Aruba, apart from the official channels, there is a possibility that Aruba faces issues with TBML related to the illicit trade in tobacco products. The same applies to illicit alcohol trade, which is also used for trade-based money laundering. Both illicit tobacco products and illicit alcohol are sometimes traded for drugs.

A final point of attention for Aruban authorities with respect to TBML risks, is the attractiveness of countries like Aruba, to foreign investors or to foreigners establishing businesses in Aruba. When there is a noticeably high number of shops of a particular type, especially with foreign owners or established with foreign financing, it can be an indication or a red flag for TBML. A well-known TBML scheme used by criminals involves the import of over-valued goods, such as those intended for tourist or building projects. The imported goods are sold in shops, either at a high or low price. However, the goods are not the most important part of the TBML scheme; what is important is the fact that the importer is able to move illicit funds out of the country by paying the over-valued price. This also works the other way around: under-evaluated imported goods, sold at a higher price in shops enable criminals to transfer value without transferring money. TBML can in this way also be an important enabler for illegal banking systems like hawala.

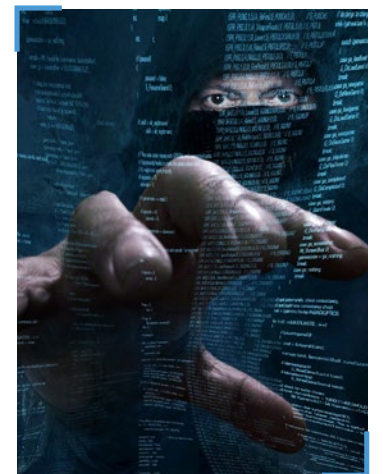
Tackling Trade-Based Money Laundering in Aruba

Money laundering has been in the spotlight in recent years, both in the countries of the Dutch Kingdom and internationally. Investigations into money laundering are often lengthy and require specialized knowledge and training. This is especially the case when international TBML is suspected. Investigative partnerships are crucial for unraveling this type of crime. To this end, robust inter-agency cooperation between Law Enforcement Agencies (LEAs), Financial Intelligence Units (FIUs), customs services, and tax investigation services is imperative. Strengthening these services and investing in their information position, financial expertise, and digital expertise is urgently needed, as TBML is a growing concern.

Customs authorities, FIUs, and LEAs must synchronize their efforts in the fight against money laundering, particularly in countries with a high TBML risk. Given its steadfast economic development and booming tourism and real estate sectors, Aruba is particularly vulnerable to TBML risks.¹⁰ Both the public and private sectors must intensify their collaboration efforts, sooner rather than later. Customs authorities need to do more than merely levying import and excise duties; they must actively engage in combating TBML in light of global developments. It is

critical to create more alignment among these agencies. If legislation needs to be changed or current policies need to be adjusted, this must be done swiftly and diligently to protect the country's financial reputation on the international stage.

Effectively combating TBML requires extensive information sharing between key international trade players in the private sector. Additionally, public-private partnerships must be explored more deeply to develop collective knowledge and enhance awareness of TBML schemes, effectively disrupting these criminal processes. Transnational crime groups continue to organize themselves better to exploit TBML for their illicit purposes. Only through stronger collaboration and heightened awareness can Aruba become more resilient against this growing and complex global threat.



7. InSight Crime, 2020.



ANNEX

List of Abbreviations

AML	Anti-Money Laundering
CFATF	Caribbean Financial Action Task Force
CTF	Counter-Terrorist Financing
CMMA	Coordination Center on Human Trafficking and Migrant Smuggling Aruba
Co-meetings	Compliance officer meetings
CRTMG	CFATF Risk Trends and Methods Group
DNFBP	Designated Non-Financial Businesses and Professions
EAG	Eurasian Group on Combating Money Laundering
ECOFEL	Egmont Centre for FIU Excellence and Leadership
EU	European Union
FATF	Financial Action Task Force
FI	Financial Institution
FIR	Financial intelligence Report
FIU	Financial Intelligence Unit
FIU - Aruba	Financial Intelligence Unit of Aruba
FOP	Financial Investigative Partners Forum
GDPR	General Data Protection Regulation
LEA	Law Enforcement Agencies
LWTF	AML/CFT State Ordinance (in Dutch: Landsverordening Voorkoming en Bestrijding Witwassen en Terrorismefinanciering (abbr. LWTF))
MER	Mutual Evaluation Report
ML	Money Laundering
MTC	Money Transfer Company
NCTVI	National Central bureau for Counterterrorism, Security and Interpol (in Dutch: Nationaal Centraal Bureau Terrorisme en Interpol).
NRA	National Risk Assessment
PF	Proliferation Financing
PPO	Public Prosecutor's Office
PPP	Public Private Partnerships
PPWG	Policy and Procedure Working Group
TF	Terrorist Financing
TFS	Targeted Financial Sanctions
TFS – PF	Targeted Financial Sanctions – Proliferation Financing
TBML	Trade Based Money Laundering
UBO	Ultimate Beneficial Owner
UTR	Unusual Transaction Report
WGFI	Working Group on FATF Issues (CFATF)



P.O. Box 462, Oranjestad, Aruba
Tel: (297) 583-3115