



# National Risk Assessment

Summarised Version – Amended: May 2023

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## List of Abbreviations

AG	Attorney General
AML/CFT	Anti-Money Laundering/Countering the Financing of Terrorism
ANAMLC	Anguilla National Anti-Money Laundering Committee
ATM	Automated Teller Machine
CFATF	Caribbean Financial Action Task Force
COVID-19	Coronavirus Disease 2019
DNFBPs	Designated Non-Financial Business and Professions
EC\$	Eastern Caribbean Dollar
ENRSP	Externally and Non-Regulated Service Providers
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
FSC	Financial Services Commission
HM	Her Majesty's
IBC	International Business Companies
IRD	Inland Revenue Department
LLC	Limited Liability Company
LP	Limited Partnership
MDMA	3,4-methylenedioxy-methamphetamine
ML	Money Laundering
ML/TF	Money Laundering/Terrorist Financing
MSB	Money Service Business
NPO	Non-Profit Organisation
NRA	National Risk Assessment
NRASC	National Risk Assessment Steering Council
NRAWG	National Risk Assessment Working Group
OC	Ordinary Company
OCG	Organised Crime Group
PF	Proliferation Financing
POCA	Proceeds of Crime Act
RAPF	Royal Anguilla Police Force
R.S.A.	Revised Statutes of Anguilla
TF	Terrorist Financing
WMD	Weapon of Mass Destruction

## Foreword

The Government of Anguilla is pleased to announce the completion of the Anguilla's National Risk Assessment ("NRA") exercise for 2014 – 2020 and the publication of this NRA report.

In 2009, Anguilla underwent the Third Round of Mutual Evaluations led by the Caribbean Financial Action Task Force ("CFATF"), the regional inter-governmental body associated with the Financial Action Task Force (the "FATF"). During that process, Anguilla was required to address the deficiencies outlined in the mutual examination report as identified by the examiners. Anguilla focused on enacting, amending and implementing legislation that strengthened its AML/CFT framework and addressed deficiencies noted by the examiners. Anguilla successfully exited the third round follow-up process in November 2015.

In preparation for the Fourth Round of Mutual Evaluations, in 2016, the Government of Anguilla acknowledged that there was a need for Anguilla to understand the risks and put in place strategies to mitigate such risks to build and maintain a strong and reliable financial services sector. An NRA identifies the money laundering and terrorist financing risks faced by a country and includes measures/actions to mitigate the country against these risks. The NRA process usually highlights the gaps/deficiencies identified in the AML/CFT regime and is used to determine the policies and procedures to be implemented for a robust and effective AML/CFT regime.

The Government of Anguilla committed to allocating the necessary resources, both financial and human, to carry out a robust NRA exercise and to address any risks, weaknesses or vulnerabilities that were identified. This NRA underscores the Government's continued commitment to strengthening Anguilla's status as a well regulated financial services centre while demonstrating the Government's recognition of the importance of meeting its international obligations.

This report contains key information on the results in relation to the money laundering threats in relation to the twenty-one (21) predicate offences; terrorism and terrorist financing threats; vulnerabilities in relation to the proliferation financing; and vulnerabilities in relation to twenty (20) sectors and financial products. In addition to providing information about Anguilla's threat and vulnerability profile, this report briefly highlights the AML/CFT regime within Anguilla and the potential consequences for Anguilla if inherent ML/TF vulnerabilities are not addressed. With the publication of this NRA report, it is envisioned that the identified threats and vulnerabilities will be understood and effectively mitigated.

While this was a Government-led initiative it required a national approach. Special thanks is extended to the Attorney General's Chambers for spearheading this initiative in addition to the Financial Intelligence Unit; Anguilla Financial Services Commission; Customs Department; Immigration Department; Royal Anguilla Police Force; Commercial Registry; and Inland Revenue Department. Special thanks is also extended to members of the private sector who participated in the risk assessment exercise.

# Chapter 1: Introduction

## 1.1 Introduction

Currently, Anguilla is scheduled to undergo an on-site review tentatively in the second quarter of 2023 as part of the Fourth Round of AML/CFT Mutual Evaluations led by the CFATF<sup>1</sup>. The on-site review will entail an overview of Anguilla’s technical compliance with the 40 FATF Recommendations as well as an assessment of the level of effectiveness of Anguilla’s AML/CFT framework in relation to the 11 immediate outcomes as outlined by the new FATF Methodology<sup>2</sup>.

It is in this vein that the Government of Anguilla has undertaken to conduct its first NRA, covering the period, 2014-2020. The Government has acknowledged that there is a need for Anguilla to understand the risks in the financial services sector and to put in place strategies to mitigate such risks to build a robust and reliable financial services sector. This NRA report identifies the inherent threats and vulnerabilities in Anguilla’s AML/CFT regime. These inherent risks and vulnerabilities will be used as the basis to assess residual risks and gaps in the regime’s controls and to identify areas for improvement in those controls on an ongoing basis.

A threat is defined by the FATF as “a person or group of people, object or activity with the potential to cause harm to, for example, the state, society, the economy, etc. In the ML/TF context this includes criminals, terrorist groups and their facilitators, their funds, as well as past, present and future ML or TF activities.”<sup>3</sup> Further, vulnerabilities are “those things that can be exploited by the threat or that may support or facilitate its activities.”<sup>4</sup> These can include for example, “the factors that represent weaknesses in AML/CFT systems or controls or certain features of a country or features of a particular sector, a financial product or type of service that make them attractive for ML or TF purposes.”<sup>5</sup> Inherent risks are risks that are present before any controls or mitigating factors are applied, while residual risk describes the amount of risk that still exists after controls and mitigating factors have been applied.

The NRA requires a consolidated approach by intergovernmental agencies alongside industry participants. Industry participants are inclusive of the unique financial service providers who required a stronger grasp of the FATF Recommendations to understand the encompassing threats and vulnerabilities to the jurisdiction.

The results outlined in the NRA aim to:

- i. help both governmental bodies and the private sector be aware of the money laundering threats and sectoral vulnerabilities within Anguilla, and

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<sup>1</sup> CFATF is the regional intergovernmental body associated with the Financial Action Task Force (the “FATF”) – also known as a FATF-styled regional body (FSRB).

<sup>2</sup> The new FATF Methodology was adopted on 22 February 2013, with the most recent updates made in November 2020. Given the timeframe of the NRA, the contents of this NRA was analysed using the October 2019 updated FATF Methodology.

<sup>3</sup> FATF (Feb 2013) National Money Laundering and Terrorist Financing Risk Assessment, pg. 7 - [http://www.fatf-gafi.org/media/fatf/content/images/National\\_ML\\_TF\\_Risk\\_Assessment.pdf](http://www.fatf-gafi.org/media/fatf/content/images/National_ML_TF_Risk_Assessment.pdf)

<sup>4</sup> *ibid*

<sup>5</sup> *ibid*

- ii. assist them in developing their own risk assessments and mitigation policies and procedures.

In order to assess the money laundering threats, the criteria included the following factors:

- criminal actors' capacity;
- scope of money laundering activity; and
- the estimated proceeds of crime.

In relation to the assessment of terrorism and terrorist financing threats, the assessment covered the following factors:

- the terrorist actors' capacity;
- scope of global reach; and
- estimated amount of funds raised in the country annually.

To further assess the inherent vulnerabilities in relation to proliferation financing, a risk-based approach consisting of three criteria was used namely:

- proliferation financing actors' capacity
- estimated Scope of PF Activity
- estimated Scale of Proliferation Financing

For the analysis of the inherent vulnerabilities of money laundering and terrorist financing the following five rating criteria was used with respect to twenty (20) sectors and financial products:

- inherent characteristics;
- nature of products and services;
- nature of business relationships;
- geographic reach; and
- nature of the delivery.

### 1.1.1 National Risk Assessment Steering Council and National Risk Assessment Working Group

The NRA process was spearheaded by a Coordinator and a Deputy Coordinator. In September 2016<sup>6</sup>, the Executive Council approved two key Committees which were the pillars and strategists behind the successful implementation of the NRA. These two committees are the National Risk Assessment Steering Council ("NRASC") and the Anguilla National Anti-Money Laundering Committee ("ANAMLC").

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<sup>6</sup>EX MIN 16/548: Minutes Of The 65th Meeting Of The Eleventh Anguilla Executive Council Held On Thursday 8th September 2016: <http://www.gov.ai/documents/exco/160908%20Mn16-65.pdf>

Anguilla commenced its NRA in February 2017<sup>7</sup> via an official press release. Various meetings of both the NRASC and the NRAWG were held over the period September 2016 to October 2019. During such meetings a list of statistics was formulated and approved. Each government department was tasked with the collection of statistics for their respective sectors in order to establish a track record of effectiveness and implementation.

The NRASC consisted of the following persons. The:

- Minister of Home Affairs (Chairperson)
- Chief Minister<sup>8</sup>/Minister of Finance
- Attorney General
- Deputy Governor
- Commissioner of Police
- Director, Anguilla Financial Services Commission
- Chief of Staff, Governor's Office
- Permanent Secretary for Finance
- Private Sector Representative

The ANAMLC consisted of the following persons. The:

- Chair of the Money Laundering Reporting Authority<sup>9</sup>
- Head of the Financial Intelligence Unit
- Representative of the Ministry of Finance
- Representative of the Attorney General's Chambers
- Representative of the Royal Anguilla Police Force
- Representative of the HM Customs Department
- Representative of the Inland Revenue Department
- Representative of the Immigration Department
- Representative of the Anguilla Financial Services Commission
- Representative of the Governor's Office
- Representative from the Private Sector<sup>10</sup>

A subcommittee of the ANAMLC has been formed and comprises the AG's Chambers, FIU, and the FSC. This Subcommittee is spearheaded by the AG's Chambers and is responsible for reviewing Anguilla's current legislation, identifying gaps in relation to the FATF

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<sup>7</sup> The Anguillian, 2017. ANGUILLA FIGHTING MONEY LAUNDERING, TERRORIST FINANCING Wants To Be Clean Again Next Evaluation. *The Anguillian*, [online]. Available at: <<https://theanguillian.com/2017/02/anguilla-fighting-money-laundering-terrorist-financing-wants-to-be-clean-again-next-evaluation/>>

<sup>8</sup> The title, "Chief Minister", was changed to "Premier" in 2019. See: The Anguilla Constitution (Amendment) Order 2019: <https://www.legislation.gov.uk/uksi/2019/852/made>

<sup>9</sup> At the time of publication, the Money Laundering Reporting Authority no longer exists and therefore there is no chair of the Money Laundering Reporting Authority.

<sup>10</sup> Members of the private sector attended meetings regarding the NRA process and they were involved in discussions regarding the ratings of the sectoral vulnerabilities. They were not involved in the writing of the NRA.



recommendations and proposing legislative amendments. The NRAWG is also examining the policies, procedures and MOUs necessary to facilitate cooperation among the government agencies. The ANAMLC also deals with all CFATF-related issues.

In December 2018, the first NRA exercise<sup>11</sup> was conducted where the ML threats and vulnerabilities were identified and risk rated. In October 2020, this exercise was repeated to update the risk ratings from 2018 in light of new information over the past two years and the COVID-19 pandemic. This NRA includes the results of the October 2020 update.

### 1.1.2 Relevant FATF Requirements

The FATF 40 Recommendations and the accompanying Methodology<sup>12</sup> set out the requirements that jurisdictions must follow in order to implement an effective framework and mechanism in order to combat money laundering, terrorist financing and proliferation financing. The relevant FATF requirements for the purposes of this National Risk Assessment are Recommendation 1, Technical Compliance Assessment Criterion 1.1 and 1.4 and Immediate Outcome 1.

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<sup>11</sup> Present for the Exercise were the NRAWG (except the Chief of Staff, Governor's Office, the Private Sector Representative and the Comptroller of Inland Revenue Department) and the Deputy Registrar, Commercial Registry.

<sup>12</sup> See: Methodology for Assessing Technical Compliance with the FATF Recommendations and the Effectiveness of AML/CFT Systems: <https://www.fatf-gafi.org/media/fatf/documents/methodology/fatf%20methodology%2022%20feb%202013.pdf>

# Chapter 2: Assessment of Money Laundering Threats

## 2.1 Introduction

The overall ML threat level for the jurisdiction was assessed as Medium. The ML Threat assessment for the jurisdiction indicates that there are eight (8) predicate offences rated between High to Very High threat level for potential ML activity. The remaining thirteen (13) predicate offences were rated Low to Medium.

The assessment of the money laundering threats focused on the predicate offences identified by FATF and the additional offence of gambling which has a high threat for ML in the jurisdiction. The threat rating assigned to the predicate offences being reviewed in this NRA is based upon the following criteria:

1. **Criminal Actors Capacity:** the identification of the individuals and/or organisational crime groups involved. As well as the level of sophistication, the extent to which the threat actors have the resources, knowledge, skills and expertise to launder criminal proceeds and avoid detection by authorities.
2. **Scope of ML activity:** identifying the extent of the sectors' involvement in committing the criminal act or the actors use of the sectors to launder the proceeds of the crime. Weight is also given to the FIU's analysis and disclosures relating to the specified offence and law enforcement's investigation and prosecutions.
3. **Estimated Proceeds of Crime:** an assessment of the magnitude of the estimated dollar value of the proceeds of crime.

## 2.2 Discussion of ML Threats

The results of the assessment in relation to the twenty-one (21) predicate offences are presented in the table below.

Table 2-1: Offences by Threat Rating

Very High	High	Medium	Low
Human Trafficking	Professional Money Laundering	Environmental Crimes	Counterfeiting and Piracy of products
Fraud	Gambling	Insider Trading/Market Manipulation	Kidnapping & Hostage Taking
Sexual Exploitation	Tax Crimes	Corruption & Bribery	Illicit Trafficking of Stolen or Other goods
Trafficking of Illegal Substances	Trafficking of Illegal Arms	Robbery & Theft	Piracy on the High Seas
		Smuggling	Extortion
		Forgery	Counterfeiting of Currency
			Murder (For Hire)

## 2.2.1 Very High ML Threats

### **Human Trafficking**

Human Trafficking is a new and emerging crime observed amongst the increasing Spanish-speaking populace within the jurisdiction. Intelligence suggests that there is a low level of sophistication linked to this crime. The activities of the criminal actors suggest that proceeds gained are used to purchase commodity items while utilising limited areas of the financial sector. While there is no evidence that a serious organised crime group is operating in Anguilla, it is believed that there are several individual networks facilitating the movement of persons and funds to and from Anguilla. Analysis of financial information showed that the suspected criminal actors were not frequent users of the banking sector and primarily utilised MSBs for the outflow of funds to neighbouring jurisdictions or the origination of the migrants. Actors did not own substantial assets which could be linked to the offence. Where reasons for remittances are provided they are generally in line with supporting of family and friends in their home country. It is suspected that networks are utilising the cross border movement of cash into and out of Anguilla. While the proceeds of crime generated from these activities are unknown it can be estimated to be very high taking into consideration the profitability of the crime.

### **Sexual Exploitation**

In recent years, the jurisdiction has seen an emergence of the crime human trafficking which has led to a prevalence of the offence of sexual exploitation as it appears there is a direct correlation between the two offences. There is no evidence that there are OCGs involved in facilitating this crime in Anguilla however intelligence shows that there are individual actors particularly owners of bars and pubs where women can work, which may have connections with OCGs in other jurisdictions that facilitate the crime. These actors therefore use the MSB sector to move the gains of this crime. It is also suspected that networks are utilising the cross border movement of cash into and out of Anguilla as a means of moving or laundering their ill-gotten gains.

### **Fraud**

Over the years Anguilla has seen a large number of victims of fraud from domestic and international criminal actors. The frauds being perpetrated domestically are small scale cheque and debit/credit card fraud. In the international spectrum, frauds are particularly Nigerian 419 scams and Business Email Compromise Fraud. Domestically, the criminal actors are not sophisticated and any gains are used for personal expenses. On the other hand, crimes being perpetrated by criminal actors internationally appear to be very organised, highly sophisticated and most likely part of an OCG with accessibility to resources of varying degrees. The criminal actors are mostly successful because of the vulnerability of their victims. It is suspected that the resources and knowledge of ML methods to launder proceeds from their crimes is highly sophisticated using banks and MSBs to facilitate the money laundering. While some victims were fortunate to have had their transactions stopped, significant losses have incurred.

## **Trafficking of Illegal Substances**

Intelligence suggests that the illicit drug market in Anguilla is not very large, with limited consumption of illicit substances. The jurisdiction is suspected to be used as a trans-shipment point. The illicit substances suspected to be linked to the jurisdiction are cannabis, cocaine, and amphetamine-type stimulants specifically MDMA pills or Ecstasy. The criminal actors engaging in the trafficking of illegal substances are generally individuals trafficking small quantities for personal use and limited distribution. There is no indication of transnational OCGs operating within the jurisdiction. These individual players do not exhibit a high level of sophistication to launder monies as criminal proceeds are used for the personal day to day expenditures. Typically, criminal actors are not users of the banking system however they may conduct transactions through the MSBs and/or cross-border movement of funds. There is evidence to indicate that individual actors facilitate the flow of funds through the MSB sector.

### **2.2.2 High ML Threats**

#### **Gambling**

With the exception of two licensed institutions tasked with the sale of lottery to the general public, all other gambling operations in the jurisdiction are illegal. Multiple individual actors operating as part of an organised group have been conducting illegal lottery sales. The criminal actors may operate from within a fixed location hidden under a legitimate business or through the use of portable machines. The criminal actors are sophisticated in their operations. These criminal actors do not generally use the banking system but may be co-mingling funds with a legitimate business. Intelligence indicate that they use MSB services and the cross border movement of cash for the outflow of criminal proceeds.

#### **Tax Crimes**

Tax Crimes has an overall rating of high. Anguilla is a minimal tax jurisdiction and as such the level of risk for tax crime domestically is low. Offences identified under domestic tax crimes are primarily related to small to medium size businesses and corporations who have failed to file, have incorrect filings, or destroyed or manipulated information relevant to filings. The level of sophistication, resources and knowledge required by criminal actors to use money laundering methods are low.

On the other hand, Anguilla offers corporate structures that would allow individuals to incorporate companies within Anguilla primarily International Business Companies (“IBCs”) which can be used for illicit/criminal conduct outside of Anguilla.

#### **Trafficking of Illegal Arms**

The trafficking of illegal arms in Anguilla is propelled by individuals and/ or organised groups usually associated with gangs involved in territorial confrontations involving the use of firearms. Most firearms are smuggled into Anguilla from neighbouring islands through the various unsecured border entry points around the island, which makes the trafficking of illegal arms easy

for criminal actors. Criminal actors may use the services of MSBs and the cross-border movement of cash between neighbouring islands to facilitate the laundering of this crime.

### **Professional Money Laundering**

Given the propensity for corporate structures offered by Anguilla to be used in other jurisdictions to commit the offence, the level of risk for professional money laundering risk is rated as high. Criminal actors may exploit trust and corporate service providers, and Designated Non-Financial Businesses and Professions (“DNFBPs”) to facilitate the formation of companies that are later used to launder proceeds of crime. The jurisdiction is considered a minimal tax jurisdiction where corporate taxes are not applied thereby making corporate structures attractive for criminal conduct through professional services. Evaluation of the information indicates that there exists a high propensity to launder the proceeds of crime through the identified sectors.

## **2.2.3 Medium ML Threats**

### **Corruption and Bribery**

In Anguilla corruption is criminalised under the Criminal Code, R.S.A. c. C140, however, the legislation only refers to public servants. Elected members of government who are most likely to be the actors in this offence are not considered public servants and therefore cannot be prosecuted under this law. Bribery has not been criminalised as a predicate offence however there are also provision made for the crime within the Customs Act, R.S.A c. C169 and the Elections Act No. 18/19. The threat from corruption and bribery is rated as medium.

### **Smuggling**

The level of sophistication of this crime is not high as goods and commodities being smuggled are not for resale but rather personal consumption. Therefore, there is a low propensity for the laundering of the money through the financial system.

### **Environmental crimes**

The scope of the money laundering activity for this crime is low. One of the main crimes under this umbrella, sand mining of the beaches, is done mostly by individuals for personal building purposes. However, there has been some indication that the crime is committed for local resale of sand. This crime is primarily cash-based and funds are used for financing personal and living expenses, as such, companies are not used to launder money nor is the formal financial system. As the crime is of a local nature there is no involvement of any other jurisdiction.

### **Forgery**

Individuals committing this offence exhibit a limited level of sophistication with medium level of resources and money laundering methods. The crime is generally committed to supplement the daily living expenses of these actors and therefore proceeds are not laundered by conversion or obtaining medium to high value assets. Crimes are generally related to the forgery of signatures on cheques.

### **Insider Trading/Market Manipulation**

The risk of this crime does not lie within Anguilla but rather internationally through Anguilla's legal structures such as IBCs, where legally registered Anguillian companies can be used as a vehicle in this predicate offence.

### **Robbery & Theft**

The island's theft matters are most frequently carried out by opportunistic individuals and petty thieves, while robberies are conducted by partially organised groups. The sophistication as it relates to theft is low because the crimes are committed for personal use or gain and the actors do not use the financial system to launder funds. Therefore, matters reported are considered to be theft of minor amounts or items such as the theft of a cell phone or small amount of money. Large scale theft is few and would generally be attributable to small scale company theft. A small number of robberies occurs yearly on the island. Criminal actors are believed to be individuals who are not linked to criminal groups. Anguilla has several unprotected borders, this makes illegal entry easy for foreign criminal actors associated with robbery to enter into the jurisdiction, thereby contributing to the increased risk.

## **2.2.4 Low ML Threats**

### **Murder (for Hire)**

Anguilla has a very low murder rate and has not experienced any cases of murder for hire. The criminal actors relating to the crime of murder are individuals and gangs with limited level of sophistication, resources and knowledge to launder money. Anguilla's numerous unprotected borders make illegal entry easy for foreign criminal actors associated with robbery in the jurisdiction and increase the potential risks. The use of MSBs and cross border movement of funds may be a route to be used if criminal actors were to launder any proceeds.

### **Counterfeiting and Piracy of Products**

The overall risk rating for this offence is low as Anguilla is not a manufacturing jurisdiction therefore the capacity to replicate commodities of value at any scale is low to non-existent. The crime groups with the potential to enact this crime would be OCGs and terrorist networks, however, the propensity for this crime is low. There is the aspect of importation of counterfeit goods for resale which is likely with the Asian and Indian groups operating in the island with lower prices.

### **Kidnapping & Hostage Taking**

There is no evidence of this type of offence being perpetrated in the jurisdiction by any individual or organised group, hence the overall risk rating for this offence is low. There exists a low propensity to launder the proceeds of crime from this type of offence.

### **Illicit Trafficking of Stolen or Other Goods**

The overall risk rating for this offence is low as there is no identified industry for the importation and sale of high valued stolen goods or other goods. The jurisdiction does not experience the illegal trafficking of high valued stolen or other goods. The theft, sale or purchase and exportation of stolen metals, particularly copper, has been an issue on the island. There are several organised groups on the island that operated legally within the scrap metal exportation industry. The sectors at risk for the laundering of funds gained in the committing the crime are MSBs and the cross-border movement of cash.

### **Piracy on the High Seas**

There is no evidence of this type of crime occurring within the jurisdiction or close to neighbouring islands hence the overall risk rating is low. The criminal actors that would be associated with the crime would be individuals or organised crime groups. The propensity of crime occurring is low due to frequent travel of multiple vessels in the surrounding waters.

### **Extortion**

There has been no occurrence of this offence within Anguilla hence the overall risk rating is low. Criminal actors for this crime would largely be individuals employed in the public service. The crime in itself requires no sophistication nor is a high level of knowledge required to launder an ill-gotten gain.

### **Counterfeiting of Currency**

The overall risk rating for this offence is low. While there have been some counterfeited notes found through the banking system, there has been no evidence that counterfeiting of notes are produced in Anguilla. Counterfeited currency found in Anguilla has been on very small scale, one or two notes sporadically. Criminal actors in this offence do not have the sophistication as the resources and knowledge to counterfeit currency is not known to exist in the island.

### **Conclusion**

The assessment of Anguilla's money laundering threat returned a conclusion as to the various money laundering threats affecting the jurisdiction. The jurisdiction recorded four (4) predicate offences in both the **Very High** and **High** threat ratings. Five (5) offences were rated as **Medium** threat ratings and six (6) offences had a **Low** threat rating. The threats identified are linked to international criminal actors with the jurisdiction having a medium to high propensity for the laundering of the proceeds of crime due to the available corporate structures and well as the possibility for the cross border movement of funds.

The emerging offence of Human Trafficking coupled with sexual exploitation has posed a significant threat. Further, the issues as it relates the offence of fraud can be attributed to the international criminal actors and OCGs as well as the particular offences of Nigerian 419 scams and BEC fraud are seen as a risk to the island. These issues remain a matter of pertinence as we seek to protect citizens from being victimized. After the initial assessment and the re-rating for 2019, the competent authorities have not identified any significant level of laundering in Anguilla

relative to the offences which have been rated as having **High** and **Very High** threat rating. The same can also be attributed to the offences within the **Low** and **Medium** threat ratings.

Taking into account the ML threats ratings identified and the vulnerability levels for the sectors that are linked to the ML offences as discussed above, the overall ML risk level for the twenty-one identified predicated offences for Anguilla is assessed to be **MEDIUM**.

## Chapter 3: Assessment of Terrorism and Terrorist Financing Threats

### 3.1 Introduction

The Government of Anguilla, through its NRAWG, conducted a terrorism and terrorist financing (“TF”) risk assessment in the jurisdiction for the period 2014 to 2019. The result of the assessment indicates that the risk to the jurisdiction is Medium.

Terrorism is a dynamic crime which has evolved through the passage of time and the development of ideals and the adoption of cultures. As such, Anguilla remains judicious and steadfast in ensuring that its financial system is robust, and the jurisdiction is prepared and protected from such acts or activities. The methodology utilised in assessing the Terrorism and TF risk to Anguilla involved the identification of the perceived threats and vulnerabilities to the jurisdiction. The following criteria was used to make this analysis and determination:

1. **The Terrorist Actors’ Capacity:** the identification of individuals and/or terrorist groups and the actor’s capacity, sophistication and resources.
2. **Scope of global reach:** the identification of the actor’s network of supporters in Anguilla
3. **Estimated amount of funds raised in the country annually.**

### 3.2 Discussion of Terrorism and Terrorist Financing Threats

There is no evidence of known and potential Terrorism and TF threats in Anguilla. However, the jurisdiction is not invulnerable to the propensity or possibility of a terrorist act or the financing



of terrorism occurring, most particularly through the use of IBC company structures. Incorporation of IBC company structures creates a veil of secrecy for beneficial owners which makes the use of these companies attractive to terrorist actors. Information regarding beneficial owner(s) of these company structures are not required by law to be made publicly available.

Due to the openness of the borders (inclusive of borders that are unmonitored and unsecured) there are opportunities for the movement of terrorist fighters or persons linked to terrorist activities. It also constitutes as a passage for illegal cross border movement of cash. No terrorist groups or individuals linked to terrorism or terrorist groups have to date been identified in the jurisdiction. Although there are no known terrorist groups operating within Anguilla, due to the wide use of the internet, it is possible for terrorists to solicit funds within Anguilla.

### **Conclusion**

Consequently, these factors reinforce the reasons for the **Medium** threat rating. Therefore taking into account the TF threats ratings identified and the vulnerability levels for the sectors that are linked to the TF as discussed above, the overall TF risk level was assessed to be **MEDIUM**.

## **Chapter 4: Assessment of Inherent Vulnerabilities of Money Laundering and Terrorist Financing<sup>13</sup>**

### **4.1 Introduction and Methodology**

It has been recognised by the NRAWG that Anguilla, through its inherent characteristics, can be exploited by criminals. In addition to highlighting Anguilla's contextual vulnerabilities, the NRAWG also assessed the inherent ML/TF vulnerabilities of twenty (20) sectors and financial products, using the following five rating criteria:

1. **Inherent Characteristics:** the extent of the sector's economic significance, complexity of operating structure, integration with other sectors and scope and accessibility of operations.
2. **Nature of Products and Services:** the nature and extent of the products and services and the volume, velocity and frequency of client transactions associated with these products and services.
3. **Nature of the Business Relationships:** the extent of transactional versus ongoing business, direct versus indirect business relationships and exposure to high-risk clients and businesses.
4. **Geographic Reach:** the exposure to high-risk jurisdictions and locations of concern.

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<sup>13</sup> It should be noted that the analysis in this Chapter does not account for the significant measures in place in order to address these risks. See Chapter 8, for more information about the mitigation measures.

5. **Nature of the Delivery Channels:** the extent to which the delivery of products and services can be conducted with anonymity (face-to-face, non-face-to-face and/or use of third parties) and complexity (e.g., multiple intermediaries with few immediate controls).

Each criterion was assigned one of the four rating categories: Very High, High, Medium or Low. An overall rating of the sector was then assigned for each sector. A rating was also assigned for the level of confidence in the information provided. However, this rating did not form part of the calculation for the overall rating assigned for each sector.

## 4.2 Inherent Vulnerabilities in Anguilla

### 4.2.1 Geography

Anguilla has two (2) legal ports of entry<sup>14</sup> that are monitored. However, there are also thirty-three (33) beaches surrounded by the Atlantic Ocean and the Caribbean Sea. These beaches are not monitored continuously, but the RAPF routinely conducts brief checks. Anguilla lacks the resources to provide 24-hour surveillance and as such the emphasis is placed on night checks where it is more probable that illegal activities will occur. These beaches are attractive to criminals. They can be used for smuggling; human trafficking and trafficking in illegal substances and arms into and out of Anguilla without being detected by law enforcement.

In addition, Anguilla has a number of cays<sup>15</sup> some of which are miles away from Anguilla's shores. There is currently no constant surveillance of these cays and therefore, like the beaches, they can be used as conduits for criminal activities. In addition, while Anguilla is neither a regional nor international hub for flights, due to Anguilla's close proximity to other neighbouring islands, Anguilla is easily accessible to criminals and can be exploited.

### 4.2.2 Demographics

Approximately 71% of the population is Anguillian while 28% is non-Anguillian<sup>16</sup>. Of the non-Anguillian population, many are citizens of the United States, United Kingdom, St Kitts & Nevis, Jamaica, Guyana and the Dominican Republic.

Money Service Businesses (MSBs) have reported that there are high outflows of money to countries such as the Dominican Republic, Jamaica, Guyana, United States, and the United Kingdom, with smaller amounts being transferred to some high-risk countries. The true nature of the outflows may not always be accurate and therefore, an inherent vulnerability. In addition, Anguilla has a large diaspora in countries within the Caribbean Region and internationally. It is not known whether any Anguillians, living overseas, are linked to countries affiliated with high levels of money laundering and terrorist financing.

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<sup>14</sup> Anguilla's legal ports of entry are the Clayton J. Lloyd International Airport and the Blowing Point Ferry Terminal.

<sup>15</sup> Persons can arrive, via boat, from Anguilla to the closest cay (Scilly Cay) in approximately 3 minutes and the farthest cay (Sombrero Island) in approximately an hour and a half.

<sup>16</sup> Source: Anguilla Census 2011

### 4.2.3 Economy and Financial System

Anguilla imports the majority of its goods from the United States with the remaining portion being imported from within the Caribbean region. With the high rate in movement of goods, Anguilla is susceptible to drug smuggling, the illegal importation of guns, and the illegal movement of cash hidden within products. In addition, Anguilla relies heavily on its fishing industry. As previously stated, due to Anguilla's open borders, some criminal activity can occur on the surrounding seas.

Anguilla is also a cash-intensive society. There are minimal barriers to individuals conducting financial transactions, and therefore all members of the public can undertake financial transactions. Many Anguillians can be considered as sophisticated in the way they conduct their banking, i.e. through the use of credit and/or debit cards, and ATM machines. However, a large percentage of locals still use traditional methods which include payment of cash for most services. There has been an increase in online banking facilities being offered over the past few years making the movement of money quicker within Anguilla.

In addition, Anguilla attracts foreign direct investment schemes that are closely monitored by the Government through the Trade and Investment Department within the Ministry of Finance and the Attorney General's Chambers. These ventures can be exploited by criminals including money launderers and terrorist financiers using third parties as conduits to facilitate criminal activity.

Anguilla is heavily reliant on its tourism sector. It is the highest revenue generating sector on the island. The tourism sector is made up of the hotels, travel agents, tour operators, restaurants and souvenir stores, for example. These are relatively cash-intensive businesses which can "attract criminals to wash their ill-gotten money" (Gyeni-Boateng, 2018).<sup>17</sup>

## 4.3 Discussion of Results of the Inherent Vulnerabilities Assessment per Sector

The results of the assessment are shown in Table 4-1 below. It should be noted that securities agents and brokers sectors do not have any companies operating within them, and therefore a rating of low was assigned. The analysis of the sectoral vulnerabilities below will not include those two (2) sectors.

Table 4-1: Inherent ML/TF Vulnerability Rating Results for each sector

Very High	High	Medium	Low
Trust and Corporate Service Providers	Domestic Banks	Micro-lenders	Accountants

<sup>17</sup> Gyeni-Boateng, Richieson, "The mind of a criminal through the hospitality industry" (2018), Available at: <https://www.linkedin.com/pulse/mind-criminal-through-hospitality-industry-richieson>

Lawyers	General Trusts	Long-term Insurance	Securities Brokers and Agents
Notaries	Restricted Trusts	Lotteries	
Money Services Business	Dealers in Precious Stones and Metals	Mutual Funds	
Offshore Banking	High Value Dealers	Real Estate Agents	
Virtual Asset Service Providers		Credit Union	

As seen above in Table 4-1, of the twenty (20) sectors assessed, it was observed that the ML/TF vulnerability ratings were distributed as follows:

- 30% of the sectors were rated Very High;
- 25% of the sectors were rated High;
- 30% of the sectors were rated Medium; and
- 15% of the sectors were rated Low.

4.3.1 Rationale for Ratings

Table 4-2: Rationale for Ratings

Sector	Reasons for Risk Rating Assigned
Corporate Service Providers	<ul style="list-style-type: none"> <li>i. large number of companies being managed;</li> <li>ii. most of the companies are international business companies;</li> <li>iii. complex structures;</li> <li>iv. offering of nominee directorship and shareholder services;</li> <li>v. wide range in principals; and</li> <li>vi. varying types of business activities.</li> </ul>
Money Services Business	<ul style="list-style-type: none"> <li>i. range and access of products offered;</li> <li>ii. cash intensity of the business;</li> <li>iii. high number of transactions carried out; and</li> <li>iv. geographical reach of the business, including higher-risk jurisdictions.</li> </ul>
Offshore Banking	<ul style="list-style-type: none"> <li>i. involvement of high-net-worth individuals and PEPs;</li> <li>ii. some customers reside in high-risk jurisdictions;</li> <li>iii. use for asset protection which can be utilised by criminals; and</li> <li>iv. an increased level of privacy.</li> </ul>
Independent Legal Professionals	<ul style="list-style-type: none"> <li>i. sector is unregulated<sup>18</sup>; and</li> <li>ii. the lack of information in relation to the activities being conducted.</li> </ul>
Virtual Asset Service Providers	<ul style="list-style-type: none"> <li>i. can be easily assessed from anywhere in the world with the increased potential for anonymous and indirect transactions;</li> <li>ii. the complexity of the product;</li> <li>iii. evolving regulatory environment; and</li> <li>iv. the fact that this is still a very new area in the financial sector.</li> </ul>

<sup>18</sup> Due to a stay on the relevant provisions of the Proceeds of Crime Act, the independent legal professionals are unregulated.

Domestic Banks	<ul style="list-style-type: none"> <li>i. central role in the financial sector;</li> <li>ii. nature of products including deposits and wire transfers; and</li> <li>iii. open to the general public including PEPs and high net worth individuals.</li> </ul>
General Trust Service Providers	<ul style="list-style-type: none"> <li>i. nature of the trust structure is complex with layered ownership structures;</li> <li>ii. presence of PEPs and high net worth individuals;</li> <li>iii. registration of a trust not being mandatory; and</li> <li>iv. globally accepted attractiveness of trusts in general to money launderers.</li> </ul>
Restricted Trusts	<ul style="list-style-type: none"> <li>i. nature of the assets held in this restricted trust and their characteristics;</li> <li>ii. nature of the trust structure is complex with layered ownership structures;</li> <li>iii. presence of PEPs and high net worth individuals; and</li> <li>iv. globally accepted attractiveness of trusts in general to money launderers.</li> </ul>
Dealers in Precious Metals and Stones	<ul style="list-style-type: none"> <li>i. due to the ease of conversion of gold to cash and vice versa; and</li> <li>ii. the FSC is currently in the process of registering participants in the sector so information is currently limited.</li> </ul>
Dealers in High Value Goods	<ul style="list-style-type: none"> <li>i. cash-intensiveness of such businesses;</li> <li>ii. high value of goods sold within the sector;</li> <li>iii. clientele that purchases these goods; and</li> <li>iv. use of intermediaries and third parties in the purchase of such goods.</li> </ul>
Real Estate Agents	<ul style="list-style-type: none"> <li>i. presence of net worth individuals and PEPs;</li> <li>ii. complex structures in relation to transactions;</li> <li>iii. presence of intermediaries;</li> <li>iv. possible obscuring of the true beneficial owner;</li> <li>v. small size of the sector in Anguilla;</li> <li>vi. the cashless nature involved; and</li> <li>vii. the prominently local clientele.</li> </ul>
Long-term Insurance	<ul style="list-style-type: none"> <li>i. complexity of the sector;</li> <li>ii. cross-border elements; and</li> <li>iii. accessibility by all sectors of the public including high net worth individuals and PEPs.</li> </ul>
Mutual Funds	<ul style="list-style-type: none"> <li>i. sector's small size;</li> <li>ii. regulation of the fund administrators and managers; and</li> <li>iii. funds not being in high risk jurisdictions.</li> </ul>
Lotteries	<ul style="list-style-type: none"> <li>i. low levels of integration with other sectors;</li> <li>ii. typically, small-sized transactions;</li> <li>iii. cash-intensive, small sector;</li> <li>iv. no restrictions on individuals who can access the lotteries offerings; and</li> <li>v. transient nature of relationship with clients.</li> </ul>
Credit Unions	<ul style="list-style-type: none"> <li>i. sector's small size;</li> <li>ii. products and services limited to locals – one Credit union is limited to a specified set of members;</li> </ul>

		<ul style="list-style-type: none"> <li>iii. transactions are limited to within Anguilla; and</li> <li>iv. no cross-border transactions are accepted.</li> </ul>
	Micro Lenders	<ul style="list-style-type: none"> <li>i. small size of the sector; and</li> <li>ii. the relatively low value of the loans.</li> </ul>
	Accountants	<ul style="list-style-type: none"> <li>i. the limited scope of the activities carried out by accountants on Anguilla<sup>19</sup>.</li> </ul>

### Overall ML Risk in relation to financial sectors and products in Anguilla

Taking into account all of the sectoral vulnerabilities identified above and their ratings given as well as the assessed threat levels, the overall ML risk level for the twenty (20) financial sectors and products for Anguilla is assessed as **HIGH**.

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<sup>19</sup> In Anguilla, accountants are primarily used for non-financial reasons such as audits and preparation of financial statements.

# Chapter 5: Assessment of the Inherent Vulnerabilities of the Non-Profit Organisations at Risk of Terrorist Financing

## 5.1 Introduction

Non-Profit Organisations (“NPOs”) have been globally identified as being inherently vulnerable to being used as a conduit for terrorism and terrorist financing (“TF”). In the FATF methodology, non-profit organisation “refers to a legal person or arrangement or organisation that primarily engages in raising or disbursing funds for purposes such as charitable, religious, cultural, educational, social or fraternal purposes, or for the carrying out of other types of “good works””. The definition does not apply to all NPOs but a subset identified by the FATF that are most vulnerable to TF.

### 5.1.1 Methodology

In determining the inherent vulnerabilities of this sector to TF, the following factors were considered:

- i. Types of NPOs;
- ii. Size of the sector;
- iii. Types of donors/owners;
- iv. Complexity of the sector’s structure and integration with other sectors;
- v. Nature and extent of activities undertaken by NPOs;
- vi. Nature of the clientele/recipients; and
- vii. Nature of delivery channel.

The factors above were considered and a rating of either Low; Medium; High or Very High was assigned.

### 5.1.2 Background

In Anguilla, the NPO sector is large and continues to increase daily. All NPOs are required to submit an application to the FSC in order to determine their registration status and for monitoring purposes. Subject to section 5(2) of the Non-Profit Regulations, R.R.A. P98-2 (“NPO Regulations”), an NPO whose gross annual income does not exceed EC\$5,000.00 and whose assets do not exceed EC\$10,000.00 in value is exempted from registration.<sup>20</sup> Registered NPOs receive a confirmation of registration via letter and a certificate of registration and exempted NPOs receive

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<sup>20</sup> Section 1 of the NPO Regulations outlines the definition of an exempted NPO.

a letter of exemption from the FSC. As at 30 October 2020 there were 311 NPOs where 155 are exempted NPOs and 156 are Registered NPOs.

## 5.2 Discussion of Results of the Inherent Vulnerabilities Assessment of NPOs

In 2019, the FSC conducted a risk assessment exercise of both registered and exempted NPOs using its NPO Risk Assessment criteria. The NPO Risk Assessment criteria included the following factors:

- i. type of NPO;
- ii. purpose of the NPO;
- iii. total amount of funds raised in Anguilla (over EC\$15,000) annually;
- iv. total amount of funds dispersed outside of Anguilla (over EC\$15,000); and
- v. whether the NPO was affiliated with a corporate structure outside of Anguilla.

During this exercise, the results were as follows:

- i. **High:** 0% (Exempted) and 1% (Registered);
- ii. **Medium:** 27% (Exempted) and 42% (Registered); and
- iii. **Low:** 73% (Exempted) and 57% (Registered).

### 5.2.1 Types of NPOs that fall within the FATF definition in Anguilla

In Anguilla, the following NPOs have been identified as falling within the FATF definition. The various NPOs have been grouped under the following broad headings:

- Churches and Church subgroups
- Youth Organisations
- Fraternities
- Charities
- Sports Organisations
- Historical Groups
- Environmental Groups
- Musical Bands
- Music Academies
- Cultural/Arts Groups
- Dance Groups
- School Groups
- Carnival-based Groups

In the subsequent analysis, NPOs will refer to all NPOs within the FATF definition.



## 5.2.2 Inherent Vulnerabilities of NPOs to TF

The main organisers and principals are generally always residents. However, in some instances there may be other members located overseas. This sector is therefore accessible to all individuals who would use, or otherwise be involved in, the sector for a variety of purposes. While this may be the case, FSC does require an application from all NPOs where further checks into the principals and purpose of the NPO are carried out. There remains a few NPOs that have not been registered with FSC and therefore, their activities are undeclared and unknown.<sup>21</sup> Although there are no known terrorist groups operating within Anguilla, due to the wide use of the internet, it is possible for terrorists to solicit funds within Anguilla.

Each NPO generally comprises of a simple structure - an Executive body, which includes the President, Vice President, Secretary and Treasurer; various sub-committees and a general membership.

Ninety-five percent (95%) of NPOs perform all their charitable work and activities within Anguilla and are not associated with other structures outside of Anguilla. However, the remainder of NPOs such as churches and church subgroups; fraternities; and others, related in charitable causes overseas are associated with structures beyond Anguilla's borders. While some of these structures may be monitored by their main location/headquarters, the level of supervision is unknown. The purpose and intended use of funds raised is included in the application form. However, the use and movement of funds by NPOs is not actively monitored by the FSC except in cases where there is suspicion of terrorist financing identified through other external sources.<sup>22</sup> NPOs are required to show proof of registration or exemption from FSC in opening an operating a bank account. There has been no intelligence to suggest that any of the NPOs are linked to high risk jurisdictions especially those associated with terrorism.

All NPOs are encouraged to have bank accounts with the domestic banks on Anguilla and conduct their financial transactions through regulated financial institutions.<sup>23</sup> All banks require identification information (IDs and Passports) and other customer due diligence information on the persons handling the account and a letter from FSC regarding its status as an NPO. Therefore, there is a low level of anonymity in relation to bank transactions. NPOs also have access to MSBs and may use them in order to send and receive funds.<sup>24</sup>

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<sup>21</sup> This can include historical NPOs that existed before the requirement to register and who may no longer exist but still have funds within the banking system; or very small NPOs that have never used the banking system to hold funds.

<sup>22</sup> NPOs are required to keep financial records that show and explain their transactions within and outside of Anguilla. These records must detail how the funds are used in a manner consistent with their stated purpose. The NPO Regulations only allows the FSC to scrutinize the transactions of a NPO in particular circumstances that is the requesting of records only where it reasonably requires the records specified in the notice to assess the extent, if any, to which the registered non-profit organisation is being used, or may in the future be used, for, or to assist in, terrorist financing.

<sup>23</sup> FSC's website -

<https://www.fsc.org.ai/documents/Document%20Library/Guidelines/Guidelines%20on%20Countering%20the%20Abuse%20of%20Non-Profit%20Organisations%2024%20November%202014.pdf>

<sup>24</sup> At the time of writing, there was no substantial evidence to verify that NPO's actually use the MSB sector.

The risk remains however, where the sending of funds to a legitimate source may be diverted to known or suspected terrorist associations by the principals of the NPO itself. Given that terrorism can be financed by small sums of money, it is very difficult to determine the true purpose of funds when transferred or moved around and therefore it can go undetected.

NPOs receive donations and raise funds from the general public. Donations in some cases can be anonymous as anyone can be a donor. Donations include money from family and friends; government agencies; local businesses; fundraisers; tithes and offering; matching contribution schemes; and raffles. This can include contributions from PEPs, businesses, and high net worth individuals. Donations are generally transactional and can be made face-to-face or through non-face-to-face interaction. The true amount of funds raised by NPOs is not known.

In Anguilla, it is noted that the types of NPOs that are most susceptible to TF are those engaged in funding humanitarian efforts and service activities outside of Anguilla especially in jurisdictions susceptible to terrorist financing. Funds may be raised in relation to, but not limited to, natural disaster recovery; welfare purposes of women, children and other vulnerability groups; and development initiatives. While funds may be legitimate for the purposes outlined, and sent through legitimate channels, the misuse of funds can occur at the point of delivery. Terrorist organisations may make false representations relating to the purpose and need of the funding<sup>25</sup> and therefore can have access to legitimate funds raised by the NPOs.

### 5.3 Conclusion

There is no intelligence to conclude that the NPO sector has been used to facilitate TF within Anguilla. However, due to:

- i. the principals usually not being sophisticated persons and can be taken advantage of;
- ii. small amounts of cash flying under the radar;
- iii. Anguilla being still a largely cash based society;
- iv. no suggestions or intelligence of the existence of terrorist groups operating in and targeting Anguilla;
- v. structures of NPOs being generally simple and not complex;
- vi. majority of NPOs limiting their charitable works to within Anguilla;
- vii. majority of NPOs not having links with overseas organisations especially in high risk jurisdictions; and
- viii. use of regulated financial institutions for the transfer of funds;

the TF risks within the NPO sector is assessed as Medium.

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<sup>25</sup> FATF, Combating the Abuse of Non-Profit Organisations (Recommendation 8), Best Practices (2015) pg. 14

# Chapter 6: Assessment of the Inherent Vulnerabilities of Legal Persons and Arrangements

## 6.1 Introduction

Globally, legal persons and legal entities (collaboratively referred to as legal structures) are misused to further the agendas of money launderers and terrorist financiers. The legal structures offered by Anguilla are therefore no exception to the risks and are particularly attractive to criminal actors. This chapter will first provide a brief overview of the types of legal persons and legal arrangements that can be formed in Anguilla. Secondly, it will provide an assessment of the legal persons and legal arrangements as it pertains to the risks of ML, TF and PF.

### 6.1.1 Background

The following legal persons and legal arrangements can be established or created under the laws of Anguilla and/or can own property in Anguilla. The structure below outlines the list of company structures prior to 12 April 2022..<sup>26</sup> The NRA will only outline the structure before April 2022:

- i) Companies;
  - (a) Ordinary Companies (OC);
  - (b) International Business Companies (IBC);
  - (c) Limited Liability Companies (LLC);
- ii) Partnerships;
  - (a) General Partnerships;
  - (b) Limited Partnerships (LP);
- iii) Foundations;
- iv) Trusts;
  - (a) Foreign trusts; and
- v) Protected Cell Companies;
  - (a) Protected Cell Companies - Mutual Funds;
  - (b) Protected Cell Companies- Offshore Insurance Cells.

The table below shows the number of each type of entity and arrangement as at 25 November 2020.

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<sup>26</sup> On 12 April 2022, the Business Companies legislation repealed the International Business Companies legislation and the Companies legislation. The Business Companies Act, 2022 created a legislative reorganisation in which the International Business Companies and Ordinary Companies now have the same features.

Table 6-1: Number of legal persons and arrangements as at 25 November 2020

Category	No.
OC	1518
IBC	15055
LLC	384
LP <sup>27</sup>	45
Trusts (Registered)	16
Foundations	58
Protected Cell Companies <sup>28</sup>	25

### 6.1.1.1 Legal Persons

#### Companies

In Anguilla, all bodies corporate (OCs, IBCs and LLCs) are required by law to have a registered agent (also called a trust and corporate service provider) and a registered office at all times. The Registrar of Commercial Activities maintains the business register that contains details of all corporate entities, including OCs, IBCs and LLCs. The business register is maintained in electronic form and is called Anguilla Commercial Registration Network (ACORN)<sup>29</sup>.

- **Ordinary Company (OC):** OCs are governed by the Companies Act, R.S.A. c. C065. OCs can be either domestic (i.e. used within Anguilla) or non-domestic (a company that does not maintain a physical presence, office or staff in Anguilla or that does not engage in any revenue generating activities in Anguilla). They can be limited by shares, by guarantees or by both shares and guarantees. An OC has the capacity and all the rights, powers and privileges of an individual and thus can buy and sell property, sue and be sued, enter into contracts, hold assets including land in its own name and maintain bank accounts. Unless licensed to do so, an OC may not carry on banking, trust, insurance or company management business.
- **International Business Company (IBC):** An IBC is a separate legal entity. IBCs are governed by the International Businesses Companies Act, R.S.A. c. I020. An IBC can carry on business with persons who are resident in Anguilla or own or hold an interest in real property in Anguilla. IBCs are, however, prohibited from carrying on a banking, trust or insurance business or a company management business. Further to the changes to the IBC Act introduced in 2018, there is now little practical distinction between an IBC and a non-domestic OC. The majority of companies within Anguilla are IBCs.
- **Limited Liability Company (LLC):** LLC's are governed by the Limited Liabilities Company Act, R.S.A. c. L065. A LLC provides limited liability to members. They can carry on any business, purpose or activity not prohibited by the laws of Anguilla, including persons in

<sup>27</sup> Only limited partnerships are required to be registered.

<sup>28</sup> The figure included in the table is a total figure of both types (mutual funds and offshore insurance).

<sup>29</sup> As of April 2022, ACORN has been replaced by the Commercial Registry and Beneficial Ownership Registration System.

Anguilla. It can also become a member of a general partnership, limited partnership, company or any other LLC and can carry on banking, insurance, trust or company management business with a proper licence, but is prohibited from owning or holding an interest in real property situated in Anguilla. Members may designate a person to manage the LLC and such manager may share in the LLC profits, losses and distributions. Members or managers may also lend money to or borrow money from the LLC.

## Partnerships

### General Partnerships

No formalities are prescribed by the Partnerships Act, R.S.A. c. P005 for the creation of a partnership. A partnership is not a separate legal entity. Partnership property is therefore to be held by the partners exclusively for the purposes of the partnership and the legal estate or interest in any land which belongs to the partnership is held in trust for the partners beneficially interested in it<sup>30</sup>. The Act does not require partnerships to be registered and no such Register is kept. However, every firm must obtain an annual business licence under the Trades, Businesses, Occupations and Professions Licensing Act, R.S.A. c. T40, and a register is kept of all licensed businesses under the said Act.

### Limited Partnerships

A limited partnership (LP) is not a separate legal entity and under section 3(2) of the Limited Partnership Act, R.S.A. c. L070 a limited partnership has a continuous and successive existence in the person of its partners until its dissolution. Every limited partnership must be registered under the Act by filing a statement in the prescribed form with the Registrar of Companies<sup>31</sup>. An LP is formed by two or more persons entering into a Partnership Agreement, which regulates the conduct of business of the partnership and the rights and obligations of partners<sup>32</sup>. An LP must have a registered office and agent in Anguilla<sup>33</sup>. An LP may undertake any lawful purpose within or outside Anguilla and can, among other things, maintain bank accounts in Anguilla; invest in stocks or equities and own or hold interests in land whether situated in or outside of Anguilla.

## Protected Cell Companies

Protected cell companies were established in Anguilla in 2004 under the Protected Cell Companies Act, R.S.A. c. P107. The Act provides for a single company with individual parts, known as cells, which are kept separate from each other. Each cell is only liable for its own debts and not for the debts of any other cell within the company. However, the establishment of a protected cell account does not create a legal person distinct from the protected cell company<sup>34</sup>. A protected cell company is thus one legal entity. The directors of a protected cell company

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<sup>30</sup> See section 21 of the Partnership Act.

<sup>31</sup> See section 11 of the Limited Partnership Act.

<sup>32</sup> See section 4 (1) of the Limited Partnership Act.

<sup>33</sup> See sections 6 and 7 of the Limited Partnership Act.

<sup>34</sup> See section 13 of the Protected Cell Companies Act.

controls it. A protected cell account is controlled by a person known as a manager who is designated by the protected cell company and the account owners of any protected cell account, in a governing instrument or otherwise. In Anguilla, there are protected cell companies in relation to insurance and mutual funds.

#### 6.1.1.2 Legal Arrangements

##### Trusts

No formalities are required to create a trust in Anguilla if the intention of the settlor to create a trust is clearly manifested. A trust, other than a unit trust<sup>35</sup>, may therefore be created by oral declaration, or by an instrument in writing including a will or codicil, by conduct, operation of law or in any other manner. However, a trust in respect of land situated in Anguilla, other than one arising by operation of law, is unenforceable unless evidenced in writing. Only an instrument in writing may create a unit trust<sup>36</sup>.

A trust is not a separate legal entity. Trust property is therefore held or owned by a trustee and not the trust. The Trust Act, R.S.A. c. T070 provides that a trust exists where a trustee holds property for the benefit of a beneficiary and/or for any valid charitable or non-charitable purposes, which is not for the benefit only of the trustee. The settlor may also be a trustee, beneficiary or protector of the trust. A trustee may be resident in or out of Anguilla<sup>37</sup>. The Trust Act allows for the creation of commercial or charitable purpose trusts, unit trusts, spendthrift trusts, and variant trusts. Registration of all trusts is optional and therefore, there are trusts that exist that are not known to persons outside of the trust.

##### Foreign Trusts

A foreign trust<sup>38</sup> is enforceable in Anguilla except to the extent that it purports to do anything contrary to the law of Anguilla or to confer any right or power or impose any obligation that is contrary to the law of Anguilla<sup>39</sup>. There are no prohibitions on a resident acting as a trustee, administrator, protector or otherwise in a fiduciary capacity in relation to a trust formed under foreign law.

Regardless of whether a trust is domestic or foreign, where significant elements of that trust are connected with Anguilla (such as the use of a resident professional trustee), the trust is subject

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<sup>35</sup> A unit trust is defined by section 1 of the Trusts Act as a trust established for the purpose, or having the effect, of providing, for persons having funds available for investment, facilities for participation by them as beneficiaries under the trust in any profits or income arising from the acquisition, holding, management or disposal of property.

<sup>36</sup> See section 4 of the Trust Act.

<sup>37</sup> See section 1 of the Trust Act.

<sup>38</sup> A foreign trust means a trust not governed by the laws of Anguilla.

<sup>39</sup> See section 63 of the Trust Act

to domestic AML/CFT obligations which require a trustee to have ownership information on the settlor.

## 6.2 Discussion of Results of the Inherent Vulnerabilities Assessment of Legal Persons and Arrangements

To assess the inherent ML/TF Vulnerability for Legal Persons and Legal Arrangements of the stated legal persons that can be incorporated or formed in Anguilla the following areas have been reviewed and/or contemplated for each category:

1. **Inherent characteristics of legal persons:** the types of legal persons created in the country;
2. **Inherent characteristics of legal arrangements:** the types of legal arrangements created in the country; and
3. **ML/TF Vulnerabilities:** typologies/cases involving legal person/arrangement structures for ML/TF and STRs or disclosures regarding legal person/arrangement structures for ML/TF.

The ratings are based on a scale of Low, Medium, High and Very High.

Legal structures have a higher level of inherent vulnerability for ML because the jurisdiction is considered a minimal tax jurisdiction which makes it an attractive region for persons to incorporate companies for their business purposes. Additionally, there is a general ease in the incorporation, management and dissolution of these legal structures which makes it possible for numerous companies to be incorporated for illicit activities.

### 6.2.1 Companies

Legal structures created under an IBC Act are assessed to be a very high inherent vulnerability to ML. This is due to the general attractiveness and the level of anonymity it provides for UBOs as well as there is limited monitoring of IBCs due to the fact that their physical operations or presence is not required in Anguilla. Statistics generated from the analysis of information received through SARs, foreign investigations and disclosures indicates that IBCs were linked to a broad range of predicate offences. Offences such as professional money laundering, insider trading/market manipulation, fraud and corruption and bribery were identified. This therefore supports the assumption that IBCs are at a greater propensity to be used by foreign criminal actors to facilitate money laundering activities due to the inherent vulnerabilities discussed.

The OC legal structure have been far less attractive vehicles to be used by both local and foreign criminal actors due to the legal requirements for ownership information to be filed with the Commercial Registry. Therefore, actors tend to use legal structures where beneficial owner information is less transparent. As such, this structure is assessed to be of medium vulnerability to ML. There is no evidence to indicate that these legal structures or arrangements have been

abused. There have been no cases identified by law enforcement relative to the abuse of these structures in regard to the offences of terrorism or terrorist financing and/or proliferation financing.

LLCs are rated as High for vulnerability to ML due to their ability to carry on any business, purpose or activity not prohibited by the laws of Anguilla. Additionally, LLCs can also become a member of a general partnership, limited partnership, company or any other LLC and can carry on banking, insurance, trust or company management business with a proper license, but are prohibited from owning or holding an interest in real property situated in Anguilla. LLC beneficial ownership information is less transparent. These aspects of an LLC increase the vulnerability for criminal actors to use the legal structure to conduct money laundering activities.

### 6.2.2 Partnerships

Partnerships in Anguilla consist of two types; General and Limited. The underlined vulnerability in partnerships is heightened due to their ability to be used internationally to hold accounts and property by criminal actors. Due to the structure of the general partnerships, beneficial ownership is not required to be filed with the Commercial Registry unlike limited partnerships. As a result, Partnerships are rated as high for vulnerability to ML.

### 6.2.3 Trusts (Registered)

The view of trusts in Anguilla is in line with the global assessment of its vulnerability to ML. Trusts have been assessed to have a high vulnerability to ML. These structures are attractive for the following reasons:

- i. nature of the trust structure is complex with layered ownership structures;
- ii. ability to be used by PEPs and high net worth individuals; and
- iii. globally accepted attractiveness of trusts because it is not mandatory for a trust to be registered.

### 6.2.4 Protected Cells

The vulnerability to ML is assessed as medium, primarily because protected cell companies in Anguilla are related to two sectors rated as Medium risk; captive insurance and mutual funds. Further, the clients involved in mutual funds and captive insurance are international persons and are not resident in Anguilla. Also, Anguilla does not have any offshore banks as such deposit accounts associated with this product is not held within the jurisdiction.

### 6.2.5 Foundations

A foundation is an estate-planning vehicle which is a civil law concept and an alternative to the common law trust. A foundation may be established by one or more natural persons or legal entities by a declaration of establishment in writing during their lifetime or will by a single founder which has been probated in the High Court of Anguilla<sup>40</sup>. An Anguillian foundation is a hybrid entity which has the characteristics of both a corporation and a trust. Unlike a trust but

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<sup>40</sup> See section 3 of the Anguilla Foundation Act, R.S.A. c. A062.



like a corporation, a foundation is a separate and independent legal entity from the date of its registration<sup>41</sup> that can buy and sell property, sue and be sued, enter into contracts and hold assets in its own name<sup>42</sup>.

Foundations in Anguilla are hybrid entities which have the characteristics of both a corporation and a trust. The contributed assets into a foundation becomes permanently vested. Foundation can be susceptible to fraud and ML activities. They are mainly formed for charitable purposes and have links with international bodies. Their funds are susceptible to being used by money launderers. Foundations are rated as medium for vulnerability to ML.

## **Conclusion**

During the assessed period (2014-2019), the risk of legal structures offered by Anguilla to be used for the movement or raising of funds related to terrorist or proliferation activities remains **Medium**.

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<sup>41</sup> See section 15 of the Anguilla Foundation Act.

<sup>42</sup> See section 5(3) of the Anguilla Foundation Act.

# Chapter 7: Assessment of Vulnerabilities to Proliferation Financing

## 7.1 Introduction

Proliferation Financing (PF) is a global risk and thus the prevention, suppression and disruption of the proliferation of weapons of mass destruction and its financing are critical to a jurisdiction. Proliferation financing includes the raising, moving and using of funds for the development and procurement of Weapons of Mass Destruction (WMD), whether directly or indirectly and any link to the crime can pose significant social and reputational risks to Anguilla. As a small island nation with many dependencies, these risks can pose significant issues with its connection to global commodities and systems that can cripple its financial system. It is therefore imperative that the jurisdiction assesses the risks posed by criminal actors and establishes an effective plan for their identification and the countering of their methods to conduct proliferation and/or proliferation financing. Anguilla's vulnerability to PF has been assessed as **Medium**.

## 7.2 Discussion of Results of the Inherent Vulnerabilities Assessment related to Proliferation Financing

During the NRA process, the relevant competent authorities conducted an assessment of the risk of proliferation financing to the jurisdiction. The proliferation financing assessment was conducted based on a risk-based approach consisting of three (3) criteria:

1. **Proliferation Financing Actors' Capacity:** the identification of the actors involved, as well as the identification of the types of regulated sectors, financial and professional services, or legal persons or arrangements used or abused.
2. **Estimated Scope of PF Activity:** the identification of the extent of the actors' supporters. Weight is also given to the FIU's analysis and disclosures relating to the specified offence and law enforcements investigation and prosecutions.
3. **Estimated Scale of PF:** an assessment of the magnitude of the estimated dollar value of the PF activity.

The assessment of Anguilla's risk for proliferation financing is **Medium**. In the assessment of PF in Anguilla, the threat identified as posing the most significant effect to Anguilla is its company structures, that is Anguillian registered companies. As a financial centre with minimal taxes, the jurisdiction is an attractive location for criminal actors to commence their clandestine activities. Anguilla registered International Business Companies has certain characteristics that would cause criminal actors to utilise these structures outside of the jurisdiction to facilitate the financing of PF activities. The use of such company structures gives sanctioned countries, individuals and entities a veil to access the financial systems and fund programs of weapons of mass destruction.

Notwithstanding, Anguilla does not possess any manufacturing capabilities or related delivery mechanisms that would facilitate the importation or exportation of elements, materials or dual-use goods linked to the production/development of weapons of mass destruction. Furthermore, the Customs Department conducts ongoing monitoring through the ASYCUDA system of imported goods or items especially in circumstances where there are red flags or suspicion linked to imports or importers. Additionally, there are no direct trading links or known indirect trade with countries of high risk for proliferation financing such as Democratic People's Republic of Korea (DPRK), North Korea, Russia and Iran.

Further, there are no offshore banking facilities established in Anguilla that would facilitate banking services for foreign individuals or entities not resident in the jurisdiction.

Although, there is a **Medium** rating for the risk for proliferation financing, there has been no information or reports received by the jurisdiction that Anguillan structures have been used or implicated in the use of facilitating proliferation financing.

### **Conclusion**

Taking into consideration the level of vulnerabilities identified for PF and the associated vulnerabilities levels linked to any sectors that would be associated with the offence, the overall risk of PF to the jurisdiction was assessed to be **MEDIUM**.

# Chapter 8: Anguilla's AML/CFT Legislative Framework and Key Agencies

## 8.1 Introduction

Anguilla has a comprehensive and robust AML/CFT regime which includes an extensive legislative framework complemented by various governmental departments and agencies all working together to combat money laundering and terrorist financing.

## 8.2 Legislative Framework

Key laws in relation to AML/CFT include:

- i. Administrative Penalties Regulations
- ii. Anguilla Police Act
- iii. Anti-Money Laundering and Terrorist Financing Code
- iv. Anti-money Laundering and Terrorist Financing Regulations
- v. Banking Act
- vi. Company Management Act
- vii. Company Management Regulations
- viii. Criminal Code
- ix. Criminal Justice (International Cooperation) (Anguilla) Act
- x. Criminal Procedure Act
- xi. Customs Act
- xii. Customs Regulations
- xiii. Drug (Prevention of Misuse) Act
- xiv. Evidence Act
- xv. Externally and Non-Regulated Service Providers Regulations
- xvi. Extradition (Overseas Territories) Order
- xvii. Financial Services Commission Act
- xviii. Insurance Act
- xix. Insurance Regulations
- xx. Lotteries Act
- xxi. Magistrates Code of Procedure Act
- xxii. Money Services Business Act
- xxiii. Mutual Funds Act
- xxiv. Mutual Funds Regulations
- xxv. Non-Profit Organisations Regulations
- xxvi. Proceeds of Crime (Transitional) Regulations
- xxvii. Proceeds of Crime Act
- xxviii. Trusts Act
- xxix. Trusts Companies and Offshore Banking Act
- xxx. Trusts Companies and Offshore Banking Regulations

## Statutory instruments for the implementation of International Sanctions<sup>43</sup>

Orders in Council are implemented by the United Kingdom to extend sanctions measures to Anguilla. Each Order in Council implements United Nations and European Union sanction measures.

Currently, the following Orders in Council give effect to targeted financial sanctions in Anguilla:

a) For UNSCRs 1267/1988 and 1989 and EU Regulations 881/2002 and 753/2011, the Orders in Council are:

- Afghanistan (United Nations Measures) (Overseas Territories) Order, 2012; and
- ISIL (Da'esh) and Al-Qaida (Sanctions) (Overseas Territories) Order 2016.

b) For UNSCRs 1718 and 2231; and EU Regulations 2017/1509 and 267/2012, the Orders in Council are:

- The Democratic People's Republic of Korea (Sanctions) (Overseas Territories) Order 2012; and
- The Iran (Sanctions) (Overseas Territories) Order 2016.

Other Orders in Council can be found in the Government's Official Gazette, FIU's website<sup>44</sup> and FSC's website<sup>45</sup>.

## 8.3 Key AML/CFT Agencies

The following Competent Authorities play a key role in the AML/CFT framework. The majority of the agencies listed are Government departments.

Table 8-1: Key AML/CFT Agencies and their respective Roles

Agency	Primary roles within the AML/CFT legislative framework
Anguilla Compliance Association	<ul style="list-style-type: none"><li>▪ fosters communication among the service providers in the financial services sector in Anguilla, the Anguilla Financial Services Commission and the Government of Anguilla</li><li>▪ makes recommendations to legislators and regulators in Anguilla with respect to compliance regulations and procedure</li></ul>
Anguilla Financial Services Commission	<ul style="list-style-type: none"><li>▪ Supervises and monitors compliance of all financial service providers with the Anti-Money Laundering Regulations, Guidelines or Codes</li></ul>

<sup>43</sup> <http://fsc.org.ai/internationalsanctions.php>

<sup>44</sup> <https://www.fiu.gov.ai/>

<sup>45</sup> <https://www.fsc.org.ai/internationalsanctions.php>

Agency	Primary roles within the AML/CFT legislative framework
	<ul style="list-style-type: none"> <li>▪ evaluates the ML/TF risk management policies and procedures of regulated entities</li> </ul>
Attorney General’s Chambers	<ul style="list-style-type: none"> <li>▪ prosecutes ML/TF cases</li> <li>▪ drafts legislation</li> <li>▪ handles civil claims relative to AML/CFT</li> <li>▪ acts as Head of Delegation relative to CFATF matters</li> </ul>
Commercial Registry	<ul style="list-style-type: none"> <li>▪ registers and maintains the registers of companies and other legal entities registered in Anguilla</li> </ul>
Eastern Caribbean Central Bank	<ul style="list-style-type: none"> <li>▪ enforces the implementation of policies, procedures and controls on domestic banks surrounding prudential matters</li> </ul>
Eastern Caribbean Securities Regulatory Commission	<ul style="list-style-type: none"> <li>▪ regulates securities broker-dealers</li> </ul>
Financial Intelligence Unit	<ul style="list-style-type: none"> <li>▪ gathers intelligence and investigates serious financial crimes, money laundering, asset recovery, cash seizure and forfeiture and mutual legal request pertaining to money laundering, terrorist financing and/or the financing of proliferation</li> </ul>
H.M. Customs Department	<ul style="list-style-type: none"> <li>▪ detects cross-border transshipment of currency and securities used in money laundering and the financing of terrorism and proliferation</li> </ul>
H.M. Governor’s Office	<ul style="list-style-type: none"> <li>▪ acts as the key agency for ML/TF risk management and mitigation in Anguilla</li> <li>▪ appoints the Board and Director of the Anguilla Financial Services Commission, the Attorney General, the Commissioner of Police, the Director of the Financial Intelligence Unit and members of the Money Laundering Reporting Authority<sup>46</sup></li> </ul>
Immigration Department	<ul style="list-style-type: none"> <li>▪ assists in identifying persons who are subject to sanctions lists</li> <li>▪ monitors the entry of persons in Anguilla to prevent human trafficking</li> <li>▪ maintains an entry database and makes the information available to law enforcement agencies in Anguilla to assist in the investigation and prosecution of ML/TF cases</li> </ul>
Inland Revenue Department	<ul style="list-style-type: none"> <li>▪ serves as a basis for record collection of financial service providers or their ability to conduct business in the jurisdiction</li> </ul>
Ministry of Finance	<ul style="list-style-type: none"> <li>▪ ensures that the AML/CFT legislation or policy is given priority and forwarded to Executive Council for approval to be read in the House of Assembly</li> <li>▪ supports the policy initiatives of the Commission</li> </ul>

<sup>46</sup> The enactment of the Financial Intelligence Unit Act, 2020 had the effect of repealing sections 117 to 122 in POCA. Consequently, the Money Laundering Reporting Authority has ceased to exist.

Agency	Primary roles within the AML/CFT legislative framework
Money Laundering Reporting Authority <sup>47</sup>	<ul style="list-style-type: none"> <li>▪ is responsible for receiving, requesting, analysing and disseminating disclosures made under the POCA and, in accordance with subsection (3), terrorist financing disclosures made and</li> <li>▪ (b) such other disclosures of financial information that may be required or permitted by any law for the purposes of combating money laundering or the financing of terrorism.<sup>48</sup></li> </ul>
Royal Anguilla Police Force	<ul style="list-style-type: none"> <li>▪ supports the Financial Intelligence Unit</li> <li>▪ possesses the power to seize cash and other instruments used in ML/TF and proliferation</li> <li>▪ has the responsibility of investigating crimes</li> </ul>

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<sup>47</sup> The enactment of the Financial Intelligence Unit Act, 2020 had the effect of repealing sections 117 to 122 in POCA. Consequently, the Money Laundering Reporting Authority has ceased to exist.

<sup>48</sup> Section 118(1) of the POCA

# Chapter 9: Anguilla’s AML/CFT Operational Framework

## 9.1 Regulation and Supervision

The basis for Anguilla’s AML/CFT supervisory regime for Financial Institutions and DNFBPs is outlined in the POCA.<sup>49</sup> Section 154 of the POCA gives the Anguilla Financial Services Commission ( “FSC”) authority to supervise regulated service providers and externally regulated service providers for AML/CFT purposes. A regulated service provider is defined as a service provider that is a regulated person.<sup>50</sup> A regulated person is a person who holds a regulatory licence pursuant to Schedule 1 (Section 1) of the AML/CFT Regulations.<sup>51</sup>

Section 158 of the POCA prohibits a person from carrying on any type of relevant business in or from within Anguilla unless that person has been registered for that type of relevant business by the appropriate supervisory authority in accordance with the ENRSP Regulations. Relevant business is defined in the AML/CFT Regulations as a business which, if carried on by a person, would result in that person being a service provider.<sup>52</sup> The Commission is the sole AML/CFT

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<sup>49</sup> DNFBPs are termed as Non-Regulated Service Providers with the exception of Trust and Corporate Service Providers.

<sup>50</sup> Section 1 of the Proceeds of Crime Act

<sup>51</sup> Schedule 1 of the AML/CFT Regulations outlines the regulatory licenses. This includes (a) a licence issued under the Banking Act; (b) an offshore banking licence or a trust company licence issued under the Trust Companies and Offshore Banking Act; (c) a licence issued under the Company Management Act; (d) a Class A or Class B insurer’s licence issued under the Insurance Act, including a licence issued to an approved external insurer, where the licence authorises the holder to carry on long-term insurance business; (e) the following licences issued under the Insurance Act: (i) an insurance agent’s licence, (ii) an insurance broker’s licence, (iii) an insurance sub-agent’s licence, (iv) a principal representative’s (insurance) licence; (f) an insurance manager’s licence issued under the Insurance Act; (g) a licence to act as the manager or administrator of a mutual fund issued under the Mutual Funds Act; (h) a licence issued under Part 4 or Part 9 of the Securities Act; and (i) a licence issued under the Money Services Business Act.

<sup>52</sup> Schedule 2 of the AML/CFT Regulations outlines who is considered to be a service provider when acting in the course of a business carried on in, or from within, Anguilla. This list includes:

- a person that carries on any kind of regulated business
- an independent legal professional
- a high value dealer
- a licensed lottery
- a person who, by way of business provides accountancy or audit services
- a person who, by way of business acts as a real estate agent, when the person is involved in a transaction concerning the buying and selling of real estate
- a person who, by way of business, provides any of the following services to third parties, when providing such services—
  - acting as a secretary of a company, a partner of a partnership, or a similar position in relation to other legal persons or arranging for another person to act in one of the foregoing capacities or as the director of a company,
  - providing a business, accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement,
  - acting as, or arranging for another person to act as, a nominee shareholder for another person,
  - arranging for another person to act as a nominee shareholder for another person;



supervisory body for all Financial Institutions; Designated Non-Financial Businesses and Professions; and Non-Profit Organisations.

The table below provides information on the sectors in Anguilla; the size of each sector as at 31 October 2020; the regulator(s) for the sector and the applicable legislation that sets out the parameters under which these entities can act.

Table 9-1: List of Sectors in Anguilla as at 31 October 2020

Sectors	No.	Regulator	Applicable Legislation <sup>53</sup>
<b>Financial Institutions</b>			
Commercial Banks	2	ECCB/FSC	The Banking Act
Offshore Banks	3 <sup>54</sup>	FSC	Trust Companies and Offshore Banking Act
Domestic Insurance	26	FSC	The Insurance Act (based on definition of Insurance Business)
Offshore Insurance	110	FSC	
Foreign Insurance	4	FSC	
Insurance Intermediaries	34	FSC	
Securities Broker Dealers	0	ECRSC/FSC	Securities Act
Mutual Funds	5	FSC	The Mutual Funds Act
Mutual Funds Intermediaries	6	FSC	The Mutual Funds Act
Money Services Businesses	3	FSC	Money Services Business Act
Credit Union	2	FSC	Externally and Non-Regulated Service Providers Regulations
Micro-lenders	6	FSC	
<b>Designated Non-Financial Businesses and Professions</b>			
Corporate Provider Services	55	FSC	Company Management Act
Trust Companies (General)	4	FSC	Trust Companies and Offshore Banking Act
Trust Companies (Restricted)	1	FSC	
Real Estate Agents	9	FSC	Externally and Non-Regulated Service Providers Regulations
Lawyers <sup>55</sup>	57 <sup>56</sup>	FSC	
Notaries	60 <sup>57</sup>	FSC	

<sup>53</sup> The POCA is applicable to all sectors.

<sup>54</sup> Two offshore banks: NBA (PB&T) and CCIB are under Administratorship.

<sup>55</sup> Currently, Independent Legal Professionals are not regulated due to a stay on the provisions of the POCA. Independent Legal Professionals is defined in section 1 of the AML/CFT Regulations to include lawyers and notaries.

<sup>56</sup> This number represents the number of local lawyers individually and not by firm. This does not represent the number of lawyers called to the Anguilla Bar that can legally work within Anguilla.

<sup>57</sup> This number represents the number of registered notaries to date. This is a combination of persons who no longer reside in Anguilla and who no longer offer these services.

Accountants	6**	FSC	Externally and Non-Regulated Service Providers Regulations
Dealers in High Value Goods*	26**	FSC	
Dealers in Precious Metals and Stones	2	FSC	
Lotteries	2	FSC	
Virtual Asset Service Providers	1	FSC	Utility Tokens Exchange Act Anguilla Utility Token Offering Act
Non Profit Organisations	311 <sup>58</sup>	FSC	Non-Profit Organisations Regulations

*\*(Car Dealers, Boat builders and Sellers; Art and Antique Dealers)*

*\*\* The accurate number of persons within this sector has not been determined by the Commission at the time the NRA was published.*

### 9.1.1 The Anguilla Financial Services Commission’s AML/CFT Supervisory Framework

Responsibility of the international financial services sector in Anguilla has been constitutionally assigned to HE The Governor. However, the day-to-day regulation and supervision is the responsibility of FSC. FSC was established in 2004 by the Financial Services Commission Act R.S.A. c. F028, and is an independent statutory regulatory body<sup>59</sup>. As outlined above, FSC is the sole AML/CFT regulator for all Financial Institutions; Designated Non-Financial Businesses and Professions; and Non-Profit Organisations.

Overall, the Commission focuses on:

- registration and licensing;
- supervision and monitoring of licensees and the financial sector in general; assessment of ML/TF risks and controls;
- enforcement and addressing non-compliance;
- providing information and advice to licensees;
- conducting outreach and training to its licensees, registrants and the public;
- reviewing existing financial services legislation and making recommendations for new legislation; and
- maintaining contact with appropriate foreign and international regulatory authorities to provide assistance and share information where needed; and to monitor the effectiveness of the AML/CFT regime.

<sup>58</sup> This number represents both registered and exempted NPOs.

<sup>59</sup> See summary on pgs. 26-27.

# Appendix A: Inherent Consequences of Money Laundering and Terrorist Financing

The list below outlines the potential consequences for Anguilla if inherent ML/TF vulnerabilities are not addressed. The consequences have been classified in the following categories: Economic<sup>60</sup>, Social<sup>61</sup> and Political.

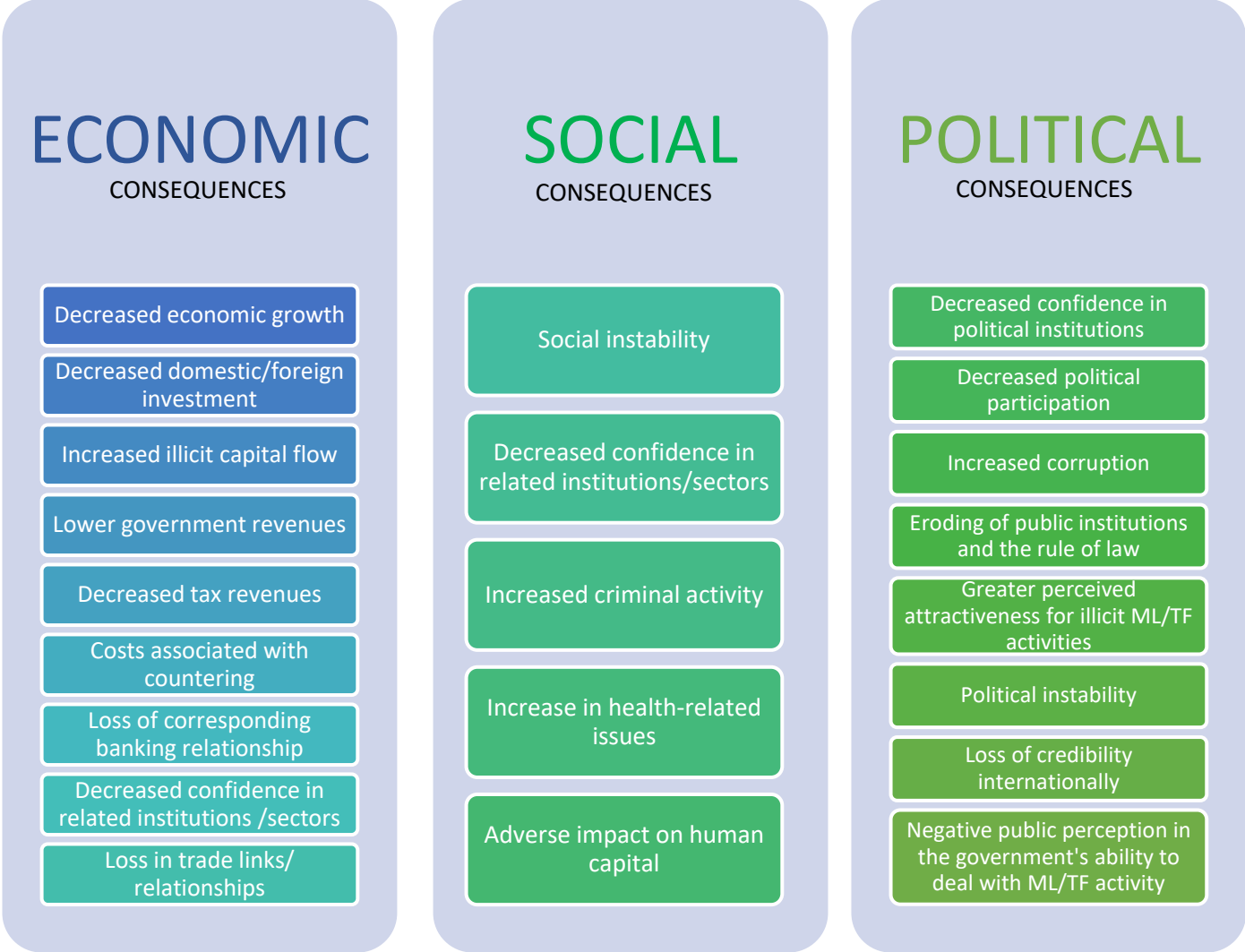


Figure A-0-1: Inherent Consequences of ML/TF

<sup>60</sup> Related institutions/sectors refer to Banking; Tourism; Financial Services; Real Estate and Construction, to name a few.

<sup>61</sup> Social instability can have the impact of increasing poverty and unemployment levels – negatively impacting Health and Education institutions and sectors. An increase in health-related issues like drug abuse and mental health issues may occur. In relation to human capital, there may be more instances of brain drain; reduced educational opportunities and parents being unable to afford the basic necessities for their children.