



Newsletter regarding the conflict in Ukraine

By this newsletter, FIU Curaçao informs the reporting entities about the consequences of the conflict in Ukraine in regards to the NOIS (National Ordinance Identification when Rendering Services) and the NORUT (National Ordinance Reporting Unusual Transactions) and about the possible implications this could have for your organization.

FIU Curacao

The Financial Intelligence Unit (FIU Curaçao) has been designated in the NOIS and the NORUT as the authority where unusual transactions must be reported by reporting institutions. FIU Curaçao analyzes these reports and maps transactions and money flows that can be associated with money laundering and underlying offenses as well as terrorist financing. Unusual transactions that have been declared suspicious after investigation by the head of FIU Curaçao are made available to law enforcement agencies, intelligence and security services. In addition, FIU Curaçao has the task, through its Supervision department, to monitor compliance with anti-money laundering legislation for the designated non financial businesses and professions. With its tasks, the FIU fulfills an important role in the prevention and detection of money laundering, underlying offenses and terrorist financing.

Background

The Russian invasion of Ukraine on February 24, 2022. This followed after rising tensions, against the background of the conflict situation that has risen since 2014, when Ukrainian President Yanukovych resigned, Russia annexed the Crimea region and a war broke out in the eastern Ukrainian Donbas region.

Sanctions

As a result of this situation, new restrictive measures have been taken by the EU against actions that undermine or threaten the territorial integrity, sovereignty and independence of Ukraine. These recent sanctions target Russia and Belarus and include providing financial services to certain individuals and organizations, introducing trade restrictions on iron, steel, luxury goods and banning the export of weapons or so-called dual-use goods. Dual-use goods are products, services or technologies that can be used for both civilian and military purposes. By law, Curaçao is obliged to implement EU sanctions [1].

In addition to the recent sanctions, other sanctions may be applicable or relevant to your institution. This includes previously published EU sanctions[2] or sanctions in regions in which your organization is active or does business, such as OFAC sanctions in the US[3] When determining sanction 'hits'[4] and In the investigation into the circumvention of



sanctions, you should pay attention to the customer relationship, a counterparty to a (financial) transaction, but also to family relationships, straw man constructions and companies within the control and/or ownership structure of the sanctioned party.

Report sanction hits to the Supervising Authority

The EU sanctions have direct effect in Curaçao and must be observed and complied to here. Sanction hits must be reported to your Supervising Authority. We recommend that you contact your supervisor to learn about the procedure for sanction hits and the report form, if any.

Sometimes you may also report sanction hit as an unusual transaction to the FIU

It is possible that a sanction hit leads to the assumption that there may be an unusual transaction within the scope of the NORUT and the reporting indicators. In that case, a report must also be submitted immediately to FIU Curaçao via the GoAML reporting portal. Your report may also be relevant if your report relates to only a few indications of a sanction hit and/or possible evasion of sanctions. The fragmentation of different services can lead to a fragmented picture among several reporting entities, whereby the overall picture can make it assumable that such unusual activities may be applicable.

AML/CFT Risks

FIU Curaçao has identified some risks in relation to the conflict in Ukraine. On the one hand, in relation to some activities and, on the other hand, to risks relating to certain goods. Cash flows and other financial transactions regarding these activities, services and goods related to (Belarus) Russia and Ukraine have an increased AML/CFT risk.

Activities:

- Corruption[5] (when circumventing sanctions or withdrawing funds from (Belarus) Russia)
- Fraud (for example with aid funds)
- Virtual currency (as an alternative to the traditional banking system)
- Underground banking (as an alternative to the traditional banking system)
- Concealing the UBO[6] (control/ownership)

**Goods:**

- Raw materials (oil, gas, coal, ores, etc.)
- Luxury goods (e.g. motor yachts, luxury cars and fashion items)
- Real estate
- Weapons
- Dual-use goods for military use.

When you need to report a transaction related to the current events as discussed above, we hereby instruct you to report it under the “Transaction Type” option **#sanctions2022** which can be selected via the drop down selection menu, as illustrated hereunder. Also mention **#sanctions2022** in the description field.

These reports have high priority at FIU Curaçao.

See the image below for clarification:

Select **#sanctions2022** as “Transaction Type” in the drop down selection menu,

And, mention **#sanctions2022** in the “Description” field.

The screenshot shows a web-based transaction reporting interface. At the top, there's a header bar with various buttons and links. Below it, the main form is titled "Transaction". It contains several input fields: "Number is required!" (red box), "Internal Reference Number" (text box), "Transaction Type is required!" (dropdown menu circled in red), "Local Amount is required!" (red box), "Date is required! M/d/yyyy" (date picker), "Intended Transaction (Y/N)" (checkbox), "Posting Date M/d/yyyy" (date picker), "Transaction Location is required!" (text box), "Description is required!" (large text area circled in red with a red arrow pointing to it), and "Time of Transaction (HH:MM) is required!" (text box). At the bottom, there's a section for "Involved Parties" with tabs for "Account", "Person", and "Entity", each with its own set of input fields. The "Person" tab is active, showing fields like "Role is required!" (dropdown menu), "Funds Type" (dropdown menu), "Country is required!" (dropdown menu), "Foreign Currency" (button), "Title" (text box), "Gender is required!" (dropdown menu), "First Name is required!" (text box), "Middle Name" (text box), "Prefix" (text box), "Last Name is required!" (text box), and "Birth Date is required! M/d/yyyy" (date picker).



Colophon

FIU Curaçao

Contact us via:

The analysis department: analysis@fiucuracao.cw,

De supervision department: supervision@fiucuracao.cw

For go-AML related questions, please send an e-mail to: goaml@fiucuracao.cw

[1] For more information on the current sanctions: <https://www.afm.nl/nl-nl/nieuws/2022/februari/sancties-rusland> and <https://www.dnb.nl/voor-de-sector/sanctieberichten/2022/dnb-afm-sanctiealert-stand-van-zaken-rusland-en-oekraine-26-februari-2022/>

2] For a comprehensive overview of EU sanctions,
see: <https://data.europa.eu/data/datasets/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions>

[3] For OFAC sanctions related to Russia and Ukraine, see : <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/ukraine-russia-related-sanctions>

[4] What exactly is a sanctions hit? <https://www.dnb.nl/voor-de-sector/sanctie-berichten/2022/dnb-nieuwsservice-24-februari-2022>

[5] https://egmontgroup.org/wp-content/uploads/2021/09/2019_Public_Summary_FIU_Tools_and_Practices_for_Investigating_Laundering_of_the_Proceeds_of_Corruption.pdf

[6] <https://www.fatf-gafi.org/publications/methodsandtrends/documents/concealment-beneficial-ownership.html>