

# Anguilla

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RISK & COMPLIANCE REPORT

DATE: January 2017

<b>Executive Summary - Anguilla</b>	
<b>Sanctions:</b>	None
<b>FAFT list of AML Deficient Countries</b>	No
<b>Higher Risk Areas:</b>	Not on EU White list equivalent jurisdictions Offshore Finance Centre
<b>Medium Risk Areas:</b>	Compliance with FATF 40 + 9 recommendations Weakness in Government Legislation to combat Money laundering
<p><b>Major Investment Areas:</b></p> <p><b>Agriculture - products:</b> small quantities of tobacco, vegetables; cattle raising</p> <p><b>Industries:</b> tourism, boat building, offshore financial services</p> <p><b>Exports - commodities:</b> lobster, fish, livestock, salt, concrete blocks, rum</p> <p><b>Imports - commodities:</b> fuels, foodstuffs, manufactures, chemicals, trucks, textiles</p>	

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## Section 1 - Background

Colonized by English settlers from Saint Kitts in 1650, Anguilla was administered by Great Britain until the early 19th century, when the island - against the wishes of the inhabitants - was incorporated into a single British dependency along with Saint Kitts and Nevis. Several attempts at separation failed. In 1971, two years after a revolt, Anguilla was finally allowed to secede; this arrangement was formally recognized in 1980, with Anguilla becoming a separate British dependency.



## Section 2 - Anti – Money Laundering / Terrorist Financing

### FATF status

Anguilla is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

### Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Anguilla was undertaken by the Financial Action Task Force (FATF) in 2012. According to that Evaluation, Anguilla was deemed Compliant for 11 and Largely Compliant for 17 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for 3 of the 6 Core Recommendations.

### Key Findings from latest Mutual Evaluation Report (2012):

Anguilla has a small tightly knit population and a relatively low level of either petty or serious crime. The Authorities noted that Anguilla does have its proportionate share of cannabis cultivation, drug importation and dealing. Intelligence work in this area has however indicated that because of the low levels of these activities the sums generated do not appear to enter the mainstream economy via the financial institutions. It should also be noted however that a detailed analysis of ML trends or patterns is limited due to the lack of proper recording and collection of comprehensive data prior to the establishment of the current Financial Intelligence Unit (FIU) in 2008. Some data has however indicated suspicious money movement through money remitters and there has also been a problem with the running of an illegal lottery. Other predicate offences that have been noted by the FIU are theft and deception. Anguilla has captured a part of the offshore financial trade through legislative structures and a favourable tax regime and as such has also created vulnerabilities to ML. The Authorities have also noted that IBC abuse has been responsible for 33% of all SARs since 2008. However there has only been one instance in which money from a suspected IBC abuse remained in Anguilla. It is believed that ML threats will continue to come from the offshore industry in relation to mutual funds, trusts, IBCs and other like vehicles.

The four (4) main categories of financial institutions in Anguilla are (i) foreign/offshore and domestic insurance companies; (ii) mutual funds; (iii) company managers and (iv) banks. As of May 15, 2009 there were 4222 types of financial institutions in Anguilla. Based on the definition of “service providers” contained at Schedule 2 of the Anti-Money Laundering and Terrorist Financing Regulations, 2009 (AML/TFR) all the financial activities listed in the FATF glossary are covered in addition to other types of regulated businesses. Several types of legal persons and legal arrangements can be established under the laws of Anguilla. With the

exception of trusts, registers are required to be maintained in relation to all other types of legal persons and arrangements.

The policy objective of the Government of Anguilla is to ensure that only fit and proper persons and institutions, who satisfy the due diligence requirements in the AML/TFR and Code are allowed access to operate in or from Anguilla. Toward this end, Anguilla has continually increased and enhanced its legislative framework, regulatory infrastructure and institutional arrangements to manage and mitigate potential ML/FT risk. The Government's ML/FT risk management strategy is focused on regulating the gate keeping function of company managers/fiduciaries since given the nature of Anguilla's financial sector, DNFBPs and NPOs are all incorporated through the use of company managers. Anguilla's ML/FT risk management framework is administered by the Governor/Governor's Office, the Money Laundering Reporting Authority (MLRA), the FIU, the Financial Investigation Unit, the Royal Anguilla Police Force (RAPF), H.M. Customs Anguilla, the Immigration Department, the Financial Services Commission (FSC), the Eastern Caribbean Central Bank (ECCB), the Eastern Caribbean Securities Regulatory Commission (ECSRC), the Anguilla Financial Services Association (AFSA), the Attorney General's Chambers, the Registrar of Companies and the Bar Association. In addition to the emphasis placed on company management compliance, all financial institutions are currently encouraged to adopt a risk based approach to their AML/CFT risk management framework. Anguilla has made significant progress since its last mutual evaluation through the enactment of new legislation, the establishment of a proactive FIU, increased resources to deal with AML/CFT issues, transformation of the FSD to the FSC and increased public awareness to name a few. (See Pages 30-33 of the MER for details).

#### **US Department of State Money Laundering assessment (INCSR)**

Anguilla was deemed a 'Monitored' Jurisdiction by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

##### **Perceived Risks:**

Anguilla is a UK overseas territory with a population of approximately 15,000. There are few offenses committed on the island by the local populace that generate substantial monies or profits from crime. Domestic money laundering offenses tend to involve fraud, public corruption, and theft. The economy depends heavily on luxury tourism, offshore banking, lobster fishing, and remittances from emigrants. Increased activity in the tourism industry spurred the growth of the construction sector.

The financial sector is small in comparison to other jurisdictions in the Caribbean, but the ability to register companies online, the zero-tax regime, and the use of bearer shares make Anguilla vulnerable to money laundering. The biggest perceived money laundering threat continues to come from abuses of the offshore industry in relation to mutual funds, trusts, and international business companies (IBCs). IBCs are able to maintain bank accounts in Anguilla even though they are not required to have a physical presence in the jurisdiction and are not permitted to transact business in the jurisdiction. Thus, the true nature of business

undertakings of IBCs is not always verifiable. The Anguilla Financial Services Commission maintains an updated website listing active market participants. There are seven licensed domestic and offshore banks, two money service businesses, and over 275 captive insurance companies.

The Eastern Caribbean Central Bank (ECCB) is Anguilla's monetary authority. Anguilla's currency is the East Caribbean (EC) dollar, used by eight of the nine ECCB jurisdictions. There is little evidence the common use of the EC dollar significantly raises the risk for money laundering.

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

CRIMINALIZATION OF MONEY LAUNDERING:

"All serious crimes" or "list" approach to predicate crimes: All serious crimes  
Are legal persons covered: criminally: NO civilly: YES

KNOW-YOUR-CUSTOMER (KYC) RULES:

Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: YES  
KYC covered entities: Domestic and offshore banks, money transfer agents and money service businesses, insurance companies, mutual funds and fund intermediaries, company managers and service providers, trusts, securities brokers and dealers, dealers in high-value goods and precious metals and stones, lawyers, accountants, notaries, real estate agents, and friendly societies

REPORTING REQUIREMENTS:

Number of STRs received and time frame: 83: January 1 - November 2, 2015  
Number of CTRs received and time frame: Not applicable  
STR covered entities: Domestic and offshore banks, money transfer agents and money service businesses, insurance companies, mutual funds and fund intermediaries, company managers and service providers, trusts, securities brokers and dealers, dealers in high-value goods and precious metals and stones, lawyers, accountants, notaries, real estate agents, and friendly societies

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:

Prosecutions: 2 in 2015  
Convictions: 0 in 2015

RECORDS EXCHANGE MECHANISM:

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

Anguilla is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body.

**ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:**

Anguilla continues to seek offshore financial business, offering business and tax structures and company formation which allow some degree of anonymity, although Anguilla prohibits anonymous accounts. IBCs can be incorporated by company service providers in Anguilla without the requirement to publicly register shareholders or directors. Once incorporated, an IBC is capable of holding assets and operating bank accounts, both on Anguilla and in other jurisdictions. IBCs may be used as “flow through” accounts, facilitating the mingling of monies, confusing money trails, and generally assisting the layering process in money laundering. IBC abuse remains responsible for a significant proportion of suspicious activity reports.

The Anti-Money Laundering and Terrorist Financial Regulations and Code require all covered businesses to keep underlying documents and to maintain records for a period of five years. Amendments were made to the AML/CFT Regulations in 2013 to include enhanced due diligence for domestic politically exposed persons (PEPs).

A UK Caribbean overseas territory, Anguilla cannot sign or ratify international conventions in its own right. The UK is responsible for Anguilla’s international affairs and may arrange for the ratification of any convention to be extended to Anguilla. The 1988 UN Drug Convention was extended to Anguilla in 1995. The United Kingdom approved the extension to Anguilla of the International Convention for the Suppression of the Financing of Terrorism, on April 20, 2015; and the UN Convention against Transnational Organized Crime, on July 31, 2015. In April 2011, Anguilla’s Executive Council agreed in principle to extend the UN Convention against Corruption to Anguilla and requested a legislative analysis to ascertain the changes necessary to implement the Convention.

Anguilla should amend its legislation, as appropriate, to ensure legal persons or corporations are criminally liable for money laundering or terrorist financing activity.

#### **Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):**

According to the US State Department, Anguilla does not conform with regard to the following government legislation required to combat money laundering: -

**International Transportation of Currency** - By law or regulation, the jurisdiction, in cooperation with banks, controls or monitors the flow of currency and monetary

**International Terrorism Financing Convention** - States parties to the International Convention for the Suppression of the Financing of Terrorism, or a territorial entity to which the application of the Convention has been extended by a party to the Convention.

**States Party to United Nations Transnational Organised Crime Convention** - States party to the United Nations Convention against Transnational Organized Crime (UNTOC), or a territorial entity to which the application of the Convention has been extended by a party to the Convention.



**States Party to United Nations Convention Against Corruption** - States party to the United Nations Convention against Corruption (UNCAC), or a territorial entity to which the application of the Convention has been extended by a party to the Convention.

#### **EU White list of Equivalent Jurisdictions**

Anguilla is not currently on the EU White list of Equivalent Jurisdictions

#### **World Governance indicators**

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

#### **Failed States Index**

[To view Failed States Index Ctrl + Click here](#)

#### **Offshore Financial Centre**

Anguilla is considered to be an Offshore Financial Centre

## International Sanctions

None Applicable

## Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	N/A
World Governance Indicator – Control of Corruption	87

### Section 3 - Economy

Anguilla has few natural resources, and the economy depends heavily on luxury tourism, offshore banking, lobster fishing, and remittances from emigrants. Increased activity in the tourism industry has spurred the growth of the construction sector contributing to economic growth. Anguillan officials have put substantial effort into developing the offshore financial sector, which is small but growing. In the medium term, prospects for the economy will depend largely on the tourism sector and, therefore, on revived income growth in the industrialized nations as well as on favorable weather conditions.

#### **Agriculture - products:**

small quantities of tobacco, vegetables; cattle raising

#### **Industries:**

tourism, boat building, offshore financial services

#### **Exports - commodities:**

lobster, fish, livestock, salt, concrete blocks, rum

#### **Imports - commodities:**

fuels, foodstuffs, manufactures, chemicals, trucks, textiles

### Banking

Anguilla has a varied selection of relatively unsophisticated financial institutions operating in the financial system. These institutions provide a range of traditional services. The banking institutions provide the main source of funding for the domestic economy and represent a combination of indigenous institutions and branch operations of international foreign owned commercial banks.

### Stock Exchange

The Eastern Caribbean Securities Exchange (ECSE) is the first regional securities market in the Western Hemisphere, established by the Eastern Caribbean Central Bank to serve the eight (8) member states of Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat; St. Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines. It is headquartered on the island of St. Kitts. It has been in operation since 1971, and the ECSE currently lists securities for about 14 companies.

## Section 4 - Government

### Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

### Legal system:

common law based on the English model

### International organization participation:

Caricom (associate), CDB, Interpol (subbureau), OECS, UPU

## Treaty and non-treaty withholding tax rates

Anguilla has signed **17 agreements** (0 DTC and 17 TIEA agreements) providing for the exchange of information.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Australia	TIEA	19 Mar 2010	17 Feb 2011	Yes	Yes	
Belgium	TIEA	24 Sep 2010	not yet in force	Yes	Yes	
Canada	TIEA	28 Oct 2010	12 Oct 2011	Yes	Yes	
Denmark	TIEA	2 Sep 2009	11 Mar 2011	Yes	Yes	
Faroe Islands	TIEA	14 Dec 2009	20 Aug 2011	Unreviewed	Yes	
Finland	TIEA	14 Dec 2009	10 Apr 2011	Yes	Yes	
France	TIEA	30 Dec 2010	15 Dec 2011	Yes	Yes	
Germany	TIEA	19 Mar 2010	11 Apr 2011	Yes	Yes	
Greenland	TIEA	14 Dec 2009	not yet in force	Unreviewed	Yes	
Iceland	TIEA	14 Dec 2009	not yet in force	Yes	Yes	
Ireland	TIEA	22 Jul 2009	not yet in force	Yes	Yes	
Netherlands	TIEA	22 Jul 2009	1 May 2011	Yes	Yes	
New Zealand	TIEA	11 Dec 2009	not yet in force	Yes	Yes	
Norway	TIEA	14 Dec 2009	10 Apr 2011	Yes	Yes	
Portugal	TIEA	28 Feb 2011	not yet in force	Yes	Yes	
Sweden	TIEA	14 Dec 2009	1 Jun 2011	Yes	Yes	
United Kingdom	TIEA	20 Jul 2009	17 Feb 2011	Yes	Yes	

## Methodology and Sources

### Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

### Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
<a href="#">FATF List of Countries identified with strategic AML deficiencies</a>	Not Listed	AML Deficient but Committed	High Risk
<a href="#">Compliance with FATF 40 + 9 recommendations</a>	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
<a href="#">US Dept of State Money Laundering assessment (INCSR)</a>	Monitored	Concern	Primary Concern
<a href="#">INCSR - Weakness in Government Legislation</a>	<2	2-4	5-20
<a href="#">US Sec of State supporter of / Safe Haven for International Terrorism</a>	No	Safe Haven for Terrorism	State Supporter of Terrorism
<a href="#">EU White list equivalent jurisdictions</a>	Yes		No
<a href="#">International Sanctions UN Sanctions / US Sanctions / EU Sanctions</a>	None	Arab League / Other	UN , EU or US
<a href="#">Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network</a>	>69%	35 – 69%	<35%
<a href="#">World government Indicators (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Failed States Index (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Offshore Finance Centre</a>	No		Yes

### **Section 3 - Economy**

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

### **Section 4 - Foreign Investment**

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

### **Section 5 - Government**

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

### **Section 6 - Tax**

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))



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