



AML/CFT

Car Dealer Sector Supervision



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CAR DEALER SECTOR



Product

The car dealers in Aruba provide the following products and services:

- Buying and selling of new and second hand cars;
- Buying and selling of car parts;
- Car repair and maintenance.



CAR DEALER SECTOR



Definition Car Dealers based on the State Ordinance for the Prevention and Combating of Money Laundering and Terrorist Financing (AB 2011 no. 28) (AML/CFT State Ordinance) :

“A natural person, legal person or corporation which on a commercial or professional basis trades on or acts as an intermediary in the purchase and sale of vehicles and the rights to which they can be subjected (article 1, paragraph 1 of the AML/CFT State Ordinance)”.



CAR DEALERS COMPLIANCE



State Ordinances

- AML/CFT State Ordinance
- Enactment State Ordinance
- Sanction Ordinance

Ministerial Regulations

Guidance

- Guidance notes for non-regulated and designated non-financial service providers including car dealers



CAR DEALERS COMPLIANCE



1

- Policies
- Procedures
- Measures

2

- MLCO
- MLRO

3

- Training

4

- Evaluation



CAR DEALERS COMPLIANCE



A system of policies, procedures & measures to ensure ongoing compliance with the AML/CFT State Ordinance.

- Must be written
- Risk based approach

Also a car dealer must have written policies, procedures and measures in place to comply with the Sanction Ordinance.
(Article 46 of the AML/CFT State Ordinance)

- Policies
- Procedures
- Measures



CUSTOMER DUE DILIGENCE



Pursuant to article 6, paragraph 2 f and g of the AML/CFT State Ordinance, service providers shall “perform customer due diligence:

- a. When entering into a business relationship in or from Aruba.
- b. When performing cash transactions with a value of Afl. 25,000 or more;
- c. If there are indications that the client is involved in money laundering or terrorist financing;
- d. If it doubts the soundness or reliability of data obtained from the client previously, or;
- e. If the risk of involvement of an existing client in money laundering or terrorist financing gives reason to do so.



CUSTOMER DUE DILIGENCE



Pursuant to article 3, paragraph 1 of the AML/CFT State Ordinance, service providers shall “perform customer due diligence, which comprises at least the following:

- a. Identification and verification of identity;
- b. Identification and verification of the ultimate beneficiary;
- c. Establishment of the purpose and intended nature of the business relationship;
- d. Exercise of ongoing monitoring of the business relationship and the transactions carried out during the course of the relationship (knowledge, risk profile, source of funds).



CUSTOMER DUE DILIGENCE



Pursuant to article 6, paragraph 3, of the AML/CFT State Ordinance a service provider shall tailor the customer due diligence to the :

- Risk-sensitiveness ML/TF;
- Business relationship;
- Product;
- Transaction.

To that effect establish a risk profile of the client and the ultimate beneficiary.

Pursuant to article 9, paragraph 1, of the AML/CFT State Ordinance a service provider is prohibited to enter into a business relationship or to carry out a transaction, if it has not performed customer due diligence or if it is not able to carry out the customer due diligence.



ENHANCED CUSTOMER DUE DILIGENCE (EDD)



Pursuant to article 11, paragraph 1, of the AML/CFT State Ordinance, service providers shall perform EDD, if and when a business relationship or a transaction by its nature entails a higher risk of ML/TF.

The EDD shall be carried out both prior to the business relation or the transaction, as during the business relationship, in any case in the following situations:

- a. Non-Resident;
- b. Client is not physically present for identification;
- c. Politically exposed persons (PEP).



POLITICALLY EXPOSED PERSON (PEP)



- Pursuant to article 1 of the AML/CFT State Ordinance, a Politically Exposed Person (PEP) is a person who holds or held a prominent public position, as well as direct family members and direct associates of such a person;
- Pursuant to article 11, paragraph 1, of the AML/CFT State Ordinance, a service provider shall carry out an adequate policy and have risk-based procedures in order to establish whether a client, a potential client, or an ultimate beneficiary is a PEP. A service provider shall also have procedures to determine the source of wealth of clients and ultimate beneficiaries that are considered PEPs on the basis of the first sentence.



POLITICALLY EXPOSED PERSON (PEP)



Important requisites with regard to PEP's are:

- Approval Senior Management to enter a business relationship with a PEP (article 12, paragraph 2, section a);
- Exercise ongoing monitoring of the business relationship (article 12, paragraph 2, section b);
- Client including the direct family members and direct associates of such a person shall be considered a PEP up to five years after he/she has ceased to occupy the position (article 12, paragraph 4).



CAR DEALERS COMPLIANCE



MLCO

- Responsible for coordinating and monitoring day-to-day compliance;

MLRO

- Responsible for the unusual transaction reporting;

Qualified / Combined

- MLCO
- MLRO



CAR DEALERS COMPLIANCE



Who?

What?

When?

- Training



CAR DEALERS COMPLIANCE



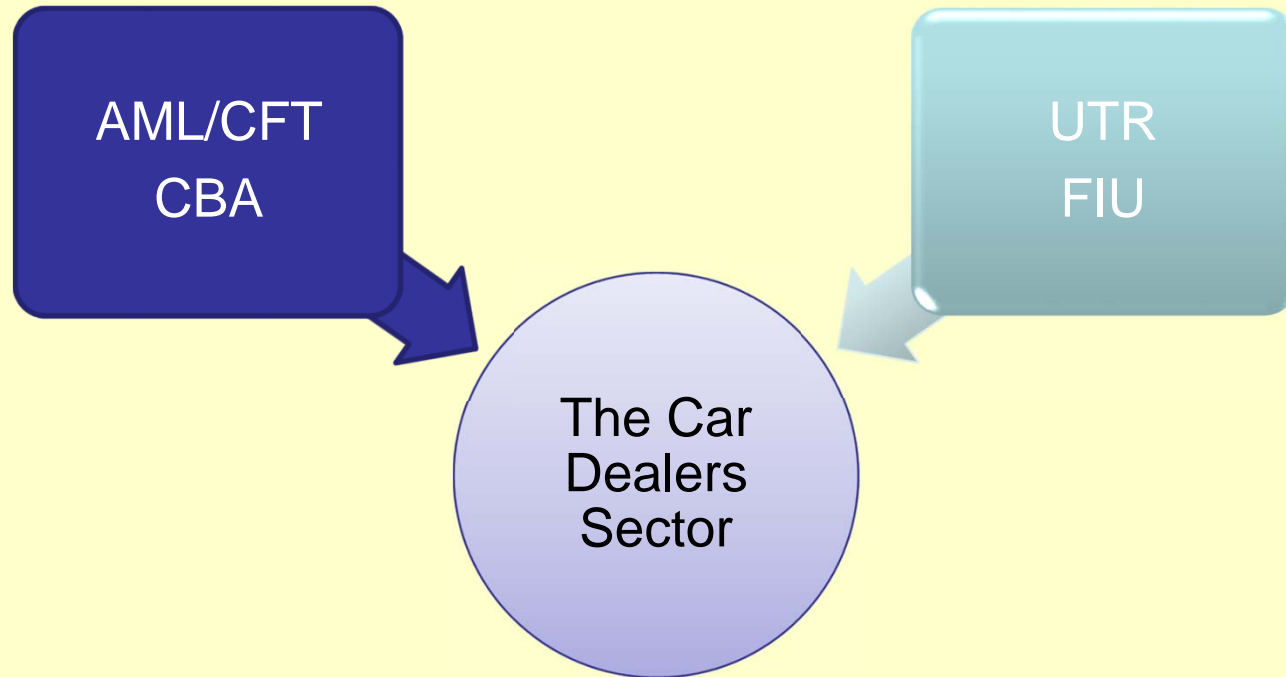
Party independent of the car dealer

- Qualified
- Frequency
- Incorporate high risks

• Evaluation



Regulation Authorities



Sanctions State Ordinance 2006



What are Sanctions?

- Sanctions are political instruments (e.g. UN / EU);
- They play a role in the fight against terrorism.

What is your role?

- Institutions must take adequate measures to ensure that they comply with the requirements set out in the sanction decrees.

How do you comply?

- Institutions must ascertain whether the entities listed in the sanction decrees do not form part of their customer base;
- In case of a “hit”, institutions must inform the FIU and the CBA immediately and freeze the assets (insofar applicable).



SUPERVISION



Supervision tools

- On-site examination
- Off-site examination
- www.cbaruba.org



“The application of each tool depends on the available market information at the time”



MEASURES



Examples:



THANK YOU



Thank You



QUESTIONS

