



Second Follow-Up Report

Grenada

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GRENADA – SECOND FOLLOW-UP REPORT

I. Introduction

1. This report presents an analysis of Grenada’s report to the CFATF Plenary regarding progress made to correct the deficiencies identified in its third round Mutual Evaluation Report. The third round Mutual Evaluation Report of Grenada was adopted by the CFATF Council of Ministers in May 2009 in Trinidad and Tobago. Grenada was placed on enhanced follow-up and required to report every Plenary. Grenada’s first follow-up report was presented at the Plenary in October 2009. No report was submitted to the Plenary in May 2010. Grenada has submitted information in the attached matrix on measures taken since the Mutual Evaluation to comply with the examiners’ recommendations. Grenada was rated partially compliant or non-compliant on 10 Core and Key Recommendations and 27 other Recommendations. The Core and Key Recommendations are indicated in italics in the table below.

Table 1; Ratings of Core and Key Recommendations

| Rec. | 1 | 3 | 4 | 5 | 10 | 13 | 23 | 26 | 35 | 36 | 40 | I | II | III | IV | V |
|--------|----|----|---|----|----|----|----|----|----|----|----|----|----|-----|----|----|
| Rating | PC | LC | C | NC | LC | NC | PC | LC | PC | C | LC | PC | NC | NC | NC | PC |

2. With regard to the remaining Recommendations, Grenada was rated partially compliant or non-compliant on twenty-six (26) as indicated below:

Table 2: Non Core and Key Recommendations rated Partially Compliant and Non-Compliant

| Partially Compliant (PC) | Non-Compliant (NC) |
|---|---|
| R. 14 (Protection & no tipping-off) | R. 6 (Politically exposed persons) |
| R. 17 (Sanctions) | R. 7 (Correspondent banking) |
| R. 20 (Other NFBP & secure transactions) | R. 8 (New technologies & non face-to-face business) |
| R. 25 (Guidelines & Feedback) | R. 9 (Third parties and introducers) |
| R. 30 (Resources, integrity and training) | R. 11 (Unusual transactions) |
| R. 31 (National co-operation) | R. 12 (DNFBP – R.5,6,8-11) |
| R. 32 (Statistics) | R. 15 (Internal controls, compliance & audit) |
| R. 35 (Conventions) | R. 16 (DNFBP – R.13-15 & 21) |
| | R. 18 (Shell banks) |
| | R. 19 (Other forms of reporting) |
| | R. 21 (Special attention for higher risk countries) |
| | R.22 (Foreign branches & subsidiaries) |
| | R. 24 (DNFBP – regulation, supervision and monitoring) |
| | R. 33 (Legal persons – beneficial owners) |
| | R. 34 (Legal arrangements – beneficial owners) |
| | SR. VI (AML requirements for money value transfer services) |

| | |
|--|--|
| | SR. VII (Wire transfer rules) |
| | SR. VIII (Non-profit organizations) |
| | SR. IX (Cross-border Declaration & Disclosure) |

3. The following table gives some idea of the level of risk in the financial sector by indicating the size and integration of the sector in Grenada. Figures on the percentage of assets that are foreign owned were not available.

**Table 3: Size and integration of Grenada's financial sector
As at July 2010**

| | | Banks | Other Credit Institutions* | Securities | Insurance | TOTAL |
|-------------------------------|----------------------|-------------------|----------------------------|-------------|-------------|-------------|
| Number of institutions | Total # | 5 | 15 | 1± | 23 | 44 |
| Assets | US\$ | 1,031.1m | 119m. | | 80.8m* | 1,230.9m |
| Deposits | Total: US\$ | 863.3m | 95m. | | n.a+ | 958.3m |
| | % Non-resident | 17.1% of deposits | n.a | | n.a | 15.3% |
| International Links | % Foreign-owned: | % of assets | % of assets | % of assets | % of assets | % of assets |
| | #Subsidiaries abroad | n.a | n.a | n.a | n.a | n.a |

* Estimate

+ Not applicable

± Securities firm in process of winding -up

II. Summary of progress made by Grenada

4. Since the MER, the authorities in Grenada have begun to assess the various means to achieve compliance. The main focus of the authorities is instituting changes in the legal framework including consolidation of previous statutes, legislative amendments to specific laws and proposals for new legislation. A Legal Drafter has been engaged in reviewing the relevant statutes and draft legislation is being prepared. This process is almost complete and draft legislation will be presented to Parliament shortly.

Core Recommendations

Recommendation 1

5. The authorities have advised that the recommendation for pursuing money laundering as a stand-alone offence has been dealt with in a draft bill and Anti-Money Laundering Guidelines (Guidelines) which have been gazetted and their use is mandatory by all financial institutions. However, copies of these Guidelines have not been submitted to the Secretariat, so verification was not possible. No action has been taken on the recommendation for the amendment of the Drug Abuse (Prevention and Control) Act (DAPCA) to include all narcotic drugs and psychotropic substances listed in Tables I and II of the Vienna Convention. With regard to extending the range of predicate offences for money laundering to include all the FATF designated categories a policy decision has to be taken before specific legislation on the relevant

offences can be drafted. Given the above all the examiners' recommendations remain outstanding.

Recommendation 5

6. The recommendations include making the Guidelines mandatory and enforceable, CDD measures in cases of suspicion of ML or TF, or doubts about previously obtained CDD, regulation or legislative amendments to verify that anyone acting on behalf of a customer is so authorized, verification of the identity of customers, understand the ownership and control structure of customers, determine the natural persons who ultimately own the customers, etc.

7. The authorities advise that the Guidelines incorporated CDD measures and that regulation 8 of the Proceeds of Crime (Anti-Money Laundering) Regulations makes complying with the Guidelines mandatory. However, it should be noted that this was already indicated in the MER where it was stated that the Attorney General at the time advised the team of advisors that the Guidelines were not legally enforceable and paragraph 60 of the Guidelines stated "these Guidelines are not mandatory or exhaustive".

8. In relation to the recommendation for the verification of customers, the authorities have referred to the specific measures being incorporated in the Guidelines. However, as already noted the Guidelines at the time of the MER were considered not enforceable, therefore all measures in the Guidelines do not comply with the FATF criteria which are required to be enforceable. The Secretariat has been informed that revised Guidelines are due to be completed by the end of 2010 and until such revision makes provision for them to be enforceable CDD measures incorporated will not be in compliance with the examiners' recommendations. As such, this Recommendation remains outstanding.

Recommendation 13

9. With regard to the recommendation that the range of predicate offences for ML be extended to include all FATF categories of offences, the authorities have advised that a policy decision is to be taken before specific legislation on the offences can be drafted. The other recommendations include making the reporting of suspicious transactions relating to TF mandatory, legislatively requiring the reporting of attempted suspicious transactions and those involving tax matters. While the authorities have advised that requirements for the reporting of suspicious transactions are included in the Guidelines, these are not enforceable as required by the FATF criteria. As such this Recommendation remains outstanding.

Special Recommendation II and IV

10. The authorities have advised that the examiners' recommendations are to be incorporated in the Terrorism Act. These Recommendations remain outstanding.

Key Recommendations

Recommendations 23

11. The authorities have advised that discussions concerning the examiners' recommendation about the Eastern Caribbean Central Bank (ECCB) reviewing its inspection program to ensure effective compliance of its licensees with AML/CFT obligations are planned to determine

specific measures. Measures making money value transfer service operators subject to effective systems for monitoring and ensuring compliance with AML/CFT requirements are being put in place.

12. The authorities have referred to subsection (5)(2)(3) of the Grenada Authority for the Regulation of Financial Institution Act 2008 (GARFIN Act) as meeting the examiners' recommendation for the enactment of fitness and probity checks on the directors, shareholders and management of the licensees of Grenada Authority for the Regulation of Financial Institution (GARFIN). However, the referenced subsection deals with fitness and probity checks on the directors of GARFIN rather than on the directors, shareholders and management of the licensees of GARFIN. Similar requirements for the licensees of the Eastern Caribbean Securities Regulatory Commission (ECSRC) are not in place. As such, all examiners' recommendations remain outstanding.

Recommendation 35

13. The authorities advise that specific legislation will be drafted to extend the range of predicate offences for ML and criminalise all activities in accordance with relevant articles of the UN Conventions. The examiners' recommendations remain outstanding.

Special Recommendation I

14. The authorities have advised that further discussions are planned to determine specific measures to implement UN Resolutions S/RES/1267/(1999) and S/RES/1373(2001). As such, the examiners' recommendation remains outstanding.

Special Recommendation III and V

15. The authorities have advised that the examiners' recommendations are to be incorporated in the Terrorism Act. These Recommendations remain outstanding.

Other Recommendations

Recommendation 6

16. The authorities have referred to Appendix Q of the Guidelines with regard to the examiners' recommendations for the establishment of appropriate risk management systems to determine whether a potential customer is a politically exposed person (PEP). However, since the Guidelines are not enforceable, the requirements of Appendix Q do not satisfy the examiners' recommendations. All examiners' recommendations remain outstanding.

Recommendation 7

17. The authorities have advised that the examiners' recommendations will be addressed in revised Guidelines. All examiners' recommendations remain outstanding.

Recommendation 8

18. The authorities have advised that the examiners' recommendations will be addressed in revised Guidelines. All examiners' recommendations remain outstanding.

Recommendation 9

19. The authorities have referred to cited paragraphs of the Guidelines in relation to the recommendation for financial institutions to be required to immediately obtain from introducers necessary information concerning certain elements of the CDD process. However, as already mentioned the Guidelines are not considered enforceable. With regard to the other recommendations, the Guidelines are to be updated to address the relevant concerns. As such all the examiners' recommendations remain outstanding.

Recommendation 11

20. The authorities advise that provisions in the draft Proceeds of Crime Bill 2010 address the examiners' recommendation for financial institutions to be required to examine the background and purpose of all complex, unusual large transactions or unusual patterns of transactions. Reference is made to section 48 of the Proceeds of Crime Act 2003 (POCA 2003) in relation to this recommendation, however it was noted in the MER that section 48 of POCA 2003 only required financial institutions to pay attention to complex, unusual large transactions or unusual patterns of transactions and did not include the requirement to examine the background and purpose of these transactions. Reference is also made to Appendix E of the Guidelines, however, it is noted that this Appendix deals with suspicious transactions and not specifically complex, unusual large transactions.

21. With regard to the examiners' recommendations for the retention of the written findings from the review of complex, unusually large or unusual patterns of transactions, the authorities indicated paragraph 106 of the Guidelines which were not submitted with the follow-up report and regulation 5(1)(4) of the Proceeds of Crime (Anti-Money Laundering) Regulations 2003. Regulation 5(1)(4) requires the retention of records relating to the opening of an account and transactions and does not include records of the written findings from the review of complex, unusually large or unusual patterns of transactions. Given the above, all the examiners' recommendations remain outstanding.

Recommendation 12

22. No information was submitted with regard to the examiners' recommendations which therefore remain outstanding.

Recommendation 14

23. The examiners' recommendations have been adopted and incorporated into the draft revised Proceeds of Crime Bill 2010. This Recommendation remains outstanding.

Recommendations 15

24. The examiners' recommendations required the imposition of enforceable obligations on financial institutions in accordance with FATF criteria for Recommendation 15. The authorities' response deals only with procedures that financial institutions have implemented to meet some of the recommendations. No action by the authorities implementing enforceable measures have been reported. As such, the examiners' recommendations remain outstanding.

Recommendation 16

25. The examiners noted that specific recommended actions stipulated for Recommendations 13 to 15 and 21 were also applicable to DNFBPs under Recommendation 16. The authorities have advised that specific legislation to deal with the issues can be drafted. With regard to the

recommendation for specific training and/or awareness programs to educate DNFBCs about AML/CFT requirements, the Supervisory Authority is to initiate training in this area. As a consequence, all examiners' recommendations remain outstanding.

Recommendation 17

26. The examiners' recommendation that the authorities amend the POCA and the Money Laundering (Prevention) Act (MLPA) to ensure that sanctions are consistent and broad in range has not been addressed.

Recommendation 18

27. The authorities advise that the examiners' recommendations will be addressed by legislative amendments. Consequently, the examiner's recommendations remain outstanding.

Recommendations 19

28. Further discussions are planned by the authorities to deal with the examiners' recommendation for the consideration of the feasibility and utility of implementing a currency threshold reporting system. This Recommendation remains outstanding.

Recommendation 20

29. The authorities have advised that a policy decision on whether AML/CFT obligations will be applied to non- financial businesses and professions other than DNFBCs will be tabled to Cabinet before the end of 2010.

Recommendation 21

30. The authorities have advised that the Guidelines will be revised to imposed mandatory requirements for financial institutions to pay special attention to business relationships and transactions from or in countries which do not or insufficiently apply the FATF Recommendations. The other examiners' recommendations are to be addressed by legislative amendments. The examiners' recommendations remain outstanding.

Recommendation 22

31. The examiners' recommendations include all the essential criteria of Rec. 22. While the authorities acknowledge that there is an indigenous bank in Grenada, they are of the view that these requirements are only applicable to the head offices of the subsidiary banks in Grenada. However, the existence of an indigenous bank in Grenada validates the imposition of the criteria of Rec. 22. The examiners' recommendations remain outstanding.

Recommendation 24

32. The authorities have advised that they are considering drafting specific legislation before the end of 2010 addressing the examiners' recommendations for a designated competent authority for monitoring and ensuring compliance of DNFBCs with AML/CFT obligations and subjecting dealers in precious metals and precious stones to AML/CFT requirements. Consequently, the examiners' recommendations remain outstanding.

Recommendation 25

33. The examiners' recommendation concerning the FIU providing consistent feedback on filed suspicious transaction reports is addressed in a draft FIU Bill. The Guidelines will be revised to include specific instructions for combating the financing of terrorism. Until the implementation of these measures, the examiners' recommendations remain outstanding.

Recommendation 30

34. Further discussions are planned by the authorities to deal with the examiners' recommendations. This Recommendation remains outstanding.

Recommendation 31

35. The authorities advise that public education will be included in the responsibility of the Supervisory Authority. Information on the implementation of this matter will have to be submitted. This recommendation remains outstanding.

Recommendation 32

36. Further discussions are planned by the authorities to deal with the examiners' recommendations. This Recommendation remains outstanding.

Recommendation 33

37. Authorities advise that further discussions are planned to determine specific measures to address the examiners' recommendation concerning bearer shares issued under the International Companies Act.. While reference is made to sections 149 to 156 of the Companies Act providing for financial disclosure these sections do not require companies to submit information on beneficial ownership as stated in the examiners' recommendation. Reference is made to the Companies Regulations No. 2 of 1995 with regard to timely notification of changes of particulars of a company. However, no copy of said legislation was provided for verification. As such, all examiners' recommendations remain outstanding.

Recommendation 34

38. The authorities have advised that further discussions are planned to determine specific measures for the examiners' recommendations which therefore remain outstanding.

Special Recommendation VI

39. Further discussions are planned by the authorities to deal with the examiners' recommendation requiring legislation for money services providers that meets FATF standards. The authorities advise that systems for monitoring MVT service operators and requiring them to maintain a current list of their agents are already in place, however no information on these measures was provided for the follow-up report. Consequently, the examiners' recommendations remain outstanding.

Special Recommendation VII

40. The authorities advise that further discussions were planned to determine specific measures to address the examiners' recommendation for the implementation of enforceable measures in accordance with the requirements of SR. VII and to establish a regime to effectively monitor the compliance of financial institutions. The examiners' recommendation remains outstanding.

Special Recommendation VIII

41. The examiners' recommendations include mandatory registering of NPOs, a review of the adequacy of laws governing NPOs, outreach to the NPO sector, an effective NPO supervisory regime, record keeping and retention requirements and development of investigative expertise in NPOs. While the authorities assert that NPOs must be registered under the Companies Act, this statute has not been submitted for the follow-up report so no verification was possible. As such, the examiners' recommendations remain outstanding.

Special Recommendation IX

42. The authorities advise that a declaration system with a threshold of US\$10,000 has been implemented for incoming passengers at Maurice Bishop International Airport. Additionally, ION scanners capable of detecting whether an individual was in contact with drugs are in use at the same airport. These measures comply with the examiners' recommendations to implement a declaration system to be used in conjunction with the disclosure system and the increased use of specific technical expertise such as canine units, x-rays and scanners. Information regarding the results of such measures i.e. number of declaration forms and persons or drugs uncovered by the scanners should be submitted to demonstrate effectiveness in future follow-up reports.

43. In accordance with an examiner recommendation the authorities advise that Customs officials are trained in the use of passenger screening systems to analyze behaviour of potential currency carriers as part of standard operating procedures. Training in counterfeit currency identification has been provided by the Royal Grenada Police Force (RGPF) to Customs personnel and future training from the FIU is planned. Ongoing training in combating money laundering and terrorist financing for Customs officials is also carried out. While these measures are in accordance with examiners' recommendations, details as to the dates of training and numbers of personnel trained would aid in assessing implementation.

44. In addition to the above, the authorities advise that the examiners' recommendation for penalties under the Customs Ordinance to be amended to make them more dissuasive has been adopted and incorporated in the draft Customs Bill 2010 which is due to be enacted by the end of the year. Finally, Customs, the FIU, the RGPF and the Office of the Director of Public Prosecutions have a close working relationship and meet from time to time.

45. The above measures address most of the examiners' recommendations. The outstanding recommendations are the requirement for Customs to report all incidences of currency interdiction where untrue disclosure/declarations are made to the FIU, penalties under the Customs Ordinance should be made more dissuasive, ensuring that the making of false declarations/disclosures are strict liability offences and Customs exploring the involvement of airline and vessel senior management in currency interdiction operations. As such there has been substantive implementation of the examiners' recommendations.

III. Conclusion

46. Since the finalization of the MER in May 2009, the authorities in Grenada have sought to implement measures to deal with some of the examiners' recommendations. As noted above, the main focus of the authorities in Grenada are measures designed to change the AML/CFT legislative framework either by amending or drafting legislation. This process is well advanced and legislation should be enacted shortly. Further discussions are planned to determine measures for those recommendations that have not been addressed. Except for one instance, all recommendations remain outstanding. It is therefore recommended that Grenada remain on enhanced follow-up and be required to report to the next Plenary on measures to implement recommendations in the MER.

**Matrix with Ratings and Follow Up Action Plan 3rd Round Mutual Evaluation
Grenada**

| Forty Recommendations | Rating | Summary of factors underlying rating | Recommended Actions | Undertaken Actions |
|--|--------|--|--|---|
| Legal systems | | | | |
| 1. ML offence | PC | <ul style="list-style-type: none"> • The list of psychotropic substances in DAPCA is not in accordance with the list under the Vienna Convention • The list of predicate offences for ML does not cover five (5) of the FATF's designated category of offences, particularly trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy or terrorist financing offence of providing or receiving money or other property in support of terrorist acts. • The low number of ML convictions suggests ineffective use of ML provisions given the wide range of measures available under the legislation. | <ul style="list-style-type: none"> • The authorities should consider pursuing ML as a stand-alone offence. • Schedules I to III of DAPCA should be amended to include all narcotic drugs and psychotropic substances listed in Tables I and II of the Vienna Convention. • The authorities should extend the range of predicate offences for ML to include all the FATF designated categories of offences i.e. trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy and the terrorist financing offence of providing or receiving money or other property in support of terrorist acts. | <p>Part IV (s.125-127) of the draft Bill deals specifically with this offence Anti-Money Laundering Guidelines has been Gazetted and its use is mandatory by all financial institutions</p> <p>Policy decision to be taken before specific legislation on these offences can be drafted</p> |
| 2. ML offence – mental element and corporate liability | LC | <ul style="list-style-type: none"> • The low number of money laundering convictions suggest ineffective use of ML provisions | <ul style="list-style-type: none"> • The authorities should consider consolidating the three pieces of legislation governing money laundering. Having the MLPA, POCA 1992 and POCA 2003 in force with differing penalties for ML and definitions for certain key terms will give rise to confusion and has affected the ability of law enforcement and prosecutorial authorities to aggressively pursue ML offences. | <p>The first draft of the Proceeds of Crime Bill 2010 and the Financial Intelligence Unit Bill 2010 has been drafted and presented by the Consultant, and is being perused by the Ministry of Legal Affairs. It is expected that the draft Bills will be tabled before Parliament by the end of 2010.</p> |
| 3. Confiscation and provisional measures | LC | <ul style="list-style-type: none"> • Ineffective implementation of the forfeiture and freezing regime. | <ul style="list-style-type: none"> • Given the high rate of drug-related offences occurring in Grenada, authorities should place greater emphasis on the automatic confiscation mechanism following conviction available to the DPP in accordance with POCA 1992 and 2003 | <p>Clause 14 of the draft Proceeds of Crime Bill contained in Part II addresses this area</p> |

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|----------------------------|----|--|--|---|
| | | | | |
| Preventive measures | | | | |
| 5. Customer due diligence | NC | <ul style="list-style-type: none"> • CDD measures are required when there is suspicion of money laundering and only with one-off transactions • CDD measures for wire transfers are for occasional transactions over US\$10,000 rather than over the FATF US\$1,000 limit. • CDD measures are not required when there are doubts about the veracity of previously obtained due diligence • No provision to verify that any person purporting to act on behalf of the customer is so authorised, and identify and verify the identity of that person • No requirement in law or regulation for the verification of identification of customers • No provision to understand the ownership and control structure of customers that are legal persons or legal arrangement • No provision to determine the natural persons that ultimately own or control the customer • No requirement for financial institution to obtain information on the purpose and intended nature of the business relationship • No legislative provision for financial institutions to conduct ongoing due diligence to include scrutiny of transactions and ensuring that CDD documents and information are kept up-to-date | <ul style="list-style-type: none"> • Competent authorities may consider carrying out a national risk assessment to determine the risk of money laundering and terrorist financing to enable the application of reduced or simplified anti-money laundering and counter terrorist financing measures. • Competent authorities should consider making the Guidelines mandatory and enforceable with effective, proportionate and dissuasive sanctions. • Regulations or legislative amendments should be introduced to require CDD measures when there is suspicion of money laundering or terrorist financing and for occasional transactions over US\$1,000 that are wire transfers. • Regulations or legislative amendments should be introduced for financial institutions to be required to undertake CDD measures where there are doubts about the veracity or adequacy of previously obtained CDD. • Regulations or legislative amendments should be introduced for financial institutions to be required to verify that any person purporting to act on behalf of the customer is so authorised, and identify and verify the identity of that person. • Financial institutions should be legislatively required to verify the identification of customers. • Financial institutions should be required to understand the ownership and control structure of customers that are legal persons or legal arrangements • Financial institutions should be legislatively required to determine the natural persons that ultimately own or control the customer • Financial institutions should be required to obtain information on the purpose and intended nature of the | <p>CDD measures are found throughout the Anti-money Laundering Guidelines e.g. Verification of subject para.40 onwards Methods of verification para.64 onwards Para. 35 onwards (know your customer) etc. Moreover, there are best practices in place within the internal working of many financial institutions. Some have established their own 'risk assessment department' whose function to ensure that requirements of the Guidelines are adhered to. This department is headed by a Manager who is charged with the responsibility of ensuring the effective day to day operations of the department.</p> <p>Regulation 8 of the Proceeds of Crime (Anti-Money Laundering) Regulations makes complying with the Guidelines mandatory. Regulation 9 makes it an offence to carry on a business without complying with the requirements of these Regulations.</p> <p>CDD measures dealing specifically with verification are found throughout the Anti-money Laundering Guidelines</p> <p>Regulation. 4 (1) of the Proceeds of Crime (Anti-Money Laundering) Regulations addresses the issue of 'Identification procedures'. Identification and verification procedures are also currently enforced by financial institutions.</p> <p>The Anti-money Laundering Guidelines will be updated to address the issues raised relevant to this particular area</p> |

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| | | <ul style="list-style-type: none"> • No requirement for financial institutions to perform enhanced due diligence for higher risk categories of customer • The exemptions for reduced or simplified CDD measures are not justified on the basis of low risk • No requirement for financial institutions to limit simplified or reduced CDD measures to non-resident customers from countries that the authorities are satisfied are in compliance with FATF Recommendations • No provisions prohibiting simplified CDD measures whenever there is suspicion of money laundering or terrorist financing • No requirement for financial institutions to apply CDD measures to existing customers on the basis of materiality and risk. | <p>business relationship.</p> <ul style="list-style-type: none"> • Legislative amendments should be introduced to require that financial institutions and other relevant persons apply ongoing due diligence measures to their client base. This should include scrutiny of transactions and ensuring that CDD documents and information are kept up-to-date. • Financial institutions should be required to perform enhanced due diligence for higher risk categories of customers. • Financial institutions should be required to limit the application of simplified or reduced CDD measures to non-resident customers from countries that the authorities in Grenada are satisfied are in compliance with FATF Recommendations. • Simplified CDD measures should be prohibited whenever there is suspicion of money laundering or terrorist financing. • Financial institutions should be required to terminate a business relationship if the verification of a customer cannot be completed. • Financial institutions should be required to perform CDD measures on existing clients and to conduct due diligence on existing relationships at appropriate times. Financial institutions should also be required to review and consider closing existing accounts where due diligence is inadequate against the requirements of Recommendation 5. | <p>Regulation 4(1)(b) of the Proceeds of Crime (Anti-Money Laundering) Regulations Paragraph 86 of Anti-Money Laundering Guidelines addresses this issue</p> <p>Due diligence measures are undertaken by financial institutions. Compliance Officers are mandated to ensure that all documents submitted by customers is accurate, this information is verified and kept by these officers, who are responsible for this information.</p> |
| <p>6. Politically exposed persons</p> | <p>NC</p> | <ul style="list-style-type: none"> • No requirement for financial institutions to have appropriate risk management systems to determine whether a potential customer, a customer or the beneficial owner is a PEP. • No requirement for financial institutions to obtain senior management approval for establishing a business relationship with a PEP or continuing one with a customer who becomes | <ul style="list-style-type: none"> • Financial institutions should be required to have appropriate risk management systems to determine whether a potential customer, a customer or the beneficial owner is a PEP. • Financial institutions should be required to obtain senior management approval for establishing a business relationship with a PEP or continuing one with a customer who becomes a PEP. | <p>Appendix Q of the Anti-money Laundering Guidelines addresses this issue. Moreover, various financial institutions have implemented various internal guidelines and measures to strengthen their compliance in this area. For e.g. an account for a PEP will not be opened unless it is approved by the Head Office or by the Board of Directors of a financial institution. Clear guidelines are set to determine the persons who fall within this category and the treatment given to them by</p> |

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| | | <ul style="list-style-type: none"> a PEP. No requirement for financial institutions to take reasonable measures to establish the source of wealth and the source of funds of customers and beneficial owners identified as PEPs. No requirement for financial institutions to conduct enhanced ongoing monitoring on relationships with PEPs | <ul style="list-style-type: none"> Financial institutions should be required to take reasonable measures to establish the source of wealth and the source of funds of customers and beneficial owners identified as PEPs. Financial institutions should be required to conduct enhanced ongoing monitoring on relationships with PEPs. Grenada should undertake steps to sign the 2003 United Nations Convention against Corruption. | the financial institution. |
| 7. Correspondent banking | NC | <ul style="list-style-type: none"> No requirement for financial institutions to gather sufficient information about a respondent institution to understand the nature of the respondent's business and to determine from publicly available information the reputation of the institution and the quality of supervision.. No requirement for financial institutions to have written procedures to obtain and assess the anti-money laundering procedures and CDD procedures of a respondent institution. No requirement for financial institutions to obtain approval from senior management to establish new correspondent relationships in all cases. No requirement for financial institutions to document the respective AML/CFT responsibilities of each institution in cross-border correspondent relationships No requirement for financial institutions to be satisfied that respondent financial institutions have performed all the normal CDD obligations on customers who have access to "payable-through accounts" and can provide relevant customer identification data upon request | <ul style="list-style-type: none"> Financial institutions should be fully aware and document a respondent institution's circumstances: - this should include details of its business, management, regulated status and other information that may be publicly available or available upon request for the purposes of establishing a relationship. Financial institutions should be required to have written procedures to obtain and assess the anti-money laundering procedures and CDD procedures of a respondent institution. Financial institutions should be required to obtain approval from senior management to establish new correspondent relationships in all cases. Financial institutions should document the respective AML/CFT responsibilities of each institution in cross-border correspondent relationships Financial institutions should be satisfied that respondent financial institutions have performed all the normal CDD obligations on customers who have access to "payable-through accounts" and can provide relevant customer identification data upon request. | <p>The Anti-money Laundering Guidelines will be updated to address the issues raised relevant to this particular area.</p> <p>However many financial institutions have established best practices internal guidelines in this area. For example moneys are held on trust, information on the corresponding is verified, if it is determined that the correspondent bank is non-compliant then the accounts would be closed.</p> |
| 8. New technologies & non face-to-face business | NC | <ul style="list-style-type: none"> No requirement for financial institutions to have policies in place that mitigate the misuse of technological developments by money laundering and/or terrorist financing schemes. No requirement for financial institutions to have | <ul style="list-style-type: none"> Financial institutions should be required to have policies in place that mitigate the misuse of technological developments by money laundering and/or terrorist financing schemes. Financial institutions should be required to have | <p>The Anti-money Laundering Guidelines will be updated to address the deficiency relevant to this particular area.</p> <p>However various financial institutions have their own</p> |

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| | | <p>written procedures and a suitably robust risk management framework that mitigates the risks associated with non-face to face transactions. Measures for mitigating risks should include specific and effective CDD procedures that apply to non-face to face customers</p> | <p>written procedures and a suitably robust risk management framework that mitigates the risks associated with non-face to face transactions. Measures for mitigating risks should include specific and effective CDD procedures that apply to non-face to face customers.</p> | <p>internal procedure to govern this area. Documents relating to non face to face business must be original and must be notarized, and must emanate from the holder of an account at the Bank. A letter signed by the customer can be faxed to the financial institution requesting a particular transaction to be carried out; an officer at the financial institution must be able to identify the customer. However the financial institution must receive the original letter within two weeks of the receipt of the faxed letter.</p> <p>In addition some financial institutions have established their own 'risk assessment department' whose function to ensure that requirements of the Guidelines are adhered to. This department is headed by a Manager who is charged with the responsibility of ensuring the effective day to day operations of the department</p> |
| <p>9. Third parties and introducers</p> | <p>NC</p> | <ul style="list-style-type: none"> • No requirement for financial institutions relying upon a third party to immediately obtain from the third party the necessary information concerning certain elements of the CDD process (criteria 5.3 to 5.6) • No requirement for financial institutions to take adequate steps to satisfy themselves that copies of identification data and other relevant documentation relating to CDD requirements will be made available from the third party upon request without delay • No requirement for financial institutions to satisfy themselves that the third party is regulated and supervised (in accordance with Recommendations 23, 24 and 29) and has measures in place to comply with the CDD requirements set out in R.5 and R.10 • Unable to assess whether competent authorities in determining the list of countries that are recognised as having AML regimes equivalent to Grenada, used information as to whether these countries adequately applied FATF standards | <ul style="list-style-type: none"> • Financial institutions should be required to immediately obtain from introducers the necessary information concerning certain elements of the CDD process (criteria 5.3 to 5.6). • Financial institutions should be required to test agreements with third parties to ensure that CDD held satisfies the provisions of Recommendations 5 and 10. This testing should also confirm whether information can be provided by the third party without delay. • Financial institutions should be required to satisfy themselves that the third party is regulated and supervised in accordance with Recommendations 23, 24 and 29. • Competent authorities should consider the issuance of a list of jurisdictions that adequately apply the FATF Recommendations, for third parties that may operate in foreign jurisdictions. • Amendment to legislation or guidance to stipulate that the verification and identification of a client remains the responsibility of the financial institution, regardless of whether or otherwise it has relied on a third party to conduct the verification and identification of the client | <p>Anti-Money Laundering Guidelines from paragraph 56-63 covers 'reliable introductions' paragraph 64-82 covers 'methods of verification'</p> <p>Para 106 (Anti-money Laundering Guidelines) 7 years and Regulation 5 (1)(4) Proceeds of Crime (Anti-Money Laundering) Reg. No. 22 of 2003</p> <p>The Anti-Money Laundering Guidelines will be updated to address the deficiency in this area.</p> |

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| | | <ul style="list-style-type: none"> No specific provision that ultimate responsibility for customer identification and verification remain with the financial institution relying on the third party. | | |
| 10. Record keeping | LC | <ul style="list-style-type: none"> No legislation to require financial institutions to maintain records of account files and business correspondence for a period of at least five years after the completion of a business relationship. | <ul style="list-style-type: none"> Amend legislation to require financial institutions to maintain records of account files and business correspondence for a period of at least five years after the completion of a business relationship. | <p>Para 106 (Anti-money laundering guidelines) 7 years and Regulation 5 (1)(4) Proceeds of Crime (Anti-Money Laundering) Reg. No. 22 of 2003</p> <p>N.B records are kept for 7 years after the closure of an account</p> |
| 11. Unusual transactions | NC | <ul style="list-style-type: none"> No requirement for financial institutions to examine the background and purpose of large, complex and unusual transactions or unusual patterns of transactions that have no apparent or visible economic or lawful purpose and to set forth their findings in writing. No requirement to maintain written records from the findings of reviews of complex, unusually large or unusual patterns of transactions for competent authorities for at least five years | <ul style="list-style-type: none"> Guidance and legislation should be amended to require financial institutions to examine the background and purpose of all complex, unusual large transactions or unusual patterns of transactions that have no apparent or visible economic or lawful purpose and to set forth their findings in writing. Guidance and legislation should be amended to require financial institutions to retain written findings from the review of complex, unusually large or unusual patterns of transactions for no less than five years. | <p>Provisions 123-133 of the draft POCA Bill 2010 and section 48 of POCA 2003 addresses anti-money laundering issues. Guidance is also found at para 87-105 up to reporting to the FIU. Appendix E of the Guidelines set out an internal report form when there is a suspicious transaction (<i>which includes reasons by reporting officer why transaction was regarded as suspicious or not</i>). Appendix F set out the form for a disclosure to the FIU.</p> <p>Each financial institution have its own internal guidelines to deal with unusual transactions, e.g. persons are required to fill out 'source of funds' forms once the deposit/transaction is in excess of US \$10,000.00 for individual customers. These forms are in the custody of the compliance officer, whose job it is to verify the information provided by the customer.</p> <p>Para 106 (Anti-money laundering guidelines) 7 years and Regulation 5 (1)(4) Proceeds of Crime (Anti-Money Laundering) Reg. No. 22 of 2003</p> |
| 12. DNFBP – R.5, 6, 8-11 | NC | <ul style="list-style-type: none"> Dealers in precious metals and precious stones are not included in the AML/CFT regime Deficiencies identified for financial institutions with regard to Recs. 5, 6, 8 to 11 are also applicable to DNFBPs. Lack of awareness of requirements by DNFBP resulting in ineffective implementation of AML/CFT obligations | <ul style="list-style-type: none"> Deficiencies identified for financial institutions with regard to Recs. 5, 6, 8 to 11 are also applicable to DNFBPs. Specific recommendations in the relevant sections of this report will also apply to DNFBPs. Authorities should consider specific training and/or awareness programs to educate DNFBPs about AML/CFT requirements Dealers in precious metals and precious stones should be subject to AML/CFT requirements in accordance with FATF standards | |

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| 13. Suspicious transaction reporting | NC | <ul style="list-style-type: none"> • The obligation to submit suspicious transaction reports does not apply to the proceeds of all FATF predicate offences. • Requirement to report STRs relating to the financing of terrorism is discretionary and does not include funds used for terrorism or by terrorist organisations or those who finance terrorism • No requirement to report all suspicious transactions including attempted transactions regardless of the amount of the transaction. • No requirement to report suspicious transactions regardless of whether they are thought, among other things to involve tax matters. • The reporting of suspicious transactions is ineffective. | <ul style="list-style-type: none"> • The authorities should extend the range of predicate offences for ML to include all the FATF designated categories of offences by criminalising trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy and the terrorist financing offence of providing or receiving money or other property in support of terrorist acts. • The TA should be amended to make the reporting of suspicious transactions relating to financing of terrorism mandatory and include funds used for terrorism or by terrorist organisation or those who finance terrorism • All suspicious transactions, including attempted transactions should be legislatively required to be reported regardless of the amount of transaction • The requirement to report suspicious transactions should apply regardless of whether they are thought, among other things to involve tax matters. | <p>Policy decision to be taken before specific legislation on these offences can be drafted.</p> <p>The Anti-money Laundering Guidelines/legislation needs updating to address</p> <p>The reporting of suspicious transactions is covered in the Anti-money Laundering Guidelines. Paragraph 92-99 'reporting suspicious transactions'. Paragraphs 100-105 'Reporting to the FIU'. It should be noted that even though the customer did not complete the transaction with the financial institution, it can still be reported to the FIU as 'suspicious', if so determined by the compliance officer. A financial institution is granted a 14 day period within which to file a report of a suspicious transaction.</p> |
| 14. Protection & no tipping-off | PC | Tipping off offence does not include disclosure of the fact that a STR concerning money laundering is being reported or provided to the FIU | <ul style="list-style-type: none"> • The POCA, 2003 should be amended to extend the tipping off offence to include disclosure of the fact that a STR concerning money laundering is being reported or provided to the FIU | This recommendation should be incorporated in the draft POCA 2010 Bill |
| 15. Internal controls, compliance & audit | NC | <p>No requirement for financial institutions to establish and maintain internal procedures, policies and controls to prevent money laundering and financing of terrorism.</p> <p>The requirement for financial institutions to develop appropriate compliance management arrangements which include at a minimum the designation of an AML/CFT compliance officer at management level is not enforceable.</p> <p>The requirement for AML/CFT compliance officer and other appropriate staff to have timely access to customer identification data and other CDD information, etc is not enforceable.</p> | <ul style="list-style-type: none"> o All financial institutions should be required to establish and maintain internal procedures, policies and controls to prevent money laundering and financing of terrorism. o The requirement for financial institutions to develop appropriate compliance management arrangements which include at a minimum the designation of an AML/CFT compliance officer at management level should be enforceable. o The requirement for AML/CFT compliance officer and other appropriate staff to have timely access to customer identification data and other CDD | <p>Various financial institutions have their own internal procedures and guidelines to ensure compliance in this area. For e.g. compliance officers are hired to ensure that the institution is functioning in accordance with the Guidelines.</p> <p>Training is provided for staff in this area which covers topics such as 'a basic introduction to money laundering', 'money laundering legislation – The Proceeds of Crime Act 2003; The Proceeds of Crime (Anti-Money Laundering Regulations 2003 and The Anti-Money Laundering Guidelines 2003, 'The risks associated with money laundering' etc.....</p> <p>Some financial institutions have independent auditors</p> |

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| | | <p>No requirement for financial institutions to maintain an adequately resourced and independent audit function to test compliance with the procedures, policies and controls.</p> <p>No requirement for financial institutions to train all staff on an ongoing and regular basis to ensure that employees are aware of money laundering and terrorist financing mechanisms, as well as the requirements of anti-money laundering and counter-terrorist financing laws and their obligations under these laws.</p> <p>The requirement for financial institution to put in place screening procedures to ensure high standards when hiring employees is not enforceable.</p> | <p>information, etc should be enforceable.</p> <ul style="list-style-type: none"> ○ Financial institutions should be required to maintain an adequately resourced and independent audit function to test compliance with the procedures, policies and controls. ○ All financial institutions should be required to train all staff on an ongoing and regular basis to ensure that employees are aware of money laundering and terrorist financing mechanisms, as well as the requirements of anti-money laundering and counter-terrorist financing laws and their obligations under these laws. ○ The requirement for financial institution to put in place screening procedures to ensure high standards when hiring employees should be enforceable | <p>who are hired as consultants who test the institution's compliance in this area.</p> |
| 16. DNFBP – R.13-15 & 21 | NC | <ul style="list-style-type: none"> • Dealers in precious metals and precious stones are not included in the AML/CFT regime • Deficiencies identified for financial institutions with regard to Recs. 13 to 15 and 21 are also applicable to DNFBPs. • Lack of awareness of requirements by DNFBP resulting in ineffective implementation of AML/CFT obligations | <ul style="list-style-type: none"> • Deficiencies identified for financial institutions with regard to Recs. 13 to 15 and 21 are also applicable to DNFBPs. Specific recommendations in the relevant sections of this report will also apply to DNFBPs. • Authorities should consider specific training and/or awareness programs to educate DNFBPs about AML/CFT requirements • Dealers in precious metals and precious stones should be subject to AML/CFT requirements in accordance with FATF standards | <p>Specific legislation can be drafted to cover these areas.</p> <p>Supervisory Authority to initiate training in this area</p> |
| 17. Sanctions | PC | <ul style="list-style-type: none"> • Sanctions under the POCA and MLPA are inconsistent in severity. Additionally, the application of sanctions has to go through the courts and no broad range of sanctions are available for breaches of statute | <ul style="list-style-type: none"> • Authorities should amend the POCA and the MLPA to ensure that sanctions are consistent and broad in range | |
| 18. Shell banks | NC | <ul style="list-style-type: none"> • No provision to prevent the establishment of a shell bank. • No provision applicable to financial institutions to prevent them from entering into or continuing correspondent relationships with shell banks. | <ul style="list-style-type: none"> • Legislative amendments should be effected to prohibit the establishment and licensing of a shell bank. The amendment should also require an entity licensed under the Offshore Banking Act, 2003 to have its mind and management within Grenada. • Amend legislative provisions to prevent financial institutions from entering into or continuing | <p>Legislation should be amended to include these recommendations</p> |

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| | | <ul style="list-style-type: none"> No requirement for financial institutions to satisfy themselves that correspondent financial institutions in a foreign country do not permit their accounts to be used by shell banks. | <p>correspondent relationships with shell banks.</p> <p>Amend legislation to require financial institutions to satisfy themselves that correspondent financial institutions in a foreign country do not permit their accounts to be used by shell banks.</p> | |
| 19. Other forms of reporting | NC | <ul style="list-style-type: none"> The authorities have not considered the feasibility and utility of implementing a system where financial institutions report all transactions in currency above a fixed threshold to a national central agency. | <ul style="list-style-type: none"> Competent authorities should consider the feasibility and utility of implementing a system where financial institutions report transactions in currency above a prescribed threshold to a centralised national authority. | Further discussions were planned to determine specific measures |
| 20. Other NFBP & secure transaction | PC | <ul style="list-style-type: none"> Unable to assess whether consideration has been given to apply FATF recommendations to non-financial businesses and professions other than DNFBPs | | To be tabled to Cabinet for policy decision before the end of 2010 |
| 21. Special attention for higher risk countries | NC | <ul style="list-style-type: none"> Requirement for financial institutions to pay special attention, to business relationships and transactions with persons from or in countries which do not or insufficiently apply the FATF Recommendations is not enforceable. No measures to ensure that financial institutions are advised of concerns about the weaknesses in the AML/CFT systems of other countries. No requirement for financial institutions to examine transactions with no apparent economic or visible lawful purpose from countries which do not or insufficiently apply the FATF Recommendations and make written findings of such available to assist competent authorities. Authorities in Grenada are not able to apply appropriate counter-measures where a country continues not to apply or insufficiently applies the FATF Recommendations | <ul style="list-style-type: none"> Mandatory requirements should be imposed on financial institutions to pay special attention, to business relationships and transactions with persons from or in countries which do not or insufficiently apply the FATF Recommendations. Effective measures should be put in place to ensure that financial institutions are advised of concerns about the weaknesses in the AML/CFT systems of other countries. Financial institutions should be required to examine transactions with no apparent economic or visible lawful purpose from countries which do not or insufficiently apply the FATF Recommendations and make written findings of such available to assist competent authorities. Authorities in Grenada should be empowered to apply appropriate counter-measures where a country continues not to apply or insufficiently applies the FATF Recommendations | <p>The Anti-money Laundering Guidelines will be updated to address the issues raised relevant to this particular area.</p> <p>Legislation should be amended to include these recommendations</p> |
| 22. Foreign branches & subsidiaries | NC | <ul style="list-style-type: none"> The requirement for financial institutions to ensure that their foreign branches and subsidiaries observe anti-money laundering and counter terrorist financing measures consistent with Grenada is not enforceable. | <ul style="list-style-type: none"> The requirement for financial institutions to ensure that their foreign branches and subsidiaries observe anti-money laundering and counter terrorist financing measures consistent with Grenada should be enforceable. | This area does not apply to the majority of banks in Grenada (except for the one indigenous bank) because they are all subsidiaries with their head office situated outside of Grenada; this requirement is therefore for the head offices to implement. |

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| | | <ul style="list-style-type: none"> No requirement for financial institutions to pay particular attention to foreign branches and subsidiaries in countries which do not or insufficiently apply the FATF Recommendation to ensure they observe measures consistent with home country requirements and the FATF Recommendations. No requirement for branches and subsidiaries of financial institutions in host countries to apply the higher standard where minimum AML/CFT requirements of the home and host countries differ. No requirement for financial institutions to inform their home supervisor when a foreign branch or subsidiary is unable to observe appropriate anti-money laundering and counter-terrorist financing measures because it is prohibited by the host country's laws, regulations or other measures. | <ul style="list-style-type: none"> Financial institutions should be required to pay particular attention to foreign branches and subsidiaries in countries which do not or insufficiently apply the FATF Recommendation to ensure they observe measures consistent with home country requirements and the FATF Recommendations. Branches and subsidiaries of financial institutions in host countries should be required to apply the higher standard where minimum AML/CFT requirements of the home and host countries differ. Financial institutions should be required to inform their home supervisor of when a foreign branch or subsidiary is unable to observe appropriate anti-money laundering and counter-terrorist financing measures because it is prohibited by the host country's laws, regulations or other measures. | |
| 23. Regulation, supervision and monitoring | PC | <ul style="list-style-type: none"> Limited number of inspections by ECCB in the last four years is ineffective to ensure compliance of its licensees. No indication in law that fitness and probity checks on directors, shareholders, management of licensees, is a requirement for the licensees of the ECSRC. No requirement in law for fitness and probity checks on directors, shareholders, management of licensees, is a requirement for the licensees of GARFIN No supervisory regime and by extension, no reporting obligations are in place for money service business. | <ul style="list-style-type: none"> The ECCB should review its inspection program to ensure effective compliance of its licensees with AML/CFT obligations Legal provisions should be enacted for fitness and probity checks on directors, shareholders, and management of licensees of the ECSRC and GARFIN. Money value transfer service operators should be subject to effective systems for monitoring and ensuring compliance with national AML/CFT requirements | <p>Further discussions were planned to determine specific measures</p> <p>Already in place by GARFIN (s.5(2)(3) and the Banking Act section 26 Should be in place for ECSRC</p> <p>This recommendation is being put in place</p> |
| 24. DNFBP - regulation, supervision and monitoring | NC | <ul style="list-style-type: none"> Dealers in precious metals and precious stones are not included in the AML/CFT regime There is no designated competent authority with responsibility for monitoring and ensuring compliance of the DNFBPs with the AML/CFT requirements. | <ul style="list-style-type: none"> The authorities should designate a competent authority with the responsibility for monitoring and ensuring compliance of DNFBPs with AML/CFT requirements. Dealers in precious metals and precious stones should be subject to AML/CFT requirements in accordance with FATF standards | <p>Specific legislation can be drafted to cover these areas, we are also exploring the possibility of undertaking the responsibility before the end of 2010</p> |

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| 25. Guidelines & Feedback | PC | <ul style="list-style-type: none"> The FIU has not provided consistent feedback on suspicious transaction reports filed by financial institutions. Guidelines do not include instructions covering terrorist financing | <ul style="list-style-type: none"> The FIU should provide financial institutions and DNFBPs with consistent feedback on filed suspicious transaction reports. The Guidelines should include specific instructions relating to the requirements for combating the financing of terrorism | Section 6 (2) of draft FIU Bill - The Anti-Money Laundering Guidelines will be updated to address the deficiency in this area |
| Institutional and other measures | | | | |
| 26. The FIU | LC | <ul style="list-style-type: none"> Annual reports do not include analysis of typologies and trends The increasing number of ongoing investigations suggests that the FIU is not performing effectively | <ul style="list-style-type: none"> The authorities should act promptly in appointing a FIU Director. The absence of a director significantly hampers the functioning of the Unit. There should be specified grounds for the removal of the director. The annual report of the FIU should include an analysis of trends and AML/CFT typologies. The FIU along with the Supervisory Authority should consider undertaking an education drive in order to inform reporting parties and the general public on various typologies and trends and other matters related to AML/CFT. The FIU should consider reviewing its work processes so that there are unambiguous roles between analysts and investigators and in doing so consideration should be given to sourcing additional specialized training for financial intelligence analysts. | <p>Section 15 of draft FIU Bill</p> <p>Section 16 of draft FIU Bill</p> <p>Section 26 (2) of draft FIU Bill</p> <p>A slot is secured on Government Information Service (GIS) Television and “Wee FM” Radio where live weekly programming is aired; Section 6 of draft FIU Bill</p> <p>Section 9 of draft FIU Bill.</p> |
| 27. Law enforcement authorities | LC | <ul style="list-style-type: none"> The decision to postpone or waive the arrest of suspected persons and/or the seizure of money is taken on a case by case basis and is not laid down in any law or procedure | <ul style="list-style-type: none"> Competent authorities should consider developing a standard operating procedure, delineating the parameters within which they should operate when the decision is made to postpone or waive the arrest of suspected persons and/or the seizure of money or to use special investigative techniques. Greater priority should be given to the investigation of ML / TF cases by the Police and the DPP’s Office. | Further discussions were planned to determine specific measures in these areas |

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| 28. Powers of competent authorities | LC | <ul style="list-style-type: none"> Unable to assess whether the RGPF has specific legislative power to take witness statements. | | The Police Act Cap. 244 of the 1990 laws of Grenada and Judges Rules gives the RGPF general powers to investigate crime |
| 29. Supervisors | LC | <ul style="list-style-type: none"> GARFIN's powers of enforcement and sanctions are inadequate since there are no ladder of enforcement powers | <ul style="list-style-type: none"> The GARFIN Act should be amended to provide for ladder of enforcement powers | Further study of the GARFIN Act and the respective acts that it regulates because GARFIN's enforcement power does not come from the Act. They come from each individual piece of legislation which it supervises |
| 30. Resources, integrity and training | PC | <ul style="list-style-type: none"> The RGPF does not have adequate technical, financial and human resources Members of the RGPF and Office of the DPP involved in AML and CFT are not adequately trained. Integrity of RGPF is of concern due to number of officers involved in breaches of discipline and criminal activity Attorney General's office is understaffed and under-resourced | <ul style="list-style-type: none"> Grenadian authorities should consider providing additional financial and technical resources to law enforcement agencies. Authorities should consider reviewing the measures in place for ensuring that persons of high integrity and good moral character are recruited into the RGPF and that there is continuous monitoring of officers professionalism, integrity and lifestyle. Authorities should consider reviewing the training needs of the ODPP as well as RGPF. The CID which is primarily responsible for investigating financial crime is inadequately trained in that area. The authorities should consider providing additional staff and resources to the Attorney General's office. | <p>Further discussions were planned to determine specific measures in these areas.</p> <p>Currently being reviewed</p> |
| 31. National co-operation | PC | <ul style="list-style-type: none"> There are no effective mechanisms in place to allow policy makers to cooperate with each other | <ul style="list-style-type: none"> The Supervisory Authority should be given the legal authority to bring together the various authorities on a regular basis to develop and implement policies and strategies to tackle ML and TF. The provision of public education on issues of ML and TF should be added to their responsibilities. | Public education to be included in responsibility of Supervisory Authority |
| 32. Statistics | PC | <ul style="list-style-type: none"> No established mechanism for the review of the effectiveness of Grenada's AML/CFT systems No information about spontaneous referrals made by the FIU to foreign authorities Statistics on the total number of cross-border disclosures or the amount of currency involved were not available. Statistics submitted do not contain sufficient information on mutual legal assistance requests | <ul style="list-style-type: none"> The Supervisory Authority may wish to consider setting up a secretariat to monitor the implementation of Grenada's AML/CFT Regime. The authorities should maintain statistics on spontaneous referrals made by the FIU to foreign authorities Comprehensive statistics should be maintained on all aspects of Customs and Excise operations including records of seizures; these statistics should be readily available for use by Customs and other LEAs. | Further discussions were planned to determine specific measures in these areas |

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| | | | <ul style="list-style-type: none"> • It is recommended that additional technical resources be dedicated to the compilation of statistical data to provide more comprehensive and timely presentation of statistics • The authorities should maintain comprehensive statistics on MLA and extradition request received, made and granted. | |
| 33. Legal persons – beneficial owners | NC | <ul style="list-style-type: none"> • No measures in place to ensure that bearer shares issued under the International Companies Act are not misused for money laundering • No legislative requirement for the disclosure of beneficial ownership of companies • Insufficient resources delegated to the functions of the Registrar of Companies. • No mechanism to ensure the timely filing of annual returns. • No access to current information on companies' beneficial ownership to competent authorities due to the failure of companies to file annual returns. • No legislation requires the filing or notification of changes to the particulars, including beneficial ownership, of companies. | <ul style="list-style-type: none"> • Appropriate measures should be taken to ensure that bearer shares issued under the ICA are not misused for money laundering. • There should be statutory requirements for the provision of information on the beneficial ownership of companies. • Adequate resources should be delegated to the functions of the Registrar of Companies and Intellectual Property. • A mechanism should be developed to ensure the timely filing of annual returns as well as the timely access by competent authorities and other relevant parties to the current information on companies' beneficial ownership. • Legislative amendments should be introduced to require the timely notification of any changes in the beneficial ownership of companies, along with changes to other particulars. | <p>Further discussions were planned to determine specific measures in these areas.</p> <p>The Corporate Affairs and Intellectual Property Office No. 19 of 2009 has been established to deal specifically with intellectual property which has the meaning assigned to it under the Convention establishing the World Intellectual Property Organisation signed in 1967. The office is staffed with various personnel trained in this field and is headed by a newly appointed Registrar of Companies who has the functions of the Registrar under the Companies Act.. Under the Companies Act (s.149-156) addresses the issue of 'financial disclosure'</p> <p>The Companies Regulations No. 2 of 1995 provides for a notice of change of address directors, registered office etc.. any change in particulars must be filed at the CAIP office, the legislation provides for</p> |
| 34. Legal arrangements – beneficial owners | NC | <ul style="list-style-type: none"> • No system of central registration or national registry where records of local trust are kept • No requirement for the filing/keeping of adequate and accurate information on the beneficial ownership and control of local trusts • The requirement for trust service providers to obtain, verify and retain records of the details of | <ul style="list-style-type: none"> • Authorities should put in place measures for the registration and monitoring of local trusts in accordance with FATF requirements. • Authorities should consider including adequate and accurate information on the beneficial ownership and control of trusts as part of the registration process for local trusts | <p>Further discussions were planned to determine specific measures in these areas</p> |

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| | | trusts or other similar legal arrangements in the Guidelines is not enforceable. | | |
| International Co-operation | | | | |
| 35. Conventions | PC | <ul style="list-style-type: none"> All designated categories of offences are not adequately addressed in the range of predicate offences Not all relevant articles of the Conventions have been fully implemented | <ul style="list-style-type: none"> The authorities should extend the range of predicate offences for ML to accord with the FATF Designated Categories of Offences. The authorities should amend relevant legislation to cover all the activities required to be criminalised in accordance with the Conventions | Specific legislation will be drafted to address these offences |
| 38. MLA on confiscation and freezing | LC | <ul style="list-style-type: none"> There is no provision under MLACMA for the tracing and restraining of instrumentalities intended for use in the commission of an offence. The authorities should establish arrangements for coordinating seizure and confiscation actions with other jurisdictions. There are no asset-sharing arrangements in place between Grenada and other countries. | <ul style="list-style-type: none"> Grenadian authorities should consider putting in place mechanisms for the determining of the best venue for the prosecution of defendants when issues of dual jurisdictional conflict arise. The MLACMA should be amended to include provisions for the tracing and restraining of instrumentalities intended for use in the commission of an offence. The authorities should establish arrangements for coordinating seizure and confiscation actions with other jurisdictions. The authorities should consider making arrangements with other countries for the sharing of funds forfeited and seized. | <p>Further discussions were planned to determine specific measures in these areas</p> <p>Section 14 & 15 of MLACMA deals with this area</p> |
| 40. Other forms of co-operation | LC | <ul style="list-style-type: none"> The EIA and the FIUA do not address whether requests are refused on the sole ground that it is considered to involve fiscal matters. | <ul style="list-style-type: none"> Consideration should be given to making amendments to FIUA and the EIA to state specifically that requests should not be refused on the sole ground that the request pertains to fiscal matters | |
| Nine Special Recommendations | | Summary of factors underlying rating | | |
| SR.I Implement UN instruments | PC | <ul style="list-style-type: none"> No requirement to freeze terrorist funds or other assets of person in accordance with UN Resolutions (S/RES/1267(1999) and (S/RES/1373(2001)). | <ul style="list-style-type: none"> The authorities should implement the United Nations Security Council Resolutions relating to the prevention and suppression of terrorist financing (S/RES/1267(1999) and S/RES/1373(2001). | Further discussions were planned to determine specific measures in these areas |

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| <p>SR. II Criminalise terrorist financing</p> | <p>NC</p> | <ul style="list-style-type: none"> • Criminalisation of terrorist financing does not include all offences in the Annex to the Terrorist Financing Convention. • The terrorist financing offences do not cover the provision/collection of funds for an individual terrorist. • The terrorist financing offence of fund-raising is not subject to any sanctions and therefore is not a predicate offence for money laundering. • The terrorist financing offence of fund-raising does not apply regardless of whether the person alleged to have committed the offence is in the same country or a different country from the one in which the terrorist/terrorist organization is or the terrorist act occurred/will occur. • Effectiveness of terrorist financing regime is difficult to assess in light of the absence of investigations, prosecutions and convictions for FT | <ul style="list-style-type: none"> • Schedule 2 of the TA should be amended to include the treaties on the Convention on the Physical Protection of Nuclear Material and the International Convention for the Suppression of Terrorist Bombing. • The TA should be amended to include the terrorist financing offences of the provision/collection of funds for an individual terrorist. • The TA should be amended to provide sanctions for the terrorist financing offence of providing or receiving money or other property in support of terrorist acts. • The TA should be amended to provide for the terrorist financing offence of fund-raising to apply regardless of whether the person alleged to have committed the offence is in the same country or a different country from the one in which the terrorist/terrorist organization is or the terrorist act occurred/or will occur | <p>Terrorism Act should be recommended to incorporate these recommendations</p> |
| <p>SR.III Freeze and confiscate terrorist assets</p> | <p>NC</p> | <ul style="list-style-type: none"> • No provision in TA for the freezing of property other than restraint orders • No provision for freezing of terrorist funds or other assets of designated persons in accordance with S/RES/1267(1999) and S/RES/1373(2001). • No provision in TA to provide for the confiscation of property used in connection with the commission of the terrorist financing offence of fund-raising under section 8 of TA. • No mechanism available where victims of offences committed under the TA are compensated consistent with Article 8 of the Terrorist Financing Convention. | <ul style="list-style-type: none"> • The TA should be amended to allow for the freezing of terrorist funds or other assets of persons designated by the United Nations Al-Quaida and Taliban Sanctions Committee in accordance with S/RES/1267(1999). • The TA should be amended to provide for the freezing of terrorist funds or other assets of person designated in the context of S/RES/1373(2001). • The Taliban should be added as a proscribed organisation under the TA. • The authorities should issue clear guidance to financial institutions concerning their obligations in taking action for freezing accounts in relation to the circulated lists of terrorists. • The TA should contain procedures for the de-listing | <p>TA should be recommended to incorporate these recommendations</p> |

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| | | <ul style="list-style-type: none"> No clear guidance issued to financial institutions concerning their obligations in taking action for freezing accounts in relation to the circulated lists of terrorists and/or terrorist organisations. No publicly-known procedure for the de-listing of names of proscribed organisations and terrorists listed in the Schedule to the TA No procedures for authorising access to funds or other assets that were frozen via restraint orders, necessary for basic expenses and the payment of certain types of fees in accordance with S/RES/1452(2002). Difficult to assess effectiveness of mechanism for ensuring compliance with TA due to lack of statistics | <ul style="list-style-type: none"> of names of proscribed organisations and terrorists listed in the Schedule to the TA. The TA should be amended to provide for the authorising of access to funds or other assets that were frozen via restraint orders, necessary for basic expenses and the payment of certain types of fees in accordance with S/RES/1452(2002). The TA should be amended to provide for the confiscation of property used in connection with the commission of the terrorist financing offence of fund-raising under section 8 of TA. The TA should be amended to provide a mechanism where victims of offences committed under the TA are compensated consistent with Article 8 of the Terrorist Financing Convention. | |
| SR.IV Suspicious transaction reporting | NC | <ul style="list-style-type: none"> Requirement to report STRs relating to the financing of terrorism is discretionary and does not include funds used for terrorism or by terrorist organisations or those who finance terrorism No requirement to report all suspicious transactions including attempted transactions regardless of the amount of the transaction. No requirement to report suspicious transactions regardless of whether they are thought, among other things to involve tax matters. | <ul style="list-style-type: none"> The TA should be amended to make the reporting of suspicious transactions relating to financing of terrorism mandatory and include funds used for terrorism or by terrorist organisation or those who finance terrorism. All suspicious transactions, including attempted transactions should be legislatively required to be reported regardless of the amount of transaction The requirement to report suspicious transactions should apply regardless of whether they are thought, among other things to involve tax matters | TA should be recommended to incorporate these recommendations |
| SR.V International co-operation | PC | <ul style="list-style-type: none"> Not all FT offences are covered by mutual legal assistance mechanisms The terrorist financing offence of fund-raising is not an extraditable offence The provision/collection of funds for an individual terrorist is not an offence and is not extraditable. | <ul style="list-style-type: none"> The provision/collection of funds for an individual terrorist should be criminalized under the TA. The TA should be amended to include penalties that are proportionate and dissuasive for the terrorist financing offence of fund-raising. The provision/collection of funds for an individual | TA should be recommended to incorporate these recommendations |

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| | | | terrorist should be criminalised under TA. | |
| SR VI AML requirements for money/value transfer services | NC | <ul style="list-style-type: none"> No systems in place for monitoring MVT service operators and ensuring that they comply with the FATF Recommendations Deficiencies noted with regard to Recs. 4-11, 13-15 and 21-23 are also applicable to MVT service operators No requirement for licensed or registered MVT operators to maintain a current list of their agents to be made available to the designated competent authority Sanctions applicable with regard to GARFIN's supervisory function are not proportionate or dissuasive. | <ul style="list-style-type: none"> Legislation for money services providers that meets the FATF requirements should be enacted. Introduce systems for monitoring MVT service operators and ensuring that they comply with the FATF Recommendations. Licensed MVT service operators should be required to maintain a current list of their agents to be made available to the designated competent authority. <p>GARFIN's supervisory sanctions should be made proportionate and dissuasive</p> | <p>Further discussions were planned to determine specific measures in these areas</p> <p>Already in place</p> <p>Already in place.</p> |
| SR VII Wire transfer rules | NC | <ul style="list-style-type: none"> No requirement for ordering financial institutions to obtain and maintain full originator information for all wire transfers of US\$1,000 and above No requirement for ordering financial institutions to include full originator information along with cross-border and domestic wire transfers No requirement for intermediary and beneficiary financial institutions in the payment chain to ensure that all originator information that accompanies a wire transfer is transmitted with the wire transfer No requirement for beneficiary financial institutions to adopt effective risk-based procedures for identifying and handling wire transfers that are not accompanied by complete originator information. | <ul style="list-style-type: none"> The authorities should institute enforceable measures in accordance with all the requirements of SRVII and establish a regime to effectively monitor the compliance of the financial institutions with said enforceable measures. | <p>Further discussions were planned to determine specific measures in these areas</p> |
| SR.VIII Non-profit organisations | NC | <ul style="list-style-type: none"> Registering of NPOs is not mandatory. No review has been undertaken of the adequacy of domestic laws in relation to non-profit organisations (NPOs) to determine whether they | <ul style="list-style-type: none"> The authorities should make the registering of NPOs mandatory. The authorities should undertake a review of the adequacy of domestic laws in relation to non-profit | <p>Non profits companies must be registered in Grenada under the Companies Act No. 35 of 1994 (section 326-327) deals specifically with non profit companies. All documents relating to Non profits organizations are</p> |

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| | | <p>are (i) susceptible to being used by terrorist organisations or (ii) particularly vulnerable to terrorist activities.</p> <ul style="list-style-type: none"> • No outreach to NPOs to protect the sector from terrorist financing abuse. • No effective supervisory regime to monitor non-compliance and sanction violations of oversight measures. • No record keeping and retention requirements for NPOs. • No investigative expertise with regard to examining NPOs suspected of either being exploited by or actively supporting terrorist activity. | <p>organisations (NPOs) to determine whether they are (i) susceptible to being used by terrorist organisations or (ii) particularly vulnerable to terrorist activities.</p> <ul style="list-style-type: none"> • The authorities should undertake outreach to the NPO sector with a view to protecting the sector from terrorist financing abuse. • An effective supervisory regime should be established to monitor non-compliance and sanction violations of oversight measures. • Record keeping and retention requirements should extend to NPOs. <p>Authorities should develop investigative expertise with regard to examining NPOs suspected of either being exploited by or actively supporting terrorist activity.</p> | <p>filed at the Corporate and Intellectual Property Office</p> |
| <p>SR.IX Cross Border Declaration & Disclosure</p> | <p>NC</p> | <ul style="list-style-type: none"> • Penalty for false disclosure/declaration is not dissuasive • Domestic cooperation between customs and other agencies is insufficient • Information-sharing among Customs and other law enforcement authorities is inadequate. • Customs' participation in AML/CFT is not sufficient • Unable to assess whether systems for reporting cross-border transactions are subject to strict safeguards. • Unable to assess effective of disclosure system due to insufficient statistics | <ul style="list-style-type: none"> • Customs should consider implementing a declaration system to be used in conjunction with the disclosure system for incoming and outgoing passengers. The threshold should not be higher than EUR/US15000.00 • Consideration should be given to the increased use of specific technical expertise such as canine units (that can sniff for concealed currency), x-rays and scanners. These activities should be well funded. • Customs should explore the involvement of airline and vessel senior management in currency interdiction operations. • Customs officials should be trained in the use passenger screening systems to analyse behaviour, appearance and communication style of potential currency carriers. In so doing baseline questions should be identified to identify red flags. • Authorities should review legislation concerning the making of false disclosures/declarations to ensure that these are strict liability offences. • Penalties under the Customs Ordinance should be amended with the aim of making them dissuasive | <p>A declaration system has been implemented at Maurice Bishop International Airport. The declaration forms covers (incoming) passengers the threshold is US \$10,000.00</p> <p>ION Scanners (mobile equipments) are in use at Maurice Bishop International Airport, it is used to detect whether an individual was in contact with drugs. Grenada is in the process of sourcing canine dogs to assist in this area</p> <p>Customs officials are trained as part of their standard operating procedure in this area.</p> <p>This recommendation has been adopted and implemented in the draft Customs Bill 2010 which</p> |

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| | | | <ul style="list-style-type: none"> • Consideration should be given for the provision of training in counterfeit currency identification to Customs Personnel, especially those working the ports. • Customs should consider fostering closer relationships with the FIU, the RGPF and ODPP • There is a need for increased participation by the Customs Department in combating money laundering and terrorist financing. • Customs Authorities should also give consideration to reporting all incidences of currency interdictions where untrue disclosures/declarations are made to the FIU, whether or not administrative or criminal proceedings are being considered. | <p>should be passed by the end of the year</p> <p>Training has been provided to customs officials in this area by the Royal Grenada Police Force, and additional training will soon be provided by the FIU</p> <p>These organizations have a close working relationship and do meet from time to time</p> <p>Customs officials receives ongoing training in this area</p> |
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