



# Fifth Follow-Up Report

## Grenada

### May 2012

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## **GRENADA – FIFTH 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 (MER). 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 expedited 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 submitted reports in November 2010, May 2011 and November 2011. Grenada has submitted information in the attached matrix on measures taken since the Fourth Follow-Up Report 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**

<b>Rec.</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>10</b>	<b>13</b>	<b>23</b>	<b>26</b>	<b>35</b>	<b>36</b>	<b>40</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b>Rating</b>	<b>PC</b>	<b>LC</b>	<b>C</b>	<b>NC</b>	<b>LC</b>	<b>NC</b>	<b>PC</b>	<b>LC</b>	<b>PC</b>	<b>C</b>	<b>LC</b>	<b>PC</b>	<b>NC</b>	<b>NC</b>	<b>NC</b>	<b>PC</b>

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**

<b>Partially Compliant (PC)</b>	<b>Non-Complaint (NC)</b>
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)

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	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.

**Table 3: Size and integration of Grenada's financial sector  
As at January 31, 2012**

		<b>Banks</b>	<b>Other Credit Institutions*</b>	<b>Securities</b>	<b>Insurance</b>	<b>TOTAL</b>
<b>Number of institutions</b>	Total #	5	15		23	43
<b>Assets</b>	US\$	1,074.6m	131m.		129m*	1,334.6m
<b>Deposits</b>	Total: US\$	891.4m	99m.		n.a+	990.4m
	% Non-resident	16.9% of deposits			n.a	
<b>International Links</b>	% Foreign-owned:	% of assets	% of assets	% of assets	% of assets	% of assets
		81%				
	#Subsidiaries abroad					

\* Estimate

+ Not applicable

## II. Summary of progress made by Grenada

4. Since the MER, the authorities in Grenada began to assess the various means to achieve compliance. The main focus of the authorities was instituting changes in the legal framework including consolidation of previous statutes, legislative amendments to specific laws and proposals for new legislation. As a result of this process the Money Services Business Act 2009 (MSBA) was enacted in April 2009 and the Insurance Act No 5 of 2010 (IA) in December 2009. Since the Follow-Up Report of November 2011, the Proceeds of Crime Act, 2012 (POCA) was enacted in January, 2012, followed by the Proceeds of Crime (Anti-Money Laundering and Terrorist Financing) Regulations, 2012 (POCAMLTFR), the Financial Intelligence Unit Act, 2012 (FIUA), and the Terrorism Act (TA) in February 2012. At the same time on February 17, 2012, the Proceeds of Crime (Anti-Money Laundering and Terrorist Financing) Guidelines (AMLTF Guidelines) were issued by the Anti-Money Laundering and Combating Terrorism Financing Commission (the Commission) as per section 32(1) of POCA. These statutes and guidelines provide for measures which address a large number of the outstanding examiners' recommended actions resulting from Grenada's MER. This report will analyze the pertinent measures with a view to assess compliance with the examiners' recommended actions under the relevant Recommendations..

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### Core Recommendations

#### Recommendation 1

**Examiners' Rec.** - *The authorities should consider pursuing ML as a stand-alone offence*

5. Sections 34 of the POCA criminalises the knowing or suspected facilitation whether by concealment, removal from Grenada, transfer or other means, the acquisition, retention, use or control of the proceeds of criminal conduct by or of a person or by or on behalf of another person. Additionally section 35 of the POCA also makes it an offence for a person to acquire, transfer or use property or have possession in whole or in part of property which directly or indirectly represents his or another person's proceeds of criminal conduct. Proceeds of criminal conduct are defined in POCA to mean benefit from criminal conduct which is defined to include drug trafficking or any relevant offence. The above definition should allow for money laundering to be prosecuted without the need for a conviction on a predicate offence. Until such time as the authorities provide information as to such prosecutions and convictions, this recommendation remains partially outstanding.

**Examiners' Rec.** - *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.*

6. Under the Drug Abuse (Prevention and Control) (Amendment) Order, 2011 made by the Minister of Health on June 15, 2011 pursuant to the powers conferred by sections 3(2) and (3) of the Drug Abuse (Prevention and Control) Act, 1992 (DAPCA), Part III of Schedule I of the DAPCA was repealed and replaced by Tables I and II of the Vienna Convention. This measure fully complies with the examiners' recommendation.

**Examiners' Rec.** - *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.*

7. Money laundering as set out in sections 34 and 35 of the POCA, involves dealing with proceeds of criminal conduct. Proceeds of criminal conduct are defined in section 2 of the POCA to include benefit from drug trafficking or any relevant offence. A relevant offence is further defined to include any offence falling within the "designated category of offences" outlined under the FATF Recommendations and contained in the Schedule attached to POCA.

8. The list of designated offences as set out in the referenced Schedule consist of all FATF designated categories of offences including trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy and terrorist financing as detailed in the examiners' recommendation. However, it was indicated in the MER that there was no legislation criminalizing these offences which would be a prerequisite for making them predicate offences for money laundering as required by FATF standards. It is noted that terrorist financing in particular the offence of providing or receiving money or other property in support of terrorist acts is criminalized in section 19 of the TA 2012, Listing the other offences in the Schedule in POCA 2012 without providing legal reference for the criminalization of these offences therefore does not comply with the examiner's recommendation, Except for the terrorism offence this recommendation is outstanding.

### Recommendation 5

**Examiners' Rec.** - *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.*

9. The authorities indicate that sections 21 and 22 of Part III of the AMLTF Guidelines provide for customer due diligence (CDD) measures including enhanced CDD. It is noted that the explanation sections of section 21 provides guidance with the applicability of the risk based CDD approach by financial institutions, entities or professionals. There is no indication in the AMLTF Guidelines that a national risk assessment was conducted and used to enable the application of reduced or simplified anti-money laundering and counter terrorist financing measures. As such, this recommendation remains outstanding..

**Examiners' Rec.** - *Competent authorities should consider making the Guidelines mandatory and enforceable with effective, proportionate and dissuasive sanctions*

10. As noted above the Commission issued the AMLTF Guidelines under section 32(1) of POCA. According to section 32(2) of POCA the AMLTF Guidelines are applicable to entities regulated by the Commission, entities designated as vulnerable to money laundering and terrorist financing by the Commission, and professionals engaged in preparing or carrying out transactions for their clients concerning the following:

- i. The buying and selling of real estate
- ii. Managing client monies, securities or other assets
- iii. The management of bank, savings or securities accounts
- iv. The organization of contributions for the creation, operation or management of companies
- v. The creation, operation or management of legal persons or arrangements
- vi. The buying and selling of business entities: and
- vii. Any other activity relating or incidental to any of the matters outlined in (i) to (vi)

11. Additionally, section 4 of the AMLTF Guidelines specifies that every entity and professional is subject to the AMLTF Guidelines. The definitions of entity and professional as set out in section 2 of the AMLTF Guidelines with reference to sub-regulation 2(1) of the POCAMLTFR include all financial institutions and the categories of DNFBPs and their relevant activities as required by the FATF.

12. With regard to sanctions for breaches of the AMLTF Guidelines section 32(4) of POCA stipulates a penalty on summary conviction of a fine not exceeding EC \$25,000 (US \$9,250) or a term of imprisonment not exceeding two years or both. Additionally, section 59 of the AMLTF Guidelines provides for administrative penalties for specific breaches listed in Schedule IV of the AMLTF Guidelines. These penalties are fines ranging from EC \$1,500 (US \$550) to EC \$10,500 (US\$3,880) for corporate entities and EC \$250 (US\$93) to EC \$5,500 (US\$2,035) for individuals. These measures allowing for a range of penalties provides for proportional

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application, however the amounts are not dissuasive particularly when compared with the sanctions available under POCA which include on summary conviction a fine of EC \$500,000 or imprisonment for a term of three years or both and on conviction on indictment an unlimited fine or imprisonment for a term not exceeding ten years. As such while the AMLTF Guidelines are mandatory and enforceable in Grenada, the penalties are not considered dissuasive. This recommendation has only been partially satisfied.

13. Additionally, it should be noted for FATF requirements that the AMLTF Guidelines are not considered other enforceable means since its sanctions are not considered dissuasive. As such, provisions in the AMLTF Guidelines cannot satisfy FATF compliance requirements even though they are in exact accordance with FATF standards. ”.

***Examiners’ Rec.*** - 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

14. Subsection 21(4)(c) of the AMLTF Guidelines requires an entity to undertake CDD when there is suspicion of money laundering or terrorist financing irrespective of any exemption or threshold that may be referred to in the AMLTF Guidelines. It is noted that this requirement is applicable only to entities and does not include professionals. The above recommendation is part of the asterisked essential criterion 5.2 and in accordance with the FATF Methodology needs to be implemented by laws, decrees or regulations issued or authorized by a legislative body. The above measure is incorporated in the AMLTF Guidelines issued by the Commission and therefore does not comply. This recommendation remains outstanding.

***Examiners’ Rec.*** - 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.

15. Subsection 21(4) (e) of the AMLTF Guidelines requires an entity to undertake customer due diligence when the entity has doubts about the veracity or adequacy of previously obtained customer identification data. It is noted that this requirement is applicable only to entities and does not include professionals. While this measure complies with the letter of the examiners’ recommendation, this requirement is an asterisked obligation in the FATF methodology and needs to be enacted in law or regulations to comply with FATF standards. Consequently, this recommendation remains outstanding.

***Examiners’ Rec*** - 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 authorized, and identify and verify the identity of that person.

16. Subsection 21(3)(f) of the AMLTF Guidelines stipulates that customer due diligence requires that entities and professionals to verify that a person who purports to act on behalf of an applicant for business or a customer, which is a legal person or a partnership, trust or other legal arrangement is so authorized and to identify and verify the person’s identity. It is noted that in the AMLTF Guidelines, customer due diligence is first defined and then stipulated for certain circumstances. However, only entities are required to implement customer due diligence in subsection 21(4) of the AMLTF Guidelines. Professionals appear to have been excluded in error. As noted above, while the measure complies with the letter of the examiners’ recommendation, this requirement is an asterisked obligation in the FATF methodology and needs to be enacted in law or regulations to comply with FATF standards. Consequently, this recommendation remains outstanding.

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***Examiners' Rec*** - Financial institutions should be legislatively required to verify the identification of customers

17. Subsection 21(3) (a) of the AMLTF Guidelines defines customer due diligence to require an entity or a professional to inquire into and identify the applicant for business, or the intended customer, and verify the identity. The concerns as noted above with the definition of customer due diligence and its imposition only to entities in subsection 21(4) of the AMLTF Guidelines are also applicable. Additionally, the shortcoming with regard to this being an asterisked FATF requirement is also appropriate. Consequently, this recommendation remains outstanding.

***Examiners' Rec*** - Financial institutions should be required to understand the ownership and control structure of customers that are legal persons or legal arrangements

18. Subsection 21(5) (d) of the AMLTF Guidelines requires that where an applicant for business or customer is the trustee of a trust or a legal person, additional due diligence to be undertaken should include determining in the case of a legal person, the ownership of the legal person and, where the legal person is a company, details of any group of which the company is a part, including details of the ownership of the group. It is noted that the above measure is limited to ownership and does not include the control structure of legal persons or legal arrangements. . As already noted the AMLTF Guidelines are not considered other enforceable means since its sanctions are not considered dissuasive. As such, while the above measure does partially incorporate the examiners' recommendation in relation to ownership, it does not comply with FATF requirements since the AMLTF Guidelines are not considered other enforceable means. Consequently this recommendation remains outstanding.

***Examiners' Rec*** - Financial institutions should be legislatively required to determine the natural persons that ultimately own or control the customer

19. With regard to the above recommendation the authorities have referred to subsection 21 (3) (a) of the AMLTF Guidelines which defines customer due diligence to require an entity or a professional to inquire into and identify the applicant for business, or the intended customer, and verify the identity. However this measure only imposes a requirement to identify and verify the identity of a customer and does not specify that entities and professionals determine who are the natural persons that ultimately own or control the customer, particularly in the case of legal persons and legal arrangements. It should be noted that this requirement should be implemented either in law or regulation since it is an asterisked criterion under Recommendation 5. This recommendation remains outstanding.

***Examiners' Rec*** - Financial institutions should be required to obtain information on the purpose and intended nature of the business relationship

20. Subsection 21(3) (b) of the AMLTF Guidelines defines customer due diligence to require an entity or a professional to obtain information on the purpose and intended nature of the business relationship. The concerns as noted above with the definition of customer due diligence and its imposition only to entities in subsection 21(4) of the AMLTF Guidelines are also applicable. Additionally, as already noted the AMLTF Guidelines are not considered other enforceable means since its sanctions are not considered dissuasive. Therefore this measure does not comply with FATF requirements and the recommendation remains outstanding.



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**Examiners' Rec** - *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*

21. Subsection 21(3) (e) of the AMLTF Guidelines defines customer due diligence to require an entity or a professional to conduct, where a business relationship exists, an ongoing monitoring of that relationship and the transactions undertaken for purposes of making an assessment regarding consistency between the transactions undertaken by the customer and the circumstances and business of the customer. As already noted this measure as part of the AMLTF Guidelines does not comply with FATF standards. It should be noted that the requirement for financial institutions and other relevant persons to apply ongoing due diligence has to be enacted in law or regulations while the requirement for scrutiny of transactions and ensuring that CDD documents and information are kept up-to-date can be implemented either by law, regulation or other enforceable means. This recommendation remains outstanding.

**Examiners' Rec** - *Financial institutions should be required to perform enhanced due diligence for higher risk categories of customers.*

22. Subsection 22(2) of the AMLTF Guidelines requires every entity or professional to engage in enhanced customer due diligence in its or his dealings with an applicant for business or a customer who, or in respect of a transaction which, is determined to be a higher risk applicant for business or customer, or transaction, irrespective of the nature or form of the relationship or transaction. The above measure, as part of the AMLTF Guidelines, does not comply with FATF standards. This recommendation remains outstanding.

**Examiners' Rec** - *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.*

23. The authorities have cited subsection 21(6) (h) of the AMLTF Guidelines which stipulates that an entity in adopting a risk-based approach may determine customers or transactions that it considers carry low risk in terms of the business relationship, and to make such a determination, the entity may take into account that the applicant for business or customers are resident in foreign jurisdictions which the Commission is satisfied are in compliance with and effectively implement the FATF Recommendations. The above measure establishes a criterion for determining low risk rather than imposing a requirement limiting the application of simplified or reduced CDD measures. As such, this recommendation remains outstanding.

**Examiners' Rec** - *Simplified CDD measures should be prohibited whenever there is suspicion of money laundering or terrorist financing*

24. With regard to the above recommendation the authorities have cited subsection 22(2) of the AMLTF Guidelines which requires every entity and professional to engage in enhanced customer due diligence for higher risk customers or transactions. This measure does not address any of the requirements of the above recommendation which therefore remains outstanding.

***Examiners' Rec*** - *Financial institutions should be required to terminate a business relationship if the verification of a customer cannot be completed*

25. Subsection 25(5)(c)(i) of the AMLTF Guidelines stipulates that where an entity or a professional establishes a business relationship and is unable to carry out the required customer due diligence or, as the case may be enhanced customer due diligence requirements in respect of the applicant for business, the entity or professional shall terminate the business relationship. While this measure complies with the stated requirements of the recommendation, as part of the AMLTF Guidelines, it does not meet FATF standards. Consequently this recommendation remains outstanding.

***Examiners' Rec*** - *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*

26. The above recommendation has not been addressed in law regulation or the AMLTF Guidelines and therefore remains outstanding.

### **Recommendation 13**

***Examiners' Rec.*** – *The authorities should extend the range of predicate offences for ML to include all the FATF designated categories of offences by criminalizing 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.*

27. As noted under Recommendation 1 in this report the list of designated offences as set out in the Schedule attached to POCA consist of all FATF designated categories of offences including trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy and terrorist financing as detailed in the examiners' recommendation. However, the recommendation requires the criminalization of these offences which would be a prerequisite for making them predicate offences for money laundering as required by FATF standards. It is noted that terrorist financing in particular the offence of providing or receiving money or other property in support of terrorist acts is criminalized in section 19 of the TA 2012, Listing the other offences in the Schedule in POCA 2012 without providing legal reference for the criminalization of these offences therefore does not comply with the examiner's recommendation, Except for the terrorism offence this recommendation is outstanding..

***Examiners' Rec.*** - *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*

28. Section 25 of the TA 2012, criminalises the failure to disclose information by any person in the regulated and public sectors who knows or suspects or has reasonable grounds for knowing or suspecting that another person has committed an offence under sections 19 to 22 of TA 2012. Disclosure is to be made to a police officer or a nominated officer. Sections 19 to 22 details terrorist financing offences. While section 19 of the TA 2012 criminalizes the offence of providing or receiving money or other property in support of terrorist acts, funding of terrorist

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organizations or those who finance terrorism has not been criminalized and therefore are not part of the suspicious transaction reporting. As such, this recommendation has only been partially met.

**Examiners' Rec** – *All suspicious transactions including attempted transactions should be legislatively required to be reported regardless of the amount of transaction.*

**Examiners' Rec.** – *The requirement to report suspicious transactions should apply regardless of whether they are thought among other things to involve tax matters.*

29. The above recommendations have not been addressed by the authorities and therefore remain outstanding.

### Special Recommendation II

**Examiners' Rec.** – *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*

30. The above recommendation resulted from the definition of terrorist act as set out in previous TA not including offences under the treaties on the Convention on the Physical Protection of Nuclear Material and the International Convention for the Suppression of Terrorist Bombing as required by Article 2 of the Terrorist Financing Convention. It is noted that the present TA which replaces the previous Act not only does not include offences from the recommended Conventions but also appears to have excluded the other Conventions which were previously listed in Schedule 2 of the previous TA. The authorities should review the definition of terrorist act to ensure that it fully complies with Article 2 of the Terrorist Financing Convention. Consequently this recommendation remains outstanding.

**Examiners' Rec.** – *The TA should be amended to include the terrorist financing offences of the provision/collection of funds for an individual terrorist.*

31. Sections 19 to 22 of the TA criminalizes the soliciting, receiving, providing, using, possessing and arranging for property to be used for terrorist purposes. Additionally, the facilitating of the retention or control by or on behalf of another person of terrorist property is also criminalized. Terrorist property is defined in section 18 of the TA to mean property however acquired which is likely to be used for the purpose of terrorism, proceeds from the commission of acts of terrorism and proceeds of acts carried out for the purpose of terrorist acts. The above provisions specifically only criminalize the provision/collection of funds to be used for terrorism and not all funds collected for or on behalf of an individual terrorist as required by the recommendation. This recommendation remains outstanding.

**Examiners' Rec.** – *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.*

32. The terrorist financing offences set out in sections 19 to 22 of the TA include the offence of providing or receiving money or other property in support of terrorist acts. The penalties for offences under sections 19 to 22 of the TA consist of on summary conviction a fine not exceeding EC\$ 400,000 or imprisonment for four years or both and on conviction on indictment to a fine not exceeding EC \$1,000,000 or to imprisonment for thirty years or both. Imposition of these penalties complies with the examiners' recommendation.

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**Examiners' Rec.** - *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*

33. The terrorist financing offences as set out in sections 19 to 22 of the TA do not 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. This recommendation remains outstanding.

### Special Recommendation IV

**Examiners' Rec.** - *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*

34. Section 25 of the TA 2012, criminalises the failure to disclose information by any person in the regulated and public sectors who knows or suspects or has reasonable grounds for knowing or suspecting that another person has committed an offence under sections 19 to 22 of TA 2012. Disclosure is to be made to a police officer or a nominated officer. Sections 19 to 22 details terrorist financing offences. While section 19 of the TA 2012 criminalizes the offence of providing or receiving money or other property in support of terrorist acts, funding of terrorist organizations or those who finance terrorism has not been criminalized and therefore are not part of the suspicious transaction reporting. As such, this recommendation has only been partially met.

**Examiners' Rec** – *All suspicious transactions including attempted transactions should be legislatively required to be reported regardless of the amount of transaction.*

**Examiners' Rec.** – *The requirement to report suspicious transactions should apply regardless of whether they are thought among other things to involve tax matters.*

35. The above recommendations have not been addressed by the authorities and therefore remain outstanding.

### Key Recommendations

#### Recommendations 23

**Examiners' Rec.** - *The ECCB should review its inspection program to ensure effective compliance of its licensees with AML/CFT obligations.*

36. The authorities have advised that a letter has been sent to the Eastern Caribbean Central Bank (ECCB) advising that the subject of Recs. 17, 23 and 29 would be place on the agenda of the upcoming meeting of Attorneys General and Financial Secretaries and the Monetary Council since there was presently no mechanism in place to ensure that the ECCB adheres to the AML/CFT legislation having regard to ECCB's level of monitoring. Pending the outcome of this meeting this recommendation remains outstanding.

**Examiners' Rec.** - *Legal provisions should be enacted for fitness and probity checks on directors, shareholders, and management of licensees of the ECSRC and GARFIN..*

37. As noted in the Follow-Up Report of December 2010, the authorities had referred to subsection (5)(2)(3) of the Grenada Authority for the Regulation of Financial Institution Act 2008

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(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.

38. The authorities also referred to the Insurance Act No 5 of 2010 (IA) which was enacted in December 2010 as meeting the requirement with regard to fitness and probity checks on directors, shareholders and management of insurance licensees. Under the FATF Methodology, fitness and probity checks are applicable at the licensing stage and whenever changes are made in management or controlling shareholding interest. The licensing procedures as set out in sections 13 and 14 of the IA require proposed directors and management of an applicant including the principal representative of foreign company to meet fit and proper requirements as set out in section 201 of the IA. Significant shareholders i.e. those that control twenty percent or more of shareholding are required to be suitable. No definition of suitable is given in the IA.

39. Under sections 201 and 202 of the IA, directors, officers and managers of local insurance companies and principal representatives of foreign insurance companies are subject by GARFIN to assessment of fit and proper status in accordance with criteria specified in section 201(2) of the IA. In determining whether a person is fit and proper, section 201(2) of the IA requires consideration of a person's probity, competence, soundness of judgment, diligence, previous conduct in business or financial matters, history of offences involving fraud or other dishonesty and business practices appearing to be deceitful, oppressive or improper. The above provisions while establishing fitness and probity checks on directors and management of insurance companies does not include controlling shareholders as required by the examiners' recommendation.

40. With regard to fitness and probity checks for money services businesses which fall under the supervision of GARFIN section 6 of the Money Services Business Act 2009 (MSBA) establishes licensing procedures which require assessment by GARFIN of the fit and proper status of the significant shareholders, directors, executive management and officers of an applicant for a money service business licence. A significant shareholder is defined as a person who alone or with an affiliate exercises or controls ten percent or more of voting shareholding. Section 15 of the MSBA establishes similar requirements prior to the appointment of a director or senior officer of a money service business operator. No requirement is stipulate for changes in significant shareholding. The above provisions for changes after licensing do not include shareholders as required by FATF standards. The above measures are applicable to insurance companies and money service businesses which are only some of the licensees of GARFIN. The recommendation called for the enactment of fitness and probity checks on the directors, shareholders and management of all licensees of GARFIN which include insurance companies, credit unions, building societies, international business companies and money service businesses. Similar requirements for the licensees of the Eastern Caribbean Securities Regulatory Commission (ECSRC) are not in place. This recommendation has only been partially met.

***Examiners' Rec.*** - Money value transfer service operators should be subject to effective systems for monitoring and ensuring compliance with national AML/CFT requirements.

41. In the Follow-Up Report of December 2010 it was indicated that measures making money value transfer service operators subject to effective systems for monitoring and ensuring compliance with AML/CFT requirements were being put in place. The MSBA enacted in April 2009 established a legal framework for the implementation of a system for monitoring and ensuring compliance with national AML/CFT requirements by money value transfer service providers.

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42. Section 4 of the MSBA requires a person to be licensed to carry on money service business in Grenada. The MSBA stipulates licensing, reporting and accounting requirements for money services businesses. In particular, section 18(3) of the MSBA requires licensees to ensure that accounting records and systems of business controls comply with the requirements of the Money Laundering Prevention Act, 1999. Under section 40 of the MSBA, GARFIN is responsible for the administration of the Act and has powers of inspection, access to all necessary documents and records, enforcement powers, and ability to suspend and revoke a licence. The authorities advised that all operators had been properly licensed under the Act and were to be subjected to on-site inspection in the first half of 2011. An off-site supervisory framework was also being rolled out.

43. At present, the authorities advise that there are three money transfer operators in Grenada and that GARFIN has conducted inspections on all during 2011. The authorities should submit information regarding the findings of the inspections concerning AML/CFT compliance. The above demonstrates substantial compliance with the recommendation.

### **Recommendation 35**

***Examiners' Rec.** - The authorities should extend the range of predicate offences for ML to accord with the FATF Designated Categories of Offences.*

44. As noted under Recommendation 1 in this report the list of designated offences as set out in the Schedule attached to POCA consist of all FATF designated categories of offences including trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy and terrorist financing as detailed in the examiners' recommendation. However, the recommendation requires the criminalization of these offences which would be a prerequisite for making them predicate offences for money laundering as required by FATF standards. It is noted that terrorist financing in particular the offence of providing or receiving money or other property in support of terrorist acts is criminalized in section 19 of the TA 2012, Listing the other offences in the Schedule in POCA 2012 without providing legal reference for the criminalization of these offences therefore does not comply with the examiner's recommendation, Except for the terrorism offence this recommendation is outstanding.

***Examiners' Rec** - the authorities should amend relevant legislation to cover all the activities required to be criminalised in accordance with the Conventions*

45. As noted in Grenada's MER, there are no legislative provisions covering Articles 8, 10, 11 of the Vienna Convention and Articles 20 and 24 of the Palermo Convention. To date this deficiency has not been addressed by the authorities. Consequently this recommendation remains outstanding.

### **Special Recommendation I**

46. The authorities advise that measures to address UN Security Council Resolutions relating to the suppression of terrorist financing as required by the examiners' recommendation will be implemented by the third quarter of 2012. As such, the examiners' recommendation remains outstanding.

### **Special Recommendation III**

47. The authorities advise that regulations to satisfy the examiners' recommendations will be undertaken shortly after the passage of the TA. Consequently, the examiners' recommendations remain outstanding.

### **Special Recommendation V**

***Examiners' Rec** - The provision/collection of funds for an individual terrorist should be criminalized under the TA*

48. Sections 19 to 22 of the TA criminalizes the soliciting, receiving, providing, using, possessing and arranging for property to be used for terrorist purposes. Additionally, the facilitating of the retention or control by or on behalf of another person of terrorist property is also criminalized. Terrorist property is defined in section 18 of the TA to mean property however acquired which is likely to be used for the purpose of terrorism, proceeds from the commission of acts of terrorism and proceeds of acts carried out for the purpose of terrorist acts. The above provisions specifically only criminalize the provision/collection of funds to be used for terrorism and not all funds collected for or on behalf of an individual terrorist as required by the recommendation. This recommendation remains outstanding.

***Examiners' Rec.** - The TA should be amended to include penalties that are proportionate and dissuasive for the terrorist financing offence of fund-raising.*

49. The terrorist financing offences set out in sections 19 to 22 of the TA include the offence of fund-raising.. The penalties for offences under sections 19 to 22 of the TA consist of on summary conviction a fine not exceeding EC\$ 400,000 or imprisonment for four years or both and on conviction on indictment to a fine not exceeding EC \$1,000,000 or to imprisonment for thirty years or both. Imposition of these penalties complies with the examiners' recommendation

### **Other Recommendations**

#### **Recommendation 6**

***Examiner's Rec.** 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.*

***Examiner's Rec** – Financial institutions should be required to obtain senior management approval for establishing a business relationship with a PEP or continuing one with a consumer who becomes a PEP.*

***Examiners' Rec.** 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*

***Examiners' Rec.** – Financial institutions should be required to conduct enhanced ongoing monitoring on relationships with PEPs.*

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**Examiners' Rec.** – Grenada should undertake steps to sign the 2003 United Nations Convention against Corruption.

50. While all of the first four recommendations above have been included in section 24(1) of the AMLTF Guidelines it is noted that the requirement for monitoring refers to ensuring “a process of regular monitoring of the business relationship with a politically exposed person.” The recommendation as stated above refers to “enhanced ongoing monitoring” rather than “regular monitoring”. As already noted with regard to other recommendations this measure as part of the AMLTF Guidelines does not comply with FATF standards. While Grenada is a member of the Organisation of American States Convention against Corruption it still has not signed United Nations Convention against Corruption. Given the above, all of the recommendations are still outstanding.

### Recommendations 7

**Examiners' Rec.** – 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 upon request for the purposes of establishing a relationship.

**Examiners' Rec.** - 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.

**Examiners' Rec.** - Financial institutions should be required to obtain approval from senior management to establish new correspondent relationships in all cases.

**Examiners' Rec.** – Financial institutions should document the respective AML/CFT responsibilities of each institution in cross-border correspondent relationships.

**Examiners' Rec.** - 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

51. The first four recommendations above have been incorporated in section 37 of the AMLTF Guidelines. Individual recommendations are addressed in subsections 37 (1) (b), (c), (d), (f), respectively. The last recommendation is set out in section 38 of the POCAAMLTF Guidelines. Given the status of the AMLTF Guidelines, only one of the examiners' recommendations has been met.

### Recommendation 8

**Examiners' Rec.** – 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.

**Examiners' Rec.** - Financial institutions should be required to have 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.

52. The first recommendation with regard to policies in place to mitigate the misuse of technological developments by money laundering and/or terrorist financing schemes is set out in



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section 13 of the AMLTF Guidelines. Requirements for dealing with non-face to face business relationships or transactions are set out in section 31 of the AMLTF Guidelines. There is no requirement for financial institutions to have policies to address specific risks associated with non-face to face business relationships and transactions. However, financial institutions are obliged to apply the provisions of the AMLTF Guidelines relating to identification and verification to non-face to face business relationships. Additionally, where identity is verified electronically or copies of documents are relied on in relation to a non face to face application for business, an entity or a professional shall apply an additional verification check, including the enhanced CDD measures, to manage the potential risk of identity fraud. While the above measures should serve to mitigate some of the risks associated with non-face to face relationships they do not comply with the recommendation for financial institutions to have policies to address specific risks associated with non-face to face business relationships and transactions. Given that all the above measures are incorporated in the AMLTF Guidelines, the examiners' recommendations remain outstanding.

### Recommendation 9

***Examiners' Rec.*** – *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).*

53. Regulation 7(1) of the AMLTFR requires the production by the introducer of satisfactory evidence of the identity of the applicant for business. While measures for introduced business are set out in section 33 of the AMLTF Guidelines, there are no requirements for a financial institution to immediately obtain from the introducer the elements of the CDD process as set out in criteria 5.3 to 5.6. While the requirement of regulation 7(1) of the AMLTFR would entail information as to the name, address and legal status in the case of legal persons and arrangement, there is no need to obtain information on beneficial owners, the ownership and control structure and the purpose and intended nature of the business relationship. This recommendation has only been partially met,

***Examiners' Rec*** - *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.*

54. The authorities refer to sub-regulations 7(4) and 7(5) of the AMLTFR which stipulates that satisfactory evidence of the identity of an applicant for business can be a written assurance from the introducer that evidence of the identity of the applicant has been obtained in accordance with identification procedures maintained by the introducer which comply with the measures equivalent to the AMLTFR and the AMLTF Guidelines and that such evidence will be provided upon request. However, this provision does not have a requirement to test whether the written assurance is valid. As such this recommendation remains outstanding.

***Examiners' Rec.*** – *Financial institutions should be required to satisfy themselves that the third party is regulated and supervised in accordance with Recommendations 23, 24 and 29.*

55. The authorities refer to section 33 (3)(b) of the AMLTF Guidelines which stipulates that financial institutions are exempted from verification of the identity of an applicant if the introducer is a regulated person, or a foreign regulated person within the meaning of the AMLTFR. A regulated person as defined in the AMLTFR is a person who is licensed or registered to carry on a relevant business in or from within Grenada. A foreign regulated person

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is defined in the AMLTFR as an authority outside of Grenada which exercises supervisory functions that substantially correspond to the supervisory functions of the Anti-Money Laundering and Combating Terrorism Financing Commission. The above provision deals with exemption from verification of identity and does not require financial institutions to be satisfied that third parties are regulated in accordance with FATF Recommendations 23, 24 and 29. This recommendation remains outstanding.

**Examiners' Rec** – *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.*

56. Schedule II of the AMLTF Guidelines is a list of recognized jurisdictions which apply or sufficiently apply the FATF Recommendations and whose anti-money laundering and terrorist financing laws are equivalent to the provisions of the AMLTFR and the AMLTF Guidelines. While this Schedule is relevant for the examiners' requirement there is no indication in the AMLTF Guidelines that financial institutions should use the list for third parties operating in foreign jurisdictions. This recommendation is therefore partially met.

**Examiners' Rec.** – *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.*

57. It is noted that the section (iv) of the Explanation of section 33 of the AMLTF Guidelines places the ultimate responsibility for the establishing and reviewing CDD on the applicant or customer with the entity or professional. However as indicated in subsection 2(2) of the AMLTF Guidelines, Explanations are provided to serve as a guide and to afford clarity in better understanding the sections of the AMLTF Guidelines. This suggests that requirements placed in the Explanations are not legally enforceable and therefore cannot be considered mandatory. Consequently, this measure does not comply with the examiners' recommendations. Based on the above only one of the examiners' recommendations has been partially met.

### Recommendation 11

**Examiners' Rec.** - *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.*

**Examiners' Rec.** – *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.*

58. The above recommendations have been set out in subsections 15(2)(h) and 15(2)(i) of the AMLTF Guidelines. Since the AMLTF Guidelines are not other enforceable means, these recommendations are still outstanding.

### Recommendation 12

**Examiners' Rec.** - *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*

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59. It is noted that the requirements of the AMLTFR and the AMLTF Guidelines are applicable to all persons who conduct “relevant business” which has been defined in the AMLTFR to include all the DNFBPs and their activities in accordance with FATF standards. The analysis in relation to the provisions of the AMLTFR and the AMLTF Guidelines under the relevant sections of this report dealing with Recs. 5, 6, 8, 9 and 11 are also applicable to the DNFBPs.

**Examiners’ Rec.** – *Authorities should consider specific training and or awareness programs to educate DNFBPs about AML/CFT requirements.*

60. The authorities have advised that they have submitted their training needs to the CFATF which include assistance in carrying out risk assessment of DNFBPs and training workshops for DNFBPs and Inspectors. Consequently, this recommendation remains outstanding.

**Examiners’ Rec.-** *Dealers in precious metals and precious stones should be added to AML/CFT requirements in accordance with FATF standards.*

61. As noted above the requirements of the AMLTFR and the AMLTF Guidelines are applicable to all persons including all DNFBPs in accordance with the FATF standards thereby complying with the examiners’ recommendation to bring dealers in precious metals and precious stones under the AML/CFT regime.

### **Recommendation 14**

**Examiners’ Rec** – *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.*

62. Subsection 39(2) of POCA makes it an offence for a person who knows or suspects that a disclosure is being or has been made to the Financial Intelligence Unit under sections 34, 35 or 38 discloses to any other person information or any other matter concerning the matter. Sections 34, 35 and 38 of the POCA stipulate the reporting obligations for suspicious transactions related to money laundering and proceeds of criminal conduct. This provision complies fully with the examiners’ recommendation. .

### **Recommendations 15**

**Examiners’ Rec.** – *All financial institutions should be required to establish and maintain internal procedures, policies and controls to prevent money laundering and financing of terrorism.*

63. Regulation 3 of the AMLTFR requires relevant persons i.e. financial institutions and DNFBPs to maintain identification, record keeping and internal reporting procedures in accordance with regulations of the AMLTFR and internal controls and communication procedures which are appropriate for the purposes of forestalling and preventing money laundering. It is noted that the internal controls and communication procedures are limited to money laundering and do not include terrorist financing. This provision, therefore only partially complies with the examiners’ recommendations. This requirement is elaborated in section 12 of the AMLTF Guidelines where an entity or a professional is required to maintain a system of internal controls which provides appropriate policies, processes and procedures for forestalling, and preventing money laundering and terrorist financing. While this requirement includes terrorist financing, this is not considered other enforceable means and therefore does not meet the requirements for compliance with FATF standards. Consequently this recommendation remains partially compliant.

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**Examiners' Rec.** - *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.*

64. Regulation 13 of the AMLTFR requires relevant persons to appoint a Money Laundering Reporting Officer (MLRO) responsible for ensuring compliance by staff with legal AML/CFT requirements including guidelines. While there are provisions detailing qualifications for the appointment of a MLRO there is no requirement that the appointment should be at a management level. It is noted that subsection 12(3)(c) of the AMLTF Guidelines stipulates that an entity's or professional's written system of internal controls should include the designation of an individual or individuals at the level of the entity's or professional's senior management who is responsible for managing anti-money laundering and terrorist financing compliance. While this requirement complies with the letter of the examiners' recommendations it is not acceptable since it is part of the AMLTF Guidelines which are not considered other enforceable means. As such, this recommendation has only been partially met.

**Examiners' Rec.** – *The requirement for AML/CFT compliance officer and other appropriate staff to have timely access to customer identification data and other CDD information, etc should be enforceable.*

65. Sub regulation 13(2)(b) provides for the MLRO to have access to all relevant information to enable him to perform the functions given to him under the Guidelines and the AMLTFR. This provision limits access only to the MLRO and does not include other appropriate staff in accordance with the examiners' recommendation. Consequently, this provision only partially complies with the recommendation.

**Examiners' Rec.** – *Financial institutions should be required to maintain an adequately resourced and independent audit function to test compliance with the procedures, policies and controls.*

66. Section 12(4) of the AMLTF Guidelines requires entities and professionals to establish and maintain an independent audit function that is adequately resourced to test compliance, including sample testing with the written system of internal controls and other provisions of the AMLTFR and the AMLTF Guidelines. While this measure complies with the letter of the recommendation, it is not acceptable since it is part of the AMLTF Guidelines which are not considered other enforceable means. This recommendation remains outstanding.

**Examiners' Rec.** - *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.*

67. Regulation 16 of the AMLTFR requires relevant persons i.e. financial institutions and DNFBPs to provide training at least once a year to all directors, management and key staff to ensure that they are aware of the AML/CFT legal requirements in the POCA, the TA, the AMLTF Guidelines and any other AML/CFT enactments, the relevant regional and international conventions and standards of compliance, the relevant person's manual of compliance procedures or internal controls systems, their personal and the relevant person's obligations. This provision fully complies with the examiners' recommendation.

**Examiners' Rec.** - *The requirement for financial institution to put in place screening procedures to ensure high standards when hiring employees should be enforceable.*

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68. Section 51 of the AMLTF Guidelines requires an entity or professional to assess the competence and probity of its or his employees at the time of their recruitment and at any subsequent change in role and subject their competence and probity to ongoing monitoring. While this measure complies with the letter of the recommendation, it is not acceptable since it is part of the AMLTF Guidelines which are not considered OEM. This recommendation remains outstanding.

### **Recommendation 16**

***Examiners' Rec.** - 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*

69. It is noted that the requirements of the AMLTFR and the AMLTF Guidelines are applicable to all persons who conduct "relevant business" which has been defined in the AMLTFR to include all the DNFBPs and their activities in accordance with FATF standards. The analysis in relation to the provisions of the AMLTFR and the AMLTF Guidelines under the relevant sections of this report dealing with Recs. 13, to 15, and 21 are also applicable to the DNFBPs.

***Examiners' Rec.** – Authorities should consider specific training and/or awareness programs to educate DNFBPs about AML/CFT requirements.*

***Examiners' Rec.** – Dealers in precious metal and precious stones should be subject to AML/CFT requirements in accordance with FATF standards*

70. The above recommendations have been addressed under Recommendation 12 in this report. As noted the recommendation dealing with training remains outstanding while the other recommendation has been met.

### **Recommendation 17**

71. The examiners' recommendation requires the authorities to amend the POCA and the Money Laundering (Prevention) Act (MLPA) to ensure that sanctions are consistent and broad in range. As noted POCA was enacted in January 2012 thereby repealing the previous POCA and the MLPA. The POCA includes provisions covering the making and enforcement of confiscation orders, money laundering offences, suspicious transaction reporting, tipping-off offence, enforcement of external orders and forfeiture of property. Sanctions applicable to money laundering offences range on summary conviction from fines of EC \$500,000 and/or terms of imprisonment from three to five years and on conviction on indictment terms of imprisonment not to exceed ten to fourteen years and/or unlimited fines. These sanctions comply with the examiners' recommendation.

### **Recommendation 18**

***Examiners' Rec.** – 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.*

72. There are no legislative amendments prohibiting the establishment and licensing of a shell bank or requiring an entity licensed under the Offshore Banking Act 2003 to have its mind and management in Grenada.

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**Examiner Rec.** – Amend legislative provisions to prevent financial institutions from entering into or continuing correspondent relationships with shell banks.

73. Subsection 36(1)(a)(i) of the AMLTF Guidelines requires that an entity shall not enter into or maintain a correspondent relationship with a shell bank. While this measure complies with the letter of the recommendation, it is not acceptable since it is part of the AMLTF Guidelines which are not considered other enforceable means. This recommendation remains outstanding.

**Examiners' Rec.** - Amend legislation to require financial institutions to satisfy themselves that respondent financial institutions in a foreign country do not permit their accounts to be used by shell banks.

74. Subsection 37(1)(a) of the AMLTF Guidelines requires that a bank should not enter into or maintain a relationship with a respondent bank that provides correspondent banking services to a shell bank. It is noted that the requirement is only applicable to banks while the examiners' recommendation stipulates financial institution. In addition to this limitation, this requirement is part of the AMLTF Guidelines which are not considered other enforceable means. This recommendation remains outstanding.

### Recommendations 19

**Examiners' Rec.** - 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.

75. On July 4 2011, Cabinet directed that the FIU be designated as the authority to which every financial institution will be required to report all currency transactions above the threshold of EC\$50,000. This requirement was due to be incorporated into the AMLTF Guidelines. However, no citation has been provided for this requirement in the AMLTF Guidelines. This Recommendation remains outstanding.

### Recommendation 20

**Rating deficiency** - Unable to assess whether consideration has been given to apply FATF recommendations to non-financial businesses and professions other than DNFBPs

76. It is noted that the requirements of the AMLTFR and the AMLTF Guidelines are applicable to all persons who conduct "relevant business" which has been defined in the AMLTFR to include all the DNFBPs and their activities in accordance with FATF standards and the business of buying and selling cars. This demonstrates that the authorities have considered extending FATF recommendations to non-financial businesses and professions other than DNFBPs thereby fully complying with this recommendation.

### Recommendation 21

**Examiners' Rec.** – 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.

77. Subsection 54(1) of the AMLTF Guidelines requires every entity and professional to pay special attention to a business relationship and transaction that relates to a person from a jurisdiction which the AMLTF Commission considers does not apply or insufficiently applies the FATF Recommendations with respect to money laundering and terrorist financing. It is noted that the requirement above does not include persons located in the referenced countries as set out

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in the recommendation. Additionally, this requirement is part of the AMLTF Guidelines which are not considered other enforceable means. Consequently this recommendation remains outstanding..

***Examiners' Rec.*** – *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.*

78. Subsection 54(5) of the AMLTF Guidelines provides for the AMLTF Commission to issue from time to time advisory warnings to entities and professionals advising about the weaknesses in the anti-money laundering and terrorist financing systems of other jurisdictions. While this measure complies with the letter of the recommendation, it is not acceptable since it is part of the AMLTF Guidelines which are not considered other enforceable means. This recommendation remains outstanding.

***Examiners' Rec.*** - *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.*

79. It is noted that in a previous report the authorities advised that section 47(2) of POCA, 2003 complied in requiring every financial institution to pay particular attention to all complex, unusual or large transactions whether completed or not and to all unusual patterns of transactions and to insignificant but periodic patterns of transactions which have no apparent economic or lawful purpose. As indicated, the above provision as referenced is limited to insignificant but periodic patterns of transactions and does not include all transactions which have no apparent economic or lawful purpose as required. However, the enactment of POCA 2012 has resulted in the repeal of POCA, 2003 so section 47(2) of POCA, 2003 no longer exists and the above recommendation is outstanding.

***Examiners' Rec.*** - *Authorities in Grenada should be empowered to apply appropriate counter-measures where a country continues not to apply or insufficiently apply the FATF Recommendations and make written findings of such available to assist competent authorities.*

80. There are no other counter-measures than as already mentioned under subsection 54(4) of the AMLTF Guidelines which provides for the AMLTF Commission to issue advisory warnings to entities and professional about the weaknesses in the AML/CFT systems of other countries. However, this requirement is part of the AMLTF Guidelines which are not considered other enforceable means. Consequently this recommendation remains outstanding.

### Recommendation 22

***Examiners' Rec.*** - *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.*

81. Subsection 55(1) of the AMLTF Guidelines requires an entity regulated in Grenada to ensure that its branches, subsidiaries or representative offices operating in foreign jurisdictions observe standards at least equivalent to those of the AMLTFR and the AMLTF Guidelines. While this measure complies with the letter of the recommendation, it is not acceptable since it is part of the AMLTF Guidelines which are not considered other enforceable means. This recommendation remains outstanding.

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**Examiners' Rec.** - *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.*

82. Subsection 55(2) of the AMLTF Guidelines requires that an entity shall in particular, ensure that its branches, subsidiaries or representative offices operating in foreign jurisdictions which do not or which insufficiently apply anti-money laundering and terrorist financing standards equivalent to those of the AMLTFR and the AMLTF Guidelines observe the requirements of the AMLTFR and the AMLTF Guidelines. This requirement does not include the FATF Recommendations as set out in the examiners' recommendation. Additionally, this requirement is part of the AMLTF Guidelines which are not considered other enforceable means. Consequently this recommendation remains outstanding.

**Examiners' Rec.** - *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.*

83. Subsection 55(3) of the AMLTF Guidelines requires an entity to ensure that its branches, subsidiaries or representative offices observe the higher standards where the established standards of compliance under Grenada laws, rules or policies differ from those of the jurisdictions where the branches, subsidiaries or representative offices are located. While this measure complies with the letter of the recommendation, it is not acceptable since it is part of the AMLTF Guidelines which are not considered other enforceable means. This recommendation remains outstanding.

**Examiners' Rec.** - *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.*

84. Subsection 55(5) of the AMLTF Guidelines requires an entity to notify the FIU and the AMLTF Commission in writing if any of its branches, subsidiaries or representative offices operating in foreign jurisdictions is unable to observe appropriate anti-money laundering and terrorist financing measures because such observance is prohibited by the laws, policies or other measures of the foreign jurisdiction. While this measure complies with the letter of the recommendation, it is not acceptable since it is part of the AMLTF Guidelines which are not considered other enforceable means. This recommendation remains outstanding.

### Recommendation 24

**Examiners' Rec.** - *The authorities should designate a competent authority with the responsibility for monitoring and ensuring compliance of DNFBPs with AML/CFT requirements*

85. Section 9 of the AMLTF Guidelines imposes on the AMLTF Commission the duty to monitor compliance by its licensees and other persons who are subject to compliance measures, with the AMLTF Guidelines and any other enactments relating to money laundering and terrorist financing as may be prescribed by the AMLTF Guidelines. Additionally, the FIU is responsible for monitoring compliance of persons other than the licensees of the AMLTF Commission. This section designates the Commissions as responsible for monitoring compliance of its licensees. However, available information about the functioning of the AMLTF Commission does not include a licensing function. Therefore the reference to the AMLTF Commission's licensees



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needs to be clarified as to which particular institutions are being designated. Given the absence of a licensing function of the AMLTF Commission, the FIU will be responsible for monitoring the compliance of all entities and professional under the AMLTF Guidelines.

86. However, the authorities advise that the AMLTF Commission and the FIU will be responsible for the supervision and monitoring of DNFBPs after the necessary assistance and training is sourced. This is expected by the end of the third quarter of 2012. The authorities need to clarify the situation with regard to the wording in section 9 of the AMLTF Guidelines and to also be aware that it is not acceptable since it is part of the AMLTF Guidelines which are not considered other enforceable means. This recommendation remains outstanding.

**Examiners' Rec.** - *Dealers in precious metals and precious stones should be added to AML/CFT requirements in accordance with FATF standards.*

As noted under Recommendation 12 the requirements of the AMLTFR and the AMLTF Guidelines are applicable to all persons including all DNFBPs in accordance with the FATF standards thereby complying with the examiners' recommendation to bring dealers in precious metals and precious stones under the AML/CFT regime.

### Recommendation 25

**Examiners' Rec.** - *The FIU should provide financial institutions and DNFBPs with consistent feedback on filed suspicious transaction reports.*

87. Subsections 6(2)(d) of the FIUA 2012 gives the FIU the power to inform persons and bodies who have made reports or provided information under POCA 2012, the TA and any other enactments about measures that have been taken with respect to the reports or information. In the last report, the authorities advised that the FIU holds meetings with financial institutions who reported SARs to the unit on a monthly basis to give face to face feedback on the progress of its investigation. The above measures fully comply with the examiners' recommendations.

**Examiners' Rec.** - *The Guidelines should include specific instructions relating to the requirements for combating the financing of terrorism*

88. The AMLTF Guidelines are designed to provide guidance to every entity and professional in interpreting, understanding and appropriately applying the requirements of the Anti-money Laundering and Terrorist Financing Regulations and the Guidelines and therefore incorporate requirements for combating the financing of terrorism. This recommendation has been met.

### Recommendation 31

**Examiners' Rec.** - *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.*

89. Section 33 of POCA 2012 creates a Joint Anti-Money Laundering and Terrorist Financing Advisory Committee (the Committee) which shall have not less than seven persons and not more than fourteen who shall have the responsibility for making recommendations to the Anti-Money Laundering and Combating Terrorism Financing Commission (Formerly known as

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the Supervisory Authority in the previous act POCA 2003 now repealed), on initiatives for the prevention and detection of ML/TF activities. Section 63 of POCA 2012 creates the Anti-Money Laundering and Combating Terrorism Financing Commission (the Commission) whose members consist of:

- a) The Attorney General
- b) The Permanent Secretary Ministry of Finance
- c) The Director of Public Prosecutions
- d) The Permanent Secretary of the Ministry responsible for the Police
- e) The Commissioner of Police
- f) The Chairman of the Grenada Authority for the Regulation of Financial Institutions
- g) The Comptroller of Customs
- h) The National Security Advisor

90. In addition to the above the Commission will also include such other persons as the Minister may from time to time appoint. A chairman will be appointed by the Minister from any of the members of the Commission. The main functions of the Commission will comprise of advising the Minister of Finance in relation to the detection and prevention of money laundering in Grenada, issuing guidance as to compliance with the POCA 2012 and attendant regulations, advising the Minister of Finance as to the participation of Grenada in the international effort against money laundering. It is noted that while the activities of the Committee include terrorist financing, those of the Commission do not. The authorities should consider making an amendment to rectify this inconsistency. Additionally, there is no requirement for the provision of public education on issues of ML and TF as a function of the Committee or the Commission. As such, this recommendation is partially met. .

### **Recommendation 32**

91. The examiners' recommended actions include the Supervisory Authority establishing a Secretariat to monitor the implementation of Grenada's AML/CFT regime, the dedication of additional technical resources to the compilation of statistical data and the maintenance of statistics on spontaneous referrals made by the FIU, excise operations including records of seizures, and mutual legal assistance and extradition requests. The authorities advise that section 9 of the AMLTF Guidelines makes the Commission responsible for the active monitoring and implementation of the AML/CFT regime in Grenada. No additional statistics since those forwarded with the last follow-up report have been submitted for this report. The authorities advise that the Executive Director of the Supervisory Authority Secretariat will take up employment before the end of the first quarter of 2012.

### **Recommendation 33**

92. As noted in the previous follow-up report, all of the examiner' recommendations were outstanding. With regard to the recommendation that there should be statutory requirements for the provision of information on the beneficial ownership of companies, the authorities advise that section 27 of the AMLTF Guidelines addresses this requirement. However, this section is applicable to financial institutions and DNFBPs when establishing a business relationship with a

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legal person and not with the examiners' recommendation which deals with statutory requirements for company incorporation. Additionally, the measure as part of the AMLTF Guidelines is not considered other enforceable means and therefore does not comply with FATF standards

93. The authorities advise in relation to the recommendation that adequate resources should be delegated to the functions of the Registrar of Companies and Intellectual Property that the Registrar is adequately staffed with ten officers. This is a definite improvement from the time of the mutual evaluation when only one clerk was assigned to deal with company incorporations. Presently, the process of automation of companies' names is continuing to allow for the sharing of information with various government bodies. The Office of the Registrar of Companies and Intellectual Property also deals with trademarks, patents, registration of companies and business names. Amendments were made to the Company Regulations and enactments with regard to companies were made during 2011 but not submitted with this report. The above measures should enhance the functions of the Registrar of Companies and Intellectual Property. Information as to whether there is any backlog of work in the Registrar, the number of companies incorporated annually or the length of time it takes to incorporate a company would assist in evaluating whether resources are adequate for the functions of the Registrar.

94. With respect to the recommendation that a mechanism 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, the authorities advise that compliance Letters were sent to law firms from the Registrar of Companies (dated 2/12/11) pointing out the inefficiencies as regards to the filing of annual returns on behalf of companies which they represent and the risk of being struck off the register pursuant to SRO 5 of 2009.

95. The second step will be in the form of a notice to Company Directors on "Notice of Non-compliance with regard to filing of annual returns". This is expected to be done by the end of the first quarter of 2012. Following this, the Registrar of Companies will act in accordance with the provisions. Information as to whether this results in increased filing of annual returns and the imposition of sanctions for non-filing should be submitted in future follow-ups to demonstrate effectiveness.

96. The last recommendation requiring legislative amendments to require the timely notification of any changes in the beneficial ownership of companies along with changes to other particulars is to be implemented with an amendment to the Companies Act by the second quarter of 2012. As a result of the above measures, two of the examiners' recommendations have been partially met while the remaining three are still outstanding.

### **Recommendation 34**

97. The situation remains unchanged from the last follow-up report. With regard to the recommendation for the authorities to put in place measures for the registration and monitoring of local trusts in accordance with FATF requirements, the authorities had advised that a National Registry and a Registrar of Companies was appointed under the Companies Act. However, no information as to the exact functions of the National Registry or the Registrar of Companies in relation to local trusts under the Companies Act has been provided.. Additionally, the authorities advised that section 17 of the International Trusts Act 1996 provides for the registration and monitoring of local trusts. However, section 17 refers specifically to international trusts rather than local trusts.

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98. With regard to the recommendation that the 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, the authorities advise that section 30 of the AMLTF Guidelines provides for the identification and verification of the trustee, settlor or protector of the trust. However, the above measure is applicable to financial institutions and DNFBPs when establishing or providing trust services and do not address the requirement of the examiners' recommendation. Additionally, the measure as part of the AMLTF Guidelines is not considered other enforceable means and therefore does not comply with FATF standards. Consequently the examiners' recommendations remain outstanding.

### Special Recommendation VI

99. As reported in the previous Follow-Up Report except for the recommendation requiring money value transfer service operators to maintain a current list of their agents which has to be verified, all recommendations have been complied with substantially. The authorities advise that the supervisory authority GARFIN has carried out inspections on two of the three money services businesses in Grenada in May and September 2011. Additionally a joint workshop on the MSBA and AML/CFT is to be conducted by GARFIN and FIU during the second quarter of 2012

### Special Recommendation VII

100. The examiners' recommendation required the implementation of enforceable measures in accordance with the requirements of SR. VII and the establishment of a regime to effectively monitor the compliance of financial institutions. Assessment of compliance with this recommendation will be based on a consideration of the deficiencies identified in the rating factors for Special recommendation VII as follows:

**Rating Def** - *No requirement for ordering financial institutions to obtain and maintain full originator information for all wire transfers of US\$1,000 and above*

**Rating Def** - *No requirement for ordering financial institutions to include full originator information along with cross-border and domestic wire transfers*

**Rating Def** - *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.*

**Rating Def** - *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.*

101. Requirements for cross-border and domestic transfers are set out in sections 39 to 43 of the AMLTF Guidelines. Transfer of funds where both the payer and the payee are payment service providers acting on their own behalf, a transfer to the Government of, or a public body in Grenada for taxes, duties, fines or charges of any kind, and any transfer accompanied by a credit card or debit card number or under EC \$1,000 are exempted from these requirements.

102. Section 41 of the AMLTF Guidelines requires the payment service provider of a payer to ensure that every transfer of funds over EC \$1,000 (US\$370) is accompanied by the full originator information. Full originator information is defined with respect to a payee to mean the name and account number of the payer, together with the payer's address, the payer's date and place of birth or the customer identification number or national identity number of the payer, or a unique identifier (where the payer does not have an account). The above requirement is not

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applicable to cross-border batch file transfer from a single payer where the batch file contains the complete information on the payer or the individual transfers in the batch file carry the account number of the payer or a unique identifier.

103. Section 41(3) of the AMLTF Guidelines requires the payment service provider of the payer, before transferring any funds, to verify the full originator information on the basis of documents, data or information obtained from a reliable and independent source. Section 41(4) defines verification of full originator information to mean compliance with all the provisions of the AMLTFR and the AMLTF Guidelines relating to verification of the identity of the payer in connection with the opening of that account. The payment service provider of the payer is required to keep records of full originator information on the payer that accompanies the transfer of funds for a period of at least five years. In the case of domestic wire transfers, section 41(7) of the AMLTF Guidelines requires that the transfer need only be accompanied by the account number of the payee or a unique identifier (where the payer does not have an account) that allows the transaction to be traced back to the payer. This requirement only applies where full originator information is made available to the beneficiary financial institution within three working days of receiving a request.

104. Section 43(2) of the AMLTF Guidelines requires all intermediary payment service providers located in Grenada to ensure that any information received on a payer that accompanies a transfer of funds is kept with that transfer. An intermediary payment service provider that uses a system with technical limitations which prevent the information on the payer from accompanying the transfer of funds must keep records of all the information on the payer that it has received for a period of at least five years.

105. Section 42(4) of the AMLTF Guidelines states that in situations where a beneficiary financial institution becomes aware that full originator information is missing or incomplete on incoming wire transfers, the beneficiary financial institution should reject the transfer, request full originator information or take such course of action as the FIU or the Commission directs, after it has been notified of the deficiency in originator information. Section 42(5) of the AMLTF Guidelines states that missing or incomplete information shall be a factor in the risk-based assessment of a payment service provider of the payee as to whether a transfer of funds or any related transaction is to be reported to the FIU as a suspicious transaction or activity with respect to ML or TF.

106. The above measures address completely three of the deficiencies listed above. While there is still 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, specific measures are prescribed to deal with the situation. The above provisions would significantly improve the level of compliance with this Recommendation however; since the AMLTF Guidelines are not considered other enforceable means the examiners' recommendations remain outstanding.

### **Special Recommendation VIII**

107. As indicated in the last follow-up report the recommendation for the mandatory registration of non-profit organizations (NPOs) remains outstanding. While sections 326-327 of the CA allow for the incorporation of NPOs, it is not mandatory. Additionally, the approval of the Attorney General is essential only to determine whether the company qualifies for the status of a non-profit company.

108. Other recommendations include a review of the adequacy of laws governing NPOs, outreach to the NPO sector, an effective NPO supervisory regime, record keeping and retention

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requirements and development of investigative expertise in NPOs. In relation to a review of the adequacy of the laws and outreach to the NPO sector, the authorities advise that under section 5 of the AMLTF Guidelines, provisions for the establishment of internal control systems, customer due diligence measures, maintaining record keeping requirements and providing employee training are also applicable to charities and NPOs. Furthermore, Schedule I of the AMLTF Guidelines details best practices which charities and NPOs are also required to implement. Additionally, public awareness/education outreach and workshops are planned for the latter half of 2012. The imposition of AML/CFT requirements on NPOs would suggest some review of the adequacy of the laws and therefore compliance with the examiners' recommendation. Details on the planned public awareness/education outreach and workshops scheduled for the latter half of 2012 will have to be provided in future follow-up reports to demonstrate implementation of this recommendation.

109. With regard to the recommendations for an effective NPO supervisory regime, record keeping and retention requirements, the authorities indicate that subsection 10 (2) of the AMLTF Guidelines stipulates that the Commission as part of its prudential inspection of an entity that it regulates which includes entities that are not regulated by GARFIN including charities and NPOs must assess the AML/CFT systems for compliance with applicable laws, regulations and guidelines. While this provision designates the Commission with the responsibility for checking compliance with AML/CFT legal requirements, reference to the Commission's prudential inspections suggests that the Commission also has prudential responsibilities. However, there is no provision in the POCA which establishes the Commission, granting such responsibilities to the Commission. While the above measure establishes a legal framework for a supervisory regime, information has to be presented to demonstrate the operation of an effective NPO supervisory regime.

110. With regard to record keeping and retention requirements, these are set out Part VI of the AMLTF Guidelines. However, as noted before, the AMLTF Guidelines are not considered other enforceable means and the requirements in Part VI do not comply with the FATF standards. The recommendation for the development of investigative expertise in NPOs remains outstanding since the last follow-up report. Given the above except for compliance with the requirement for review of the adequacy of laws governing NPOs, the examiners' recommendations remain outstanding.

### **Special Recommendation IX**

As noted in the last follow-up report there has been substantive implementation of the examiners' recommendations. With regard to this follow-up report the authorities advise in relation to the recommendation for customs official to be trained in the use of passenger screening systems to analyze behavior, appearance and communication style of potential currency carriers that during 2011 a cross-section of Customs officers continued to receive training in AML/CFT including two (2) officers in intelligence gathering in Jamaica and one (1) officer in early warning systems. Additionally, training has been provided in fraud detection and control. The authorities have also indicated that there is a high level of co-operation between the Customs, FIU, Immigrations, the Drug Squad and the ODPP in ML/FT matters.

### **III. Conclusion**

111. Enactment of POCA, POCAMLTFR, FIUA, TA and the AMLTF Guidelines has positively enhanced Grenada's level of compliance with a number of Recommendations. These Recommendations include Rs. 1, 14, 17, 20, 25, 31, 35, SR II, SR IV, and SR V. It is noted that the AMLTF Guidelines contain provisions which address many of the examiners' recommendations for Rs. 5, 6, 7, 8, 11, 12, 15, 16, 18, 21, 22, 24, SR VII, and SR VIII. However,

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the fact that the sanctions applicable for breaches of the AMLTF Guidelines are not dissuasive effectively disqualifies the AMLTF Guidelines from being considered other enforceable means and thereby allowing its measures to satisfy FATF standards with regard to compliance. It is recommended that the authorities amend the AMLTF Guidelines as soon as possible to address this deficiency and thereby substantially improve Grenada's level of compliance. Given the above, Grenada should remain on expedited follow-up and be required to report to the next Plenary in November 2012 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
<b>Legal systems</b>				
1. ML offence	PC	<ul style="list-style-type: none"> <li>The list of psychotropic substances in DAPCA is not in accordance with the list under the Vienna Convention</li> <li>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.</li> <li>The low number of ML convictions suggests ineffective use of ML provisions given the wide range of measures available under the legislation.</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider pursuing ML as a stand-alone offence.</li> <li>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.</li> <li>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.</li> </ul>	<p>Addressed under Part V, Section 34 &amp;35 of POCA No. 6 of 2012</p> <p>Amendment to DAPCA 1992 made June 2011. Part III of Schedule I of DAPCA 1992 is repealed and replaced with DAPCA SRO 16 of 2011 – to include the entire list of substances under control as cited in the Vienna Convention (electronic copy of amendment provided).</p> <p>Schedule at p. 261 - Section 2 of POCA Act 6 of 2012 provides for the entire range of predicate offences.</p>
2. ML offence – mental element and corporate liability	LC	<ul style="list-style-type: none"> <li>The low number of money laundering convictions suggest ineffective use of ML provisions</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider consolidating the three pieces of legislation governing money laundering. Having the MLPA,</li> </ul>	<p>The Consolidation of the Poca /ML bill is in the process of finalization by the Consultant. It is expected before the end of September 2011. The new FIU Bill is in its final stages</p>



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			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>before the Houses of Parliament. It is expected to be passed by the next sitting.</p> <p>Consolidation of POCA/ML bills has been completed. POCA Act 6 of 2012 is now in effect and the following Acts have subsequently been repealed:-</p> <ul style="list-style-type: none"> <li>a) POCA No. 27 of 1992</li> <li>b) POCA No. 3 of 2003</li> <li>c) Money Laundering (Prevention) Act, No. 18 of 1999</li> </ul> <p>ML offences are now addressed under one act.</p>
	<b>LC</b>	<ul style="list-style-type: none"> <li>Ineffective implementation of the forfeiture and freezing regime.</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>	<p>To date 12 Production Orders have been served on Institutions and 10 restraint orders on properties in investigation, confiscation and forfeiture.</p> <p>Part II, Section 6 of POCA 2012 empowers magistrates to make confiscation and forfeiture orders</p> <p>Part IX, Section 49 also addresses this area of concern</p>
<b>Preventive measures</b>				
5. Customer due diligence	<b>NC</b>	<ul style="list-style-type: none"> <li>CDD measures are required when there is suspicion of money laundering and only with one-off transactions</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>	POCA AML/TF Guidelines SR&O No 6 of 2012, Part III – 21 and 22, provides for effective CDD measures for steps required to an entity or a professional in dealing with an applicant for business or a customer in relation to a business relationship or one-off transaction in order to forestall and

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		<ul style="list-style-type: none"> <li>• CDD measures for wire transfers are for occasional transactions over US\$10,000 rather than over the FATF US\$1,000 limit.</li> <li>• CDD measures are not required when there are doubts about the veracity of previously obtained due diligence</li> <li>• No provision to verify that any person purporting to act on behalf of the customer is so authorized, and identify and verify the identity of that person</li> <li>• No requirement in law or regulation for the verification of identification of customers</li> </ul>	<ul style="list-style-type: none"> <li>• reduced or simplified anti-money laundering and counter terrorist financing measures.</li> <li>• Competent authorities should consider making the Guidelines mandatory and enforceable with effective, proportionate and dissuasive sanctions.</li> <li>• 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.</li> <li>• 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.</li> <li>• Regulations or legislative amendments should be introduced for financial institutions to be</li> </ul>	<p>prevent money laundering, terrorist financing and other financial crimes.</p> <p>POCA No, 6, 2012, is the enabling Act which allows for the provision of the Guidelines and Regulations. POCA 2012, Part V, Section 32, sub-sections (4-9), makes the Guidelines mandatory and enforceable and outlines penalties for non-compliance. Section 4 stipulates that “<i>where a person fails to comply with or contravenes a provision of the Guidelines, he commits an offence, and is liable on summary conviction, to a fine not exceeding \$25,000 or to a term of imprisonment not exceeding two years, or both.</i>”</p> <p>Poca AML Guidelines Part III addresses measures for dealing with suspicions of money laundering including wire transfers irrespective of any exemption or threshold.</p> <p>The Guidelines sufficiently addresses all other requirements under this recommendations as listed below :</p> <p>Guidelines at Part III , 21 (4) (e) directly addresses</p> <p>Guidelines at Part III, 21 (3) (f) sufficiently addresses.</p>
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		<ul style="list-style-type: none"> <li>• No provision to understand the ownership and control structure of customers that are legal persons or legal arrangement</li> <li>• No provision to determine the natural persons that ultimately own or control the customer</li> <li>• No requirement for financial institution to obtain information on the purpose and intended nature of the business relationship</li> <li>• 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</li> <li>• No requirement for financial institutions to perform enhanced due diligence for higher risk</li> </ul>	<p>required to verify that any person purporting to act on behalf of the customer is so authorized, and identify and verify the identity of that person.</p> <ul style="list-style-type: none"> <li>• Financial institutions should be legislatively required to verify the identification of customers.</li> <li>• Financial institutions should be required to understand the ownership and control structure of customers that are legal persons or legal arrangements</li> <li>• Financial institutions should be legislatively required to determine the natural persons that ultimately own or control the customer</li> <li>• Financial institutions should be required to obtain information on the purpose and intended nature of the business relationship.</li> <li>• 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</li> </ul>	<p>Guidelines at Part III - Section 21 Sub-section (3) refers</p> <p>Guidelines Part III – 21(5) (d)</p> <p>Guidelines Part III 21 (3) (a)</p> <p>Guidelines Part III - 21 (3) (b)</p> <p>Guidelines Part III - 21 (3) (e)</p> <p>Guidelines Part III – 21 (4) (d)</p>
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	<p>categories of customer</p> <ul style="list-style-type: none"> <li>• The exemptions for reduced or simplified CDD measures are not justified on the basis of low risk</li> <li>• 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</li> <li>• No provisions prohibiting simplified CDD measures whenever there is suspicion of money laundering or terrorist financing</li> <li>• No requirement for financial institutions to apply CDD measures to existing customers on the basis of materiality and risk.</li> </ul>	<p>up-to-date.</p> <ul style="list-style-type: none"> <li>• Financial institutions should be required to perform enhanced due diligence for higher risk categories of customers.</li> <li>• 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.</li> <li>• Simplified CDD measures should be prohibited whenever there is suspicion of money laundering or terrorist financing.</li> <li>• Financial institutions should be required to terminate a business relationship if the verification of a customer cannot be completed.</li> <li>• 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.</li> </ul>	<p>Guidelines Part III – 21 (6) (h) applies</p> <p>Guidelines Section 22 (2) applies</p> <p>Guidelines Section 25 (5)</p> <p>Technical Assistance is required with regards to conducting a risk assessment for Grenada. This was stated in our Technical Assistance and Training needs matrix submitted to CFATF in 2011 and also in January 2012.</p> <p>Proceeds of Crime (Anti-Money Laundering) Guidelines addresses the issue of 'Identification procedures'. Identification and verification procedures are also currently enforced by financial institutions. Presently financial institutions in Grenada require two to three pieces of identification; proof of address i.e. a utility bill to verify same; a reference letter from another financial institution or a job letter; A questionnaire is required to be filled out by the customer, with regard to proposed monthly or expected</p>
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				<p>activities on the account. Background checks/ verification of information is done through a swift Alliance programme which is a secure network for transmitting wire transfer messages between them. This method is quick and reliable.</p> <p>Due diligence measures are undertaken by financial institutions. Compliance Officers are mandated to ensure that all documents submitted by customers are accurate and complete, this information is verified and kept.</p>
6. Politically exposed persons	NC	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<p>Part III of the Proceeds of Crime (Anti-money laundering and Terrorist Financing Guidelines 2012 address this Recommendation</p> <p>Section 24 (1) (a) stipulates that Financial Institutions should ensure that the necessary provisions are in place for the identification of PEPS.</p> <p>The Explanatory notes gives a guide as to what must be considered as indicators in establishing whether or not a customer is a PEP. They are as follows :-</p> <ul style="list-style-type: none"> <li>- Country of origin of the customer;</li> <li>- The stability of the country of origin and whether it is prone to corruption and other criminal activities such as abduction and kidnapping for ransom;</li> <li>- Whether the country of origin is cash based;</li> <li>- Whether the country of origin has in place adequate AML/CFT measures, including “know your customer” requirements;</li> <li>- Where large amounts are presented for establishing the business relationship, the form in which they are</li> </ul>

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		<ul style="list-style-type: none"> <li>• 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 a PEP.</li> <li>• 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.</li> <li>• No requirement for financial institutions to conduct enhanced ongoing monitoring on relationships with PEPs</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• Financial institutions should be required to conduct enhanced ongoing monitoring on relationships with PEPs.</li> </ul>	<p>presented;</p> <ul style="list-style-type: none"> <li>- Whether the country of origin is under any established sanction, embargo or other restriction or whether any such sanction, embargo or other restriction is specifically imposed on the customer, (entities and professionals are encouraged to conduct regular checks of the Gazette to note any new lists on the UN and EU sanctions and embargo regimes, including modifications thereto).</li> </ul> <p>Guidelines - Section 24 (1)(c)(f) provides for this requirement</p> <p>Guidelines - Section 24 (1) (b) address requirement</p> <p>Guidelines - Section 24 (1) (d) addresses requirement</p> <p>Financial Institutions have implemented additional 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 at a Senior Managerial Level. Clear guidelines are set to determine the persons who fall within this category and the treatment given to them by the financial institution.</p>
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			<ul style="list-style-type: none"> <li>Grenada should undertake steps to sign the 2003 United Nations Convention against Corruption.</li> </ul>	<p>Grenada is a member of the OAS Convention against Corruption and also is presently Vice Chair of the Committee of Experts of the MESICIC.</p> <p>However, Grenada is contemplating the signing of the United Nations Convention against Corruption in order to fully comply with FATF's requirements.</p>
7. Correspondent banking	NC	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>No requirement for financial institutions to obtain approval from senior management to establish new correspondent relationships in all cases.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Financial institutions should be required to obtain approval from senior management to establish new correspondent relationships in all cases.</li> </ul>	<p>Proceeds of Crime (Anti-money laundering and Terrorism Financing) Guidelines SRO 6 of 2012. Gazetted on Friday 17<sup>th</sup> February, 2012 addresses all requirements of this recommendation.</p> <p>Guidelines Section 37 (1) (b) sufficiently addresses</p> <p>Proceeds of Crime (anti-money laundering Guidelines 2012, Section 37 (1) d) requires that Banks ensure that senior management approval is obtained before entering into a new correspondent banking relationship</p>

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		<ul style="list-style-type: none"> <li>• No requirement for financial institutions to document the respective AML/CFT responsibilities of each institution in cross-border correspondent relationships</li> <li>• 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</li> </ul>	<ul style="list-style-type: none"> <li>• Financial institutions should document the respective AML/CFT responsibilities of each institution in cross-border correspondent relationships</li> <li>• 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.</li> </ul>	<p><b>Guidelines - Section 37 (f) applies to this requirement</b></p> <p><b>Guidelines – Section 37 (g) applies to this requirement</b></p>
8. New technologies & non face-to-face business	NC	<ul style="list-style-type: none"> <li>• 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.</li> <li>• No requirement for financial institutions to have written procedures and a suitably robust</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Financial institutions should be required to have written procedures and a suitably robust risk</li> </ul>	<p>Proceeds of Crime (anti-money laundering and Terrorist Financing) Guidelines 2012 provides for non face business relationships</p> <p>Section 31 (4) states that where identity is verified electronically or copies of documents are relied on in relation to a non-face to face application for business, an entity or a professional shall, in the absence of the application of section 21(8) apply an additional verification check, including the enhanced customer due diligence measures, to manage the potential risk of identity fraud.</p> <p>Guidelines – Section 31 (2) &amp; (3) and Section 21 (8) applies with respect to non-face to face business relationships.</p> <p>Additionally Financial institutions also have their own internal</p>



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		<p>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>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>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 and the FATF 40 plus nine recommendations 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 as it relates to AML/CFT.</p>
9. Third parties and introducers	NC	<ul style="list-style-type: none"> <li>• 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)</li> <li>• 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</li> </ul>	<ul style="list-style-type: none"> <li>• 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).</li> <li>• 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.</li> </ul>	<p>Proceeds of Crime (anti-money laundering and Terrorist Financing ) Guidelines 2012 and Proceeds of Crime (Anti-Money Laundering and Terrorist Financing)Regulations SRO 5 of 2012 addresses.</p> <p>Guidelines - Section 33 sufficiently applies. p. 93</p> <p>Regulations – Regulation 7, sub-regulation (4) and (5) applies to these recommendations - p.10</p>

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		<ul style="list-style-type: none"> <li>• 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</li> <li>• Unable to assess whether competent authorities in determining the list of countries that are recognized as having AML regimes equivalent to Grenada, used information as to whether these countries adequately applied FATF standards</li> <li>• No specific provision that ultimate responsibility for customer identification and verification remain with the financial institution relying on the third party.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial institutions should be required to satisfy themselves that the third party is regulated and supervised in accordance with Recommendations 23, 24 and 29.</li> <li>• 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.</li> <li>• 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</li> </ul>	<p>Guidelines - Section 33 (3) (b) applies - p.93</p> <p>Guidelines applies - Schedule II - Recognized jurisdictions at p. 152</p> <p>Guidelines - Section 33 - p.93</p>
10. Record keeping	LC	<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<p>Proceeds of Crime (anti-money laundering ) Guidelines 2012 Part VI Section 47 Sub-section (1)</p> <p>- requires that the minimum retention period of records to be five year after the transaction has been completed or deemed to have been completed. p. 117</p>

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11. Unusual transactions	NC	<ul style="list-style-type: none"> <li>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.</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>	<p>Proceeds of Crime (anti-money laundering) Guidelines 2012 Section 22, 23 and 47 (1) applies</p> <p>Proceeds of Crime (Anti-money laundering) Regulations 8,9 &amp; 10 also applies</p> <p>Section 15 (2) (h) applies Section 15 (2) (i) applies</p>
12. DNFBP – R.5, 6, 8-11	NC	<ul style="list-style-type: none"> <li>Dealers in precious metals and precious stones are not included in the AML/CFT regime</li> <li>Deficiencies identified for financial institutions with regard to Recs. 5, 6, 8 to 11 are also applicable to DNFBPs.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<p>The Proceeds of Crime (Anti-money-laundering) Guidelines 2012 refers to DNFBP's. DNFBP's are construed in its definition as Entities. The meaning of "Entity" as outlined in the Guidelines is, a person in a relevant business within the meaning of regulations 2(1) of the Anti-money Laundering and Terrorism Financing Regulations 2012. It includes a person that is regulated by the Commission by virtue of the Proceeds of Crime Act and any other enactment; or a non-financial business designated by the Commission.</p> <p>Additionally, Section 4 of the Guidelines, under "General Application" seeks to address this recommendation. Regulated and non regulated entities are clearly defined. Further, the POCA empowers the Commission to designate other businesses which are considered vulnerable to activities of money laundering and terrorist financing and thus fall within the definition of entity.</p>

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		<ul style="list-style-type: none"> <li>Lack of awareness of requirements by DNFBP resulting in ineffective implementation of AML/CFT obligations</li> </ul>	<ul style="list-style-type: none"> <li>Authorities should consider specific training and/or awareness programs to educate DNFBPs about AML/CFT requirements</li> <li>Dealers in precious metals and precious stones should be subject to AML/CFT requirements in accordance with FATF standards</li> </ul>	<p>The Regulations captures the entire host of relevant businesses (as required by FATF Recommendations) under Regulation 1. Sub-regulation (k) specifically lists the business of dealing in jewelry, precious metals or precious stones when such transactions involves accepting a cash payment of fifteen thousand dollars or more or the equivalent in any other currency.</p> <p>The Authority is aware that specific training is required to plan and effectively administer education programs and as such, Grenada has submitted its list of training needs to the CFATF for consideration. The list also includes assistance in carrying out risk assessment of DNFBP's; and training workshops for of DBFBP's and Inspectors.</p> <p>Legislative machinery is now in place through the Regulations and Guidelines which now includes Dealers in precious metals and precious stones. Thus subjecting them to AML/CFT requirements in accordance with FATF Standards.</p> <p>Provision in the Regulations and Guidelines are also applicable to Recommendations 5,6,8-11</p>
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<p>13. Suspicious transaction reporting</p>	<p>NC</p>	<ul style="list-style-type: none"> <li>• The obligation to submit suspicious transaction reports does not apply to the proceeds of all FATF predicate offences.</li> <li>• 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</li> <li>• No requirement to report all suspicious transactions including attempted transactions regardless of the amount of the transaction.</li> <li>• No requirement to report suspicious transactions regardless of whether they are thought, among other things to involve tax matters.</li> <li>• The reporting of suspicious transactions is ineffective.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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</li> <li>• All suspicious transactions, including attempted transactions should be legislatively required to be reported regardless of the amount of transaction</li> <li>• The requirement to report suspicious transactions should apply regardless of whether they are thought, among other things to involve tax matters.</li> </ul>	<p>Section 38 of POCA No. 6 of 2012 addresses provides for Mandatory Reporting of Suspicious Transactions and POCA SCHEDULE lists the Designated categories of offences. The list also includes Terrorism and Terrorism Financing.</p> <p>The Terrorism Bill have been passed in the Lower houses of Parliament and is now awaiting passage in the Upper house. It anticipated that the Bill should be enacted before the end of the 1<sup>st</sup> Quarter 2012.</p>
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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	• 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	Section 39 of POCA No. 6 of 2012 sufficiently addresses tipping-off  DOPCA also prohibits tipping-off
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>No 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>No requirement for AML/CFT compliance officer and other appropriate staff to have timely</p>	<p>○ All financial institutions should be required 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 should be enforceable.</p> <p>○ The requirement for AML/CFT compliance officer and other appropriate staff to have timely</p>	<p>The Regulations and Guidelines addresses internal control , compliance and audit. The General requirements of the Regulations 2012 provides for absolute compliance in conducting relevant business by a relevant person as stated in Regulation 3.</p> <p>Regulation 13 speaks to the duty of the entity or professional to appoint a Money Laundering Reporting Officer or compliance officer of sufficient seniority to perform the functions reposed on a Money Laundering Reporting Officer under the AML Guidelines and Regulations</p> <p>In accordance with the Regulations, the Compliance Officer shall have access to all relevant information and material of the relevant person to enable him to perform the functions given to him under the Guidelines and Regulations 2012</p>

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		<p>access to customer identification data and other CDD information, etc is not enforceable.</p> <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>access to customer identification data and other CDD information, etc should be enforceable.</p> <p>Financial institutions should be required to maintain an adequately resourced and independent audit function to test compliance with the procedures, policies and controls.</p> <p>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.</p>	<p>Part II – Section 12 (4) of the Guidelines applies.</p> <p>Financial Institutions are required by law to establish and maintain internal procedures policies and controls to prevent ML/TF. Further all licenced financial institutions are also required by the ECCB and their individual head offices to institute their own policies and internal procedures and guidelines to govern and protect their institutions against ML/TF.</p> <p>Requirement to provide frequent training or at least once a year, for all staff and directors or partners, as the case may be, is addressed in Regulation 16 to ensure that they are aware of the provisions of the AML Regulations, Proceeds of Crime Act, the Terrorism Act, the Guidelines and any other enactment from time to time, relating to money laundering and terrorism financing; and all other requirements as stated in Regulation 16 . Failure to comply would result in offences and penalties as stipulated by Regulation 17.</p> <p>Training is provided for staff in this area which covers topics such as ‘<i>a basic introduction to money laundering</i>’, ‘<i>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.....</i></p> <p>Staff receives ongoing training through local and regional workshops and seminars.</p> <p>Section 51 of The Guidelines addresses this requirement.</p>
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		<p>The requirement for financial institution to put in place screening procedures to ensure high standards when hiring employees is not enforceable.</p>	<p>○ The requirement for financial institution to put in place screening procedures to ensure high standards when hiring employees should be enforceable.</p>	
16. DNFBP – R.13-15 & 21	NC	<ul style="list-style-type: none"> <li>Dealers in precious metals and precious stones are not included in the AML/CFT regime</li> <li>Deficiencies identified for financial institutions with regard to Recs. 13 to 15 and 21 are also</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Authorities should consider specific training and/or awareness programs to educate DNFBPs about</li> </ul>	<p>The Proceeds of Crime (Anti-money-laundering) Guidelines 2012 also refers to DNFBP's.</p> <p>DNFBP's are construed in its definition as Entities. The meaning of "Entity" as outlined in the Guidelines is, a person in a relevant business within the meaning of regulations 2(1) of the Anti-money Laundering and Terrorism Financing Regulations and for the avoidance of doubt, it includes a person that is regulated by the Commission by virtue of the Proceeds of Crime Act and any other enactment; or a non-financial business designated by the Commission.</p> <p>The Regulations captures the entire host of relevant businesses (as required by FATF Recommendations) under Regulation 1, and sub-regulation (k) specifically lists the business of dealing in jewelry, precious metals or precious stones.</p> <p>With the enactment of POCA , Guidelines and Regulations. Awareness and Training has now become a high priority for the Commission. A request for assistance with training of DNFBP's and Inspectors have been made to CFATF. The Commission awaits a definite response. It is anticipated that this should be achieved before the end of the 2<sup>nd</sup> quarter, 2012.</p> <p>Moreover, Compliance with POCA Regulations and Guidelines is equally applicable to R. 13-15 &amp; 21</p>



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		<p>applicable to DNFBPs.</p> <ul style="list-style-type: none"> <li>Lack of awareness of requirements by DNFBP resulting in ineffective implementation of AML/CFT obligations</li> </ul>	<p>AML/CFT requirements</p> <ul style="list-style-type: none"> <li>Dealers in precious metals and precious stones should be subject to AML/CFT requirements in accordance with FATF standards</li> </ul>	
17. sanctions	PC	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Authorities should amend the POCA and the MLPA to ensure that sanctions are consistent and broad in range</li> </ul>	Schedule IV (p. 164) of the Guidelines and Regulations 17, addresses offences and penalties.
18. Shell banks	NC	<ul style="list-style-type: none"> <li>No provision to prevent the establishment of a shell bank.</li> <li>No provision applicable to financial institutions to prevent them from entering into or continuing correspondent relationships with shell banks.</li> <li>No requirement for financial institutions to satisfy themselves that respondent financial institutions in a foreign country do not permit their accounts to be used by shell banks.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Amend legislative provisions to prevent financial institutions from entering into or continuing correspondent relationships with shell banks.</li> <li>Amend legislation to require financial institutions to satisfy themselves that respondent financial institutions in a foreign country do not permit their accounts to be used by shell banks.</li> </ul>	<p>Provision to prevent the establishment of Shell Bank is made under Section 36 (1)(a) of the Guidelines</p> <p>Guidelines Section 37 (1) (a) applies</p> <p>Guidelines Sections 37 applies</p>
19. Other forms of	NC	<ul style="list-style-type: none"> <li>The authorities have not</li> </ul>	<ul style="list-style-type: none"> <li>Competent authorities should</li> </ul>	Guidelines 2012 applies - Cabinet directed that the FIU be

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reporting		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.	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.	designated as the authority under which every Financial Institutions report all transactions in currency above the threshold of EC\$50,000.  The FIU will then be responsible for dealing with both SARs and LCTRs.
20. Other NFBP & secure transaction	PC	<ul style="list-style-type: none"> <li>Unable to assess whether consideration has been given to apply FATF recommendations to non-financial businesses and professions other than DNFBPs</li> </ul>		<p>Guidelines 2012 applies to all entities.</p> <p>Section 4 of the guidelines applies</p>
21. Special attention for higher risk countries	NC	<ul style="list-style-type: none"> <li>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.</li> <li>No measures to ensure that financial institutions are advised of concerns about the weaknesses in the AML/CFT systems of other countries.</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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</li> </ul>	<p>The Guidelines 2012, Section 22 (3), (4) provides for additional measures which should be adopted by an entity or professional, with respect to higher risk business relationships or transactions as are necessary.</p> <p>Part VIII of the Guidelines also applies</p> <p>Section 54 (5) of the Guidelines applies</p> <p>Section 47 (2) of POCA No. 3 of 2003 requires <u>every</u> Financial Institution or persons engaged in business activity to pay particular attention to all complex, unusual or large transactions whether completed or not and to all unusual patterns of transactions, and to insignificant but periodic patterns of transactions, which have no apparent economic or lawful purpose.</p>

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		<p>available to assist competent authorities.</p> <ul style="list-style-type: none"> <li>• Authorities in Grenada are not able to apply appropriate counter-measures where a country continues not to apply or insufficiently applies the FATF Recommendations</li> </ul>	<p>assist competent authorities.</p> <p>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>	<p>Section 54(4) of the Guidelines applies</p>
22. Foreign branches & subsidiaries	NC	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul>	<p>Section 55 (1) of the Guidelines provides for this recommendation</p> <p>Section 55 (2) applies</p> <p>Section 55 (3) applies</p>

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		<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>	Section 55(5) applies
23. Regulation, supervision and monitoring	PC	<ul style="list-style-type: none"> <li>Limited number of inspections by ECCB in the last four years is ineffective to ensure compliance of its licensees.</li> <li>No indication in law that fitness and probity checks on directors, shareholders, management of licensees, is a requirement for the licensees of the ECSRC.</li> <li>No requirement in law for fitness and probity checks on directors, shareholders, management of licensees, is a requirement for the licensees of GARFIN</li> </ul>	<ul style="list-style-type: none"> <li>The ECCB should review its inspection program to ensure effective compliance of its licensees with AML/CFT obligations</li> <li>Legal provisions should be enacted for fitness and probity checks on directors, shareholders, and management of licensees of the ECSRC and GARFIN.</li> <li>Money value transfer service operators should be subject to effective systems for monitoring and ensuring compliance with national AML/CFT requirements</li> </ul>	<p>The ECCB's last Guidance Notes for Licensed Financial Institutions was issued May 1995.</p> <p>Letter dated 6<sup>th</sup> February was sent from the Ministry of Finance (on behalf of the Minister for Finance), to the Governor, ECCB, advising that the subject at recommendation 17, 23 and 29, would be placed on the agenda of the upcoming meeting of Attorneys General and Financial Secretaries and the Monetary Council since they were of particular concern to the ECCU region. The concern being that there was presently no mechanism in place to ensure that ECCB adheres to the AML/CFT legislation having regard to ECCB's level of monitoring and inspection of banks.</p> <p>Already in place by GARFIN (s.5(2)(3) and the Banking Act section 26 Also in place is the Insurance Act No. 5 of 2010 section 201 and the Money Services Business Act Schedule II Form B.</p> <p>Money transfer operators are subject to the Money Services Business Act No. 10/2009 and therefore under the supervisory</p>

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		<ul style="list-style-type: none"> <li>No supervisory regime and by extension, no reporting obligations are in place for money service business.</li> </ul>		<p>authority of GARFIN. All operators have been properly licenced.</p> <p>There are three (3) Money Transfer Operators in Grenada. GARFIN has conducted its first inspection of money services business during the 2<sup>nd</sup> quarter of 2011. Other scheduled visits will take place during the 3rd quarter 2011. the other two entities are scheduled between September and November 2011.</p> <p>Money Services Operators are monitored by GARFIN under the Money Services Business Act No. 10, 2009. Reporting is being established and training is also being conducted by GARFIN.</p> <p>GARFIN has conducted inspection on all but one Money Services Operators for 2011.</p> <p>During the month of February 2012, GARFIN received training provided by the World Bank in the regulation of Money Service Operators.</p>
24. DNFBP - regulation, supervision and monitoring	NC	<ul style="list-style-type: none"> <li>Dealers in precious metals and precious stones are not included in the AML/CFT regime</li> <li>There is no designated competent authority with responsibility for monitoring and ensuring compliance of the DNFBPs with the AML/CFT requirements.</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should designate a competent authority with the responsibility for monitoring and ensuring compliance of DNFBPs with AML/CFT requirements.</li> <li>Dealers in precious metals and precious stones should be subject to AML/CFT requirements in accordance with FATF standards</li> </ul>	<p>The Guidelines 2012 addresses this requirement.</p> <p>Supervision and monitoring of DNFBP's would be done by the FIU and Staff of the AML /CFT Commission formerly known as the (Supervisory Authority) after the necessary technical assistance and training is sourced. This is expected by the end of the 3rd Quarter of 2012.</p>
25. Guidelines &	PC	<ul style="list-style-type: none"> <li>The FIU has not provided</li> </ul>	<ul style="list-style-type: none"> <li>The FIU should provide financial</li> </ul>	<p>The FIU holds meetings with Financial Institutions who</p>

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Feedback		<p>consistent feedback on suspicious transaction reports filed by financial institutions.</p> <ul style="list-style-type: none"> <li>•</li> <li>• Guidelines do not include instructions covering terrorist financing</li> </ul>	<p>institutions and DNFBPs with consistent feedback on filed suspicious transaction reports.</p> <ul style="list-style-type: none"> <li>• The Guidelines should include specific instructions relating to the requirements for combating the financing of terrorism</li> </ul>	<p>would have reported SARS to the Unit on a monthly basis to give face to face feedback on the progress of its investigations.</p> <p>Section 8 of Guidelines 2012 applies</p> <p>The objectives of the Guidelines are to outline the relevant requirements of the laws of Grenada with respect to the detection and prevention of money laundering; to ensure that every entity and professional puts in place appropriate systems and controls to detect and prevent money laundering and terrorist financing;; to provide guidance to every entity and professional in interpreting, understanding and appropriately applying the requirements of the Anti-money Laundering and Terrorist Financing Regulations and the Guidelines; to assist every entity and professional in developing necessary measures to ensure the adoption of adequate screening procedures and processes with respect to employees, the appropriate training of employees and fitness and appropriateness of the professionals and of the management of an entity. The guidelines also assist in promoting the use of an appropriate and proportionate risk-based approach to the detection and prevention of money laundering and terrorist financing, especially in relation to ensuring adequate customer due diligence,</p> <p>That measures adopted to effectively deal with such activities are commensurate with the risk identified and finally that more efficient and effective use of resources to minimize burdens on customers.</p> <p>Essentially the Guidelines supplements the provisions of the DAPCA 1992, POCA 2012, the FIU Act 2012, the Terrorism Act 2012 and the Anti-money Laundering and Terrorist Financing Regulations (AML/TFR) 2012.</p>
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Institutional and other measures				
26. The FIU	LC	<ul style="list-style-type: none"> <li>Annual reports do not include analysis of typologies and trends</li> <li>The increasing number of ongoing investigations suggests that the FIU is not performing effectively</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should act promptly in appointing a FIU Director. The absence of a director significantly hampers the functioning of the Unit.</li> <li>There should be specified grounds for the removal of the director.</li> <li>The annual report of the FIU should include an analysis of trends and AML/CFT typologies.</li> <li>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.</li> <li>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.</li> </ul>	<p>Section 15 of draft FIU Bill Cabinet have since approved the appointment of a Director of FIU with effect from 1<sup>st</sup> June, 2009. The Officer has since been functioning in the capacity.</p> <p>The FIU Bill have passed all stages in the Lower houses of Parliament and is awaiting passage in the Upper house. It is proposed that the Bill will be enacted by March 2012. The Bill sufficiently applies to all requirements of this recommendation.</p> <p>Section 16 of new drafted FIU Bill</p> <p>Clause 18 of new drafted 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 Regular weekly programming/interviews continues hosted by different FIU Officers each week (2009-present)</p> <p>The second Schedule of the FIU Report deals with analysis of trends and Typologies</p> <p>Section 9 of draft FIU Bill. Presently there is one analyst and one other person is being groomed.</p> <p>This is ongoing. Programmes are aired every Wednesdays on GIS TV.</p>

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				<p>Whenever the FIU observes certain new trends and typologies the Institutions are informed by way of letters and in some cases during monthly meetings.</p> <p>Training has been sought through the US and the FIU has one person involved in analytic work.</p>
27. Law enforcement authorities	LC	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Greater priority should be given to the investigation of ML / TF cases by the Police and the DPP's Office.</li> </ul>	<p>Further discussions were planned to determine specific measures in these areas</p> <p>Already in place. There is one person specifically appointed at the DPP's Office to deal with ML/TF cases. She is presently being trained by a UK expert in that field from UKSAT (United Kingdom Security Advisory Team)</p> <p>Officers attached to the FIU have received specific training by UKSAT in this area and have also worked closely with them on related investigations. During 2009- 2010 officers also received training in financial investigation at the Regional Police Training Centre in Jamaica. Other workshops attended were :</p> <ul style="list-style-type: none"> <li>▪ Sub-regional workshop for Caribbean on Counter Terrorism Financing, - June 2010 – Bahamas;</li> <li>▪ Combating Counterfeit products – Trinidad – Sept. 2010.</li> </ul> <p>Between February and March 2011, two officers will receive</p>



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				<p>training in Financial Investigation and suspect interview.</p> <p>During 2011 one Officer was seconded on a 2-months attachment programme (October-December) to St. Vincent FIU. Area of concentration was techniques and procedures in financial investigation.</p>
28. Powers of competent authorities	LC	<ul style="list-style-type: none"> <li>Unable to assess whether the RGPF has specific legislative power to take witness statements.</li> </ul>		<p>The Police Act Cap. 244 of the 1990 laws of Grenada, and Section 22 (3) and <u>Judges Rules of 1989</u> gives the RGPF general powers to investigate crime including the power to take witness statements.</p> <p>Copy of Royal Grenada Police Force – Judges’ Rule and Other Administrative Directions (Grenada) 1989 is attached</p>
29. Supervisors	LC	<ul style="list-style-type: none"> <li>GARFIN’s powers of enforcement and sanctions are inadequate since there are no ladder of enforcement powers</li> </ul>	<ul style="list-style-type: none"> <li>The GARFIN Act should be amended to provide for ladder of enforcement powers</li> </ul>	<p>The GARFIN Act only creates or establishes the GARFIN Authority. It's enforcement powers comes from each individual piece of legislation for which it is responsible. The enforcement powers in each piece of legislation are satisfactory.</p>
30. Resources, integrity and training	PC	<ul style="list-style-type: none"> <li>The RGPF does not have adequate technical, financial and human resources</li> </ul>	<ul style="list-style-type: none"> <li>Grenadian authorities should consider providing additional financial and technical resources to law enforcement agencies.</li> </ul>	<p>The Vision of the RGPF is to maintain a professional force, emphasizing modernization through training and development of personnel by making use of science and technology while working with the community and regional and international organizations, to meet the needs of a changing society. The Government of Grenada endorses this vision and is endeavoring to provide adequate support both technically and financially to facilitate successful operations of the RGPF. It is important to note that there are always newer and more modern technology evolving. Through its own resources, that of Financial and Technical Assistance from donor countries</p>

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		<ul style="list-style-type: none"> <li>Members of the RGPF and Office of the DPP involved in AML and CFT are not adequately trained.</li> </ul>		<p>(FATF), US Embassy and counterpart funding, the Government of Grenada and RGPF endeavors to keep abreast with the technological advancement in its effort to combat ML/TF.</p> <p>Units of the RGPF directly involved in combating ML/TF i.e. Drug Squad Unit, Special Branch, the Coast Guard, Immigration Unit and the FIU, all receive ongoing training and attend local, regional and international training in AML/CFT organized by SAUTT based in Trinidad &amp; Tobago, REDTRAC based in Jamaica and UKSAT, USDOJ, OAS, UNDOC, just to name a few. Opportunities for regional attachment programmes are also utilized by the RGPF.</p> <p>The ODPP recently received training in ML/TF by UKSAT.</p> <p>Recruitment Selection of the RGPF is done at two levels. Vetting is done along with an interview, there is also careful screening of criminal records and community interviews, to access moral standing before selection process is completed.</p> <p>The officers of the RGPF is guided by a Code of Conduct and the Police Act which measures the conduct of its officers. If an officer is found to be in breach, a formal disciplinary procedure is administered. Because of the size of the country it is relatively easy to investigate any criminal activity of an officer. Additionally, there is a Community Relation Department which is operational; one of its purpose is receiving complaints on Police Officers. If necessary the complaints are investigated and appropriate action taken. With respect to</p>
		<ul style="list-style-type: none"> <li>Integrity of RGPF is of concern due to number of officers involved in breaches of discipline and criminal activity</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>	

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			<ul style="list-style-type: none"> <li>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.</li> </ul>	<p>Senior Officers of the RGPF, i.e Inspectors upwards, they are governed both under the Police Act and the Public Service Commission Rules and Regulations. Any disciplinary action is taken by the Public Service Commission through the same process administered for all Public Servants.</p> <p>There is also the constant monitoring of actions. Moreover the integrity of the RGPF is not one of grave concern since there is zero tolerance for breaches of discipline and criminal activity. Because of the size of the force there is not much room for breaches of discipline to go unnoticed.</p> <p>The specialized units such as the Drug squad, Special Branch and Coast Guard undergo polygraph tests once every 3 years, they are chosen because they are more susceptible to corruption given that they assist in undercover investigation in ML/TF.</p> <p>The ODPP continues to receive Technical Assistance from UKSAT during 2011.</p> <p>Grenada has submitted its list of training needs to the CFATF for consideration. The list included CFT training for financial and law enforcement authorities. We await information from CFATF as regards to the general Technical Assistance and Training Martix which should have been considered by the Donor's Forum, on any assistance offered to member countries in these specific area.</p> <p>The RGPF Drug Squad division receives ongoing, external training in this area.</p> <p>The Attorney General's Office now has its full allocation of staff . Current staffing as follows :</p>
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		<ul style="list-style-type: none"> <li>• Attorney General's office is understaffed and under-resourced</li> </ul>	<ul style="list-style-type: none"> <li>• The authorities should consider providing additional staff and resources to the Attorney General's office.</li> </ul>	<ul style="list-style-type: none"> <li>- Attorney General</li> <li>- Solicitor General</li> <li>- 1 Senior Crown Counsel</li> <li>- 1 Senior Legal Counsel</li> <li>- 4 Crown Counsels</li> <li>- 2 Legal Drafters</li> <li>- 1 Chief Parliamentary Counsel</li> </ul> <p>Apart from Legal Staff there is adequate administrative support staff, the total Staffing at the Department is 22.</p>
31. National co-operation	PC	<ul style="list-style-type: none"> <li>• There are no effective mechanisms in place to allow policy makers to cooperate with each other</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<p>POCA 2012 Act pursuant to Section 33 , provides for the establishing of a Committee called the Joint Anti-money Laundering and Terrorist Financing Advisory Committee which shall have not less than seven persons and not more than fourteen who shall have the responsibility for making recommendations to the Anti-Money Laundering and Combating Terrorism Financing Commission (Formerly known as the Supervisory Authority in the previous act now repealed) , on initiatives for the prevention and detection of ML/TF activities .</p> <p>The Commission is established under Section 63 of POCA 2012 and its members remain unchanged however it is now entrusted with additional responsibilities. Pursuant to Section 64. The Commission is now the regulator for certain business entities and professionals.</p>
32. Statistics	PC	<ul style="list-style-type: none"> <li>• No established mechanism for the review of the effectiveness of Grenada's AML/CFT systems</li> </ul>	<ul style="list-style-type: none"> <li>• The Supervisory Authority may wish to consider setting up a secretariat to monitor the implementation of</li> </ul>	<p>Provision is made in the Guidelines 2012 for the active monitoring and implementation of Grenada's AML/CFT Regime by the Anti-money Laundering and Terrorist</p>

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		<ul style="list-style-type: none"> <li>No information about spontaneous referrals made by the FIU to foreign authorities</li> </ul>	<p>Grenada's AML/CFT Regime.</p> <ul style="list-style-type: none"> <li>The authorities should maintain statistics on spontaneous referral made by the FIU to foreign authorities</li> </ul>	<p>Financing Commission and its staff.</p> <p>This recommendation has been met. An administrative Officer has been assigned to the Secretariat. The Authority is now seeking the approval for the appointment of an Executive Director for the Secretariat (terms of reference are in place).</p> <p>Cabinet approved the appointment of an Executive Director for the Supervisory Authority Secretariat on 4 July, 2011. Final arrangements are now being made for the employment of the Executive Director.</p> <p>The Executive Director would take up employment before the end of the first quarter, 2012.</p> <p>Comprehensive stats. are maintained on spontaneous referrals made by the FIU to foreign authorities.</p> <p><u>Regional request</u> – 2010 - 21 request made :- ( 15 received, 6 pending)</p> <p>2011 – 4 request made (3 completed 1 pending)</p> <p><u>International Request</u> - 2010 -6 request made :- (2 received, 4 pending)</p> <p>2011 – 2 request made (1 received, 1 pending)</p>
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		<ul style="list-style-type: none"> <li>Statistics on the total number of cross-border disclosures or the amount of currency involved were not available.</li> <li>Statistics submitted do not contain sufficient information on mutual legal assistance requests</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>It is recommended that additional technical resources be dedicated to the compilation of statistical data to provide more comprehensive and timely presentation of statistics</li> <li>The authorities should maintain comprehensive statistics on MLA and extradition request received, made and granted.</li> </ul>	<p>The FIU continues to document all requests</p> <p>Mechanisms are already in place as it relates to the compilation of statistical records on seizures. During the year 2009 there was one Seizure and in 2010 there were 4 seizures carried out by customs. The Enforcement Unit has the responsibility of information gathering from the various units within customs. Additionally, mechanism are also being put in place to capture information relative to false declarations regarding currency operations and this is schedule to commence February 2011.</p> <p>A comprehensive data base is available at the FIU on MLA and extradition request received made and granted. The following stats. are available :-</p> <p>MLAT – 2010 – 6 requests received ( all completed)</p> <p>Spain- 1 UK - 4 USA - 1</p> <p>MLAT – 2011 - 5 request received (all completed)</p> <p>Egmont - 2009 - 8 received (all completed )</p> <p>Egmont -2010 – 9 received (all completed)</p> <p>Croatia - 1 Bahrain - 1 Slovakia - 2 UK - 1 Cyprus - 1 Venezuela - 1</p>
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				<p>Cayman Islands - 1</p> <p>Egmont – 2011 - 17 received (15 completed, 2 pending)</p> <p>Extradition – 2011 – 1 request from UK - matter is before the Court</p>
33. Legal persons – beneficial owners	NC	<ul style="list-style-type: none"> <li>No measures in place to ensure that bearer shares issued under the International Companies Act are not misused for money laundering</li> <li>No legislative requirement for the disclosure of beneficial ownership of companies</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate measures should be taken to ensure that bearer shares issued under the ICA are not misused for money laundering.</li> <li>There should be statutory requirements for the provision of information on the beneficial ownership of companies.</li> </ul>	<p>Further discussions were planned to determine specific measures in these areas.</p> <p>The Corporate Affairs and Intellectual Property Act 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 Organization 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>Section 27 of the Guidelines 2012 applies The Companies Regulations No. 2 of 1995 provides for a notice of change of address of directors, registered office etc. any change in particulars must be filed at the CAIP Office.</p> <p>Section 195 to 200 speaks to the time frame with which you should give before effecting transfer of shares and debentures in relation to company changes, section 213 – 237 applies.</p> <p>Section 27 (2) of the Guidelines 2012 applies The office of the Registrar of Companies and Intellectual Property is adequately staffed with ten officers.</p>

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	<ul style="list-style-type: none"> <li>Insufficient resources delegated to the functions of the Registrar of Companies.</li> </ul>	<ul style="list-style-type: none"> <li>Adequate resources should be delegated to the functions of the Registrar of Companies and Intellectual Property.</li> </ul>	<p>The Office deals with Trademark , Patent, Registration of Companies and Business Names, facilitate workshops on Intellectual Property.</p> <p>Amendment was made to the Company Regulations through SRO 36 of 2011</p> <p>The following enactments with regard to companies was made during 2011.</p> <ul style="list-style-type: none"> <li>- Patent Act 16 of 2011</li> <li>- Copyright Act 21 of 2011</li> <li>- Trademark No. 1 of 2012</li> </ul> <p>Presently the process of automation or Companies names are in process. Automation caters for information sharing between NIS, IRD and CAIPO.</p> <p>The office is adequately equipped to carry out its functions.</p> <p>As a first step to ensuring compliance Letters were sent to Law Firms from the Registrar of Companies (dated 2/12/11) pointing out the inefficiencies as regards to the filing of annual returns on behalf of companies which they represent and the risk of being struck of the register pursuant to SRO 5 of 2009.</p> <p>The second step will be in the form of a notice to Company Directors on “Notice of Non-compliance with regard to filing of annual returns” . This is expected to be done by the end of the first quarter of 2012. After which the Registrar of Companies will act in accordance with the provisions.</p> <p>Amendment to the Companies Act will subsequently address</p>
	<ul style="list-style-type: none"> <li>No mechanism to ensure the timely filing of annual returns.</li> <li>No access to current information on companies’ beneficial ownership to competent authorities due to the failure of</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>	



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		<p>companies to file annual returns.</p> <ul style="list-style-type: none"> <li>No legislation requires the filing or notification of changes to the particulars, including beneficial ownership, of companies.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<p>this requirement by 2<sup>nd</sup> Quarter of 2012.</p>
34. Legal arrangements – beneficial owners	NC	<ul style="list-style-type: none"> <li>No system of central registration or national registry where records of local trust are kept</li> <li>No requirement for the filing/keeping of adequate and accurate information on the beneficial ownership and control of local trusts</li> <li>The requirement for trust service providers to obtain, verify and retain records of the details of trusts or other similar legal arrangements in the Guidelines is not enforceable.</li> </ul>	<ul style="list-style-type: none"> <li>Authorities should put in place measures for the registration and monitoring of local trusts in accordance with FATF requirements.</li> <li>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</li> </ul>	<p>There is National Registry and a Registrar of Companies, appointed under the Companies Act.</p> <p>Section 17 of the International Trust Act No. 40 of 1996 provides for registration and monitoring of local trusts, however no trust companies exist in Grenada.</p> <p>Although no trusts exist in Grenada, Section 30 of the Guidelines 2012 provides for the verification and identification of trust.</p>

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International Co-operation				
35. Conventions	PC	<ul style="list-style-type: none"> <li>• All designated categories of offences are not adequately addressed in the range of predicate offences</li> <li>• Not all relevant articles of the Conventions have been fully implemented</li> </ul>	<ul style="list-style-type: none"> <li>• The authorities should extend the range of predicate offences for ML to accord with the FATF Designated Categories of Offences.</li> <li>• The authorities should amend relevant legislation to cover all the activities required to be criminalised in accordance with the Conventions</li> </ul>	POCA 2012 Schedule addresses sufficiently- p. 261
38. MLA on confiscation and freezing	LC	<ul style="list-style-type: none"> <li>• There is no provision under MLACMA for the tracing and restraining of instrumentalities intended for use in the commission of an offence.</li> <li>• The authorities should establish arrangements for coordinating seizure and confiscation actions with other jurisdictions.</li> <li>• There are no asset-sharing arrangements in place between Grenada and other countries.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• The MLACMA should be amended to include provisions for the tracing and restraining of instrumentalities intended for use in the commission of an offence.</li> <li>• The authorities should establish arrangements for co-ordinating seizure and confiscation actions with other jurisdictions.</li> </ul>	<p>Section 14 &amp; 15 of MLACMA deals with this area</p> <p>MLACMA Act 14 of 2001, Section 27 refers to Assistance to countries in the tracing property derived from crime etc.</p> <p>Article 1, 12 &amp; 16 of the MLACM(GOG and US) Address this recommendation.</p> <p>Memorandum of Understanding has been signed with the following countries between 2009 and 2010</p> <ul style="list-style-type: none"> <li>- Netherlands Antilles (Curacao) Aug. 3<sup>rd</sup>, 2005</li> <li>- Canada - (FINTRAC) Financial Transactions and Reports Analyst Center of Canada –April 21, 2010</li> <li>- St. Vincent - July 26<sup>th</sup>, 2010</li> </ul>

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			<ul style="list-style-type: none"> <li>The authorities should consider making arrangements with other countries for the sharing of funds forfeited and seized.</li> </ul>	<p>- St. Maarten - May 2011</p> <p>Regional legislation is on its way for the establishment of such by jurisdictions from a CARICOM level, this is spearheaded by UKSAT (United Kingdom Security Advisory Team) .</p> <p>The Commission is considering developing an Asset Sharing Protocol between countries requiring assistance in Criminal matters</p>
40. Other forms of coHoperation	LC	<ul style="list-style-type: none"> <li>The EIA and the FIUA do not address whether requests are refused on the sole ground that it is considered to involve fiscal matters.</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>	New FIU Bill clause 29 (1) deals with Disclosure to foreign Financial Intelligence Units
<b>Nine Special Recommendations</b>		<b>Summary of factors underlying rating</b>		
SR.I Implement UN instruments	PC	<ul style="list-style-type: none"> <li>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)).</li> </ul>	<ul style="list-style-type: none"> <li>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)).</li> </ul>	Measures to address UN Security Council Resolutions relating to suppression of terrorist financing to be implemented by the 3 <sup>rd</sup> quarter of 2012.

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SR. II Criminalise terrorist financing	NC	<ul style="list-style-type: none"> <li>• Criminalisation of terrorist financing does not include all offences in the Annex to the Terrorist Financing Convention.</li> <li>• The terrorist financing offences do not cover the provision/collection of funds for an individual terrorist.</li> <li>• The terrorist financing offence of fund-raising is not subject to any sanctions and therefore is not a predicate offence for money laundering.</li> <li>• 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.</li> <li>• Effectiveness of terrorist financing regime is difficult to assess in light of the absence of investigations, prosecutions and convictions for FT</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• The TA should be amended to include the terrorist financing offences of the provision/collection of funds for an individual terrorist.</li> <li>• 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.</li> <li>• 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</li> </ul>	<p>The Terrorism Bill 2012 has passed all stages in the lower House and is awaiting passage in the Senate by the end of February-March 2012.</p> <p>Clause 18-24 respectively defines terrorist property for the purpose of the Bill, the criminalization of the solicitation and receipt of terrorist property, use and possession of such property, arranging for property to be used for terrorist purposes, along with money laundering and Disclosure.</p>
SR.III Freeze and confiscate terrorist assets	NC	<ul style="list-style-type: none"> <li>• No provision in TA for the freezing of property other than</li> </ul>	<ul style="list-style-type: none"> <li>▪ The TA should be amended to allow for the freezing of terrorist funds or other assets of persons designated by</li> </ul>	<p>Regulations to satisfy this recommendation have not been address due to an oversight. This will be undertaken after the</p>

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		<p>restraint orders</p> <ul style="list-style-type: none"> <li>• 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).</li> <li>• 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.</li> <li>• No mechanism available where victims of offences committed under the TA are compensated consistent with Article 8 of the Terrorist Financing Convention.</li> <li>• 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.</li> <li>• No publicly-known procedure for the de-listing of names of proscribed organisations and terrorists listed in the Schedule to the TA</li> </ul>	<p>the United Nations Al-Qaida and Taliban Sanctions Committee in accordance with S/RES/1267(1999).</p> <ul style="list-style-type: none"> <li>▪ 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).</li> <li>▪ The Taliban should be added as a proscribed organisation under the TA.</li> <li>▪ 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.</li> <li>▪ The TA should contain procedures for the de-listing of names of proscribed organisations and terrorists listed in the Schedule to the TA.</li> <li>▪ 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).</li> <li>▪ The TA should be amended to</li> </ul>	<p>passage of the Terrorism Bill, or by the end of April, 2012.</p>
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		<ul style="list-style-type: none"> <li>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).</li> <li>Difficult to assess effectiveness of mechanism for ensuring compliance with TA due to lack of statistics</li> </ul>	<p>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.</p> <p>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.</p>	
SR.IV Suspicious transaction reporting	NC	<ul style="list-style-type: none"> <li>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</li> <li>No requirement to report all suspicious transactions including attempted transactions regardless of the amount of the transaction.</li> <li>No requirement to report suspicious transactions regardless of whether they are thought, among other things to involve tax matters.</li> </ul>	<ul style="list-style-type: none"> <li>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 organization or those who finance terrorism.</li> <li>All suspicious transactions, including attempted transactions should be legislatively required to be reported regardless of the amount of transaction</li> <li>The requirement to report suspicious transactions should apply regardless of whether they are thought, among other things to involve tax matters</li> </ul>	<p>The Terrorism Bill 2012 has passed all stages in the lower House and is awaiting passage in the Senate by the end of February-March 2012.</p> <p>Part III Clause 23,24,25 of the Terrorism Bill 2012 applies</p>
SR.V International co-operation	PC	<ul style="list-style-type: none"> <li>Not all FT offences are covered by mutual legal assistance mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>The provision/collection of funds for an individual terrorist should be criminalized under the TA.</li> </ul>	<p>The Terrorism Bill 2012 has passed all stages in the lower House and is awaiting passage in the Senate by the end of February-March 2012.</p>

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		<ul style="list-style-type: none"> <li>• The terrorist financing offence of fund-raising is not an extraditable offence</li> <li>• The provision/collection of funds for an individual terrorist is not an offence and is not extraditable.</li> </ul>	<ul style="list-style-type: none"> <li>• The TA should be amended to include penalties that are proportionate and dissuasive for the terrorist financing offence of fund-raising.</li> <li>• The provision/collection of funds for an individual terrorist should be criminalized under TA.</li> </ul>	Part III Clause 27 and Part V of the Terrorism Bill applies
SR VI AML requirements for money/valueTransfer services	NC	<ul style="list-style-type: none"> <li>• No systems in place for monitoring MVT service operators and ensuring that they comply with the FATF Recommendations</li> <li>• Deficiencies noted with regard to Recs. 4-11, 13-15 and 21-23 are also applicable to MVT service operators</li> <li>• 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</li> <li>• Sanctions applicable with regard to GARFIN's supervisory function are not proportionate or dissuasive.</li> </ul>	<ul style="list-style-type: none"> <li>• Legislation for money services providers that meets the FATF requirements should be enacted.</li> <li>• Introduce systems for monitoring MVT service operators and ensuring that they comply with the FATF Recommendations.</li> <li>• Licensed MVT service operators should be required to maintain a current list of their agents to be made available to the designated competent authority.</li> </ul> <p>GARFIN's supervisory sanctions should be made proportionate and dissuasive</p>	<p>Money Services Business Act No. 10 of 2009 (electronic copy provided)</p> <p>A System of off-site and on-site supervision has been effectively implemented. GARFIN has conducted its first inspection of money services business during the 2<sup>nd</sup> quarter of 2011. Other scheduled visits will take place during the 3<sup>rd</sup> quarter 2011. The other two entities are scheduled between September and November 2011.</p> <p>MVT operators fall under the Money Services Business Act No.10/2009. GARFIN has introduced quarterly reporting, submission of audited financial statement and site inspection as a means of monitoring MVT service operators.</p> <p>Pursuant to Money Service Business Act</p> <p>GARFIN carried out inspections to the following –Money Services Operators:-</p> <p>Money Gram - May 30-31<sup>st</sup> 2011</p> <p>Western Union - September 12-13, 2011</p> <p>Joint workshop (on MSBA and ML/CFT) to be conducted by GARFIN and FIU is scheduled for 2<sup>nd</sup> quarter of 2012.</p>

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				<p>Already in place.</p> <p>Supervisory sanctions are considered proportionate and dissuasive - refer section 46 Money Services Business Act which lists penalties as \$50,000 or two years in prison or both.</p>
SR VII Wire transfer rules	NC	<ul style="list-style-type: none"> <li>• No requirement for ordering financial institutions to obtain and maintain full originator information for all wire transfers of US\$1,000 and above</li> <li>• No requirement for ordering financial institutions to include full originator information along with cross-border and domestic wire transfers</li> <li>• 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</li> <li>• No requirement for beneficiary financial institutions to adopt effective risk-based procedures for identifying and handling wire transfers that are not</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<p>Proceeds of Crime (Anti-money Laundering) Guidelines 2012, Part V sufficiently addresses the requirement in this recommendation.</p> <p>Guidelines - Part V - Section 41 (1) applies</p> <p>Guidelines – Part V Section 43 (2) applies</p>



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		accompanied by complete originator information.		
SR.VIII Non-profit organisations	NC	<ul style="list-style-type: none"> <li>• Registering of NPOs is not mandatory.</li> <li>• No review has been undertaken of the adequacy of domestic laws in relation to non-profit organisations (NPOs) to determine whether they are (i) susceptible to being used by terrorist organisations or (ii) particularly vulnerable to terrorist activities.</li> <li>• No outreach to NPOs to protect the sector from terrorist financing abuse.</li> <li>• No effective supervisory regime to monitor non-compliance and sanction violations of oversight measures.</li> <li>• No record keeping and retention requirements for NPOs.</li> <li>• No investigative expertise with</li> </ul>	<ul style="list-style-type: none"> <li>• The authorities should make the registering of NPOs mandatory.</li> <li>• The authorities should undertake a review of the adequacy of domestic laws in relation to non-profit organisations (NPOs) to determine whether they are (i) susceptible to being used by terrorist organisations or (ii) particularly vulnerable to terrorist activities.</li> <li>• The authorities should undertake outreach to the NPO sector with a view to protecting the sector from terrorist financing abuse.</li> <li>• An effective supervisory regime should be established to monitor non-compliance and sanction violations of oversight measures.</li> <li>• Record keeping and retention requirements should extend to NPOs.</li> </ul> <p>Authorities should develop investigative expertise with regard to</p>	<p>Non profits companies must be registered in Grenada under the Companies Act No. 35 of 1994 (section 326-327) which deals specifically with non-profit companies. Applications for the setting up of non-profit organizations are sent to the Attorney General's Office for approval in accordance with the above act. All documents relating to Non profits organizations are filed at the Corporate and Intellectual Property Office</p> <p>Section 326 of the Companies Act Addresses companies without share capital additionally Section 4 &amp; 5 of the Proceeds of Crime (Anti-money Laundering) Guidelines 2012 applies to Charities or other association not for profit, the relevant provisions shall be applied with such modifications as are necessary to ensure compliance with the requirements of the Provisions.</p> <p>Schedule I provides best practices for Charities and other associations not for profit who shall govern its activities in accordance with those best practices in addition to complying with the other requirements of the Guidelines.</p> <p>The anti-money Laundering and Financing Terrorist Financing Commission is the regulatory authority for NPO's pursuant to Section 10(2) of the Guidelines</p>

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		regard to examining NPOs suspected of either being exploited by or actively supporting terrorist activity.	examining NPOs suspected of either being exploited by or actively supporting terrorist activity.	Public awareness/ education outreach and workshops would address the issue during the latter part of 2012.  During the year 2008 one such investigation was carried out
SR.IX Cross Border Declaration & Disclosure	NC	<ul style="list-style-type: none"> <li>• Penalty for false disclosure/declaration is not dissuasive</li> <li>• Domestic cooperation between customs and other agencies is insufficient</li> <li>• Information-sharing among Customs and other law enforcement authorities is inadequate.</li> <li>• Customs' participation in AML/CFT is not sufficient</li> </ul>	<ul style="list-style-type: none"> <li>• 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/US\$15,000.00</li> <li>• 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.</li> <li>• Customs should explore the involvement of airline and vessel senior management in currency interdiction operations.</li> <li>• 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</li> </ul>	<p>A high level of co-operation exist between the Customs, FIU, Immigration Department, the Drug Squad and the ODPP in ML/TF matters.</p> <p>Plans are already in place for Customs to engage the airlines in a series of meeting to put policy in place. This is expected to be effected by the end of the first quarter 2011.</p> <p>Customs officials are trained as part of their standard operating procedure in this area. Approximately 30 Customs Officers received training in passenger profiling during 2010. Please note that the relevant sections of Customs Department now have the responsibility to record in detail all breaches of the Customs Act since implementing the recommended</p>

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		<ul style="list-style-type: none"> <li>identified to identify red flags.</li> </ul>	<p>measures.</p> <p>During 2011 a cross-section of Customs officers continue to receive training in AML/CFT.</p> <p>2 officers - Intelligence Gathering – Jamaica</p> <p>1 officer - Early Warning Systems</p> <p>Wide Cross-section of staff – Institutional Strengthening - Fraud Detection and Control - Price WaterHouse Coopers</p> <p>We have been advised that making false declaration/disclosures, strict liability offences may be unconstitutional and therefore the customs department is not pursuing that recommendation at this time.</p> <p>This recommendation has been adopted and implemented in the draft Customs Bill 2010 which is submitted to the Attorney General's Office and should be passed during the first quarter of 2011.</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 during the first quarter of 2011 in Counterfeit Currency Identification.</p> <p>These organizations have a close working relationship and do meet from time to time. Two Customs Officers are presently assigned to the FIU. The customs are also presently involved in joint investigations with the FIU.</p> <p>Customs officials receive ongoing training in this area.</p>
	<ul style="list-style-type: none"> <li>Unable to assess whether systems for reporting cross-border transactions are subject to strict safeguards.</li> </ul>	<ul style="list-style-type: none"> <li>Authorities should review legislation concerning the making of false disclosures/declarations to ensure that these are strict liability offences.</li> </ul>	
	<ul style="list-style-type: none"> <li>Unable to assess effective of disclosure system due to insufficient statistics</li> </ul>	<ul style="list-style-type: none"> <li>Penalties under the Customs Ordinance should be amended with the aim of making them dissuasive</li> <li>Consideration should be given for the provision of training in counterfeit currency identification to Customs Personnel, especially those working the ports.</li> <li>Customs should consider fostering closer relationships with the FIU, the</li> </ul>	

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			<p>RGPF and ODPP</p> <ul style="list-style-type: none"> <li>• There is a need for increased participation by the Customs Department in combating money laundering and terrorist financing.</li> <li>• 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.</li> </ul>	<p>The Enforcement Unit of the Customs Department have the responsibility for record keeping and reporting on a case by case basis.</p> <p>It must be noted that in 2010 the Customs has been included as a member of the National Security Committee.</p>
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