



ANNUAL REPORT

OCTOBER 2006 – NOVEMBER 2007

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EXECUTIVE SUMMARY

Chairman Zapata's Work Programme set the stage for the range of activities that were to be pursued during 2006-2007, and the continuation of the Third Round of Mutual Evaluations took centre stage. Closer and deeper working relations with our partners around the world was also emphasised and the presence of FATF President Mr. Frank Swedlove underscored the longstanding ties between the CFATF and the FATF.

The Memorandum of Understanding was formally revised to allow the participation of Examiners from the Financial Action Task Force (FATF), FATF Style Regional Bodies (FSRBs), The Offshore Group of Banking Supervisors (OGBS) and the World Bank. Here, the deepening of the working relationship between the CFATF and its longstanding international partners saw for the first time Examiners from FATF members Brazil, Canada and the United States participating in the Mutual Evaluation Missions to Antigua and Barbuda and Cayman Islands. Additionally, the International Financial Institutions, the International Monetary Fund and the World Bank, undertook the Anti Money-laundering and Combating the Financing of Terrorism AML/CFT assessments of Bermuda, Haiti and Honduras. The move towards closer collaboration was intensified in the important area of Technical Assistance and Training through the initial meeting of the Donors Forum and the continuing deployment of AML/CFT initiatives by our donor partners.

Staffing of the Secretariat saw some changes this year with the departure of Mr. Russell Ursula, who in June 2007, ended a six year period of secondment first as Law Enforcement Adviser for three years and thereafter as Deputy Executive Director. The CFATF owes a considerable debt of gratitude to the Government of the Netherlands Antilles for its generosity in sharing such a senior official with a view to moving forward the region's AML/CFT agenda. The CFATF welcomed Mr. Jefferson Clarke to the Secretariat as Law Enforcement Adviser in May 2007.

The Heads of Financial Intelligence Units (FIU) Forum continues to be of significant benefit in encouraging CFATF Members to join EGMONT and to sign Memoranda of Understanding between regional FIUs and between CFATF FIUs and those of FATF Members.

All in all 2006-2007 was a very successful period for the enhancement of regional compliance with the international AML/CFT standards and congratulations must be extended to Chairman Zapata, Licenciado Ramon Tobar and the Government and people of the Republic of Guatemala for their stewardship of the CFATF during this period.

MINISTERIAL MEETING XII

THE OPENING CEREMONY

The Opening Ceremony of Ministerial Meeting XII, Guatemala City, Guatemala, was the occasion for the passing of the baton of leadership of the Caribbean Financial Action Task Force (CFATF) from Jamaica to the Republic of Guatemala and it must be noted that the importance of Guatemala holding the CFATF Chair for the 2006 – 2007 period was underscored with the presence of His Excellency, The President of Guatemala, Sr. Oscar Berger at the Plenary Meeting. President Berger during his address acknowledged the presence of specially invited Ministers of Governments and the Ambassadors of France and Spain and indicated that these Plenary and Ministerial Meetings were very important to Guatemala and the global fight against money laundering and the financing of terrorism in the region and urged continued vigilance against the methods utilized by criminals. President Berger congratulated the CFATF on its ongoing achievements and expressed his wishes for continued successes in the future.

In commencing the proceedings, Lic. Ramon Tobar, Intendente de Verificación Especial, Jefe de la Unidad de Analisis Financiero extended a warm welcome to all delegates to the country of Eternal Springs and issued a call for the sharing of experiences and moving forward together with confidence in the fight against money laundering and the financing of terrorism. The Opening Ceremony continued with remarks by the Outgoing Chair, remarks by the Incoming Chair, Election of the Vice Chair, presentation of a Certificate of Appreciation to Chairman Hylton and the Special Address by FATF President Frank Swedlove.

REMARKS BY THE OUTGOING CHAIR

In his outgoing remarks Chairman Hylton spoke to his term as Chair as a fruitful and productive learning experience in the dynamics of international politics and the need for sustained and open dialogue in the resolution of differences.

Other themes of his address were as follows:

The growing achievements of the CFATF as an important partner in the protection of the international financial system from trans-national organised crime.

The need for greater efforts to resolve the issue of outstanding annual contributions so that the business of the organization could be successfully undertaken.

The growing complexity of the work and the need for an increased staff complement at the Secretariat.

The importance of the continued support of the Group of Cooperating and Supporting Nations and Observer organisations for the ongoing work of the CFATF as well as the application for Associate Members status to the FATF.

The deeper interchange of knowledge and experiences that can come through the gracious offer from Canada for the participation of a CFATF examiner as an Observer or Second Assessor in the FATF Mutual Evaluation of Canada and France's agreement to nominate an Examiner to participate in the Mutual evaluation of Haiti.

The ongoing strengthening of regional AML/CFT capacity as a result of offers of Technical Assistance from the IMF and the World Bank with various aspects of the Mutual Evaluation programme.

REMARKS BY THE INCOMING CHAIR

Incoming Chair Mr. Willy Zapata welcomed delegates to the Ministerial meeting and congratulated Jamaica for the excellent work accomplished under their period as Chair because without their efforts the CFTF would not have been able to attain the agreed goals and make the important progress achieved over the past twelve months.

During his address Mr. Zapata noted that it was an honour for Guatemala to officially assume the CFATF Chairmanship for the 2006 – 2007 period and underlined, on behalf of the people and Government of Guatemala, their commitment to develop the role and coordinate the framework in which the region will continue to partner with the global community in the fight against money laundering and the financing of terrorism and expressed his hope that Guatemala will continue to contribute to the outstanding work accomplished by the CFATF over the last few years and that it was an objective for Guatemala to improve the mechanism for coordination and cooperation among the member countries which was an important step in the continue strengthening of the CFATF.

Chairman Zapata acknowledged the importance of undertaking the Mutual Evaluation programme in an objective fashion and expressed his conviction that with sustained and coordinated efforts the region will succeed in this goal. He further noted that whilst the CFTF could count on the ongoing support of the Group of Cooperating and Supporting Nations, the region cannot rely on them to solve its problems. The challenges that confront the organization are great but it was through our own capabilities and discipline and understanding that we will be able to achieve our objectives.

Guatemala, he indicated, had played an active role in the activities of the CFTF and that these experiences had helped Guatemala to fully understand the working of the organization and asserted that the support, commitment and willingness of all Member countries can be very instrumental in the ability of the region to defeat the activities of trans-national criminal organizations in the Caribbean Basin Region.

In closing, Chairman Zapata reiterated Guatemala's gratitude to be elected to hold the position of CFTF Chair and advised that communication and the process of communication were key to success in the work that we have obligated ourselves to undertake.

ELECTION OF THE VICE CHAIR

The election of the Vice Chair was postponed to January 27th 2007 and the Round Robin procedure was adopted for the elevation of Costa Rica to the position with initial support being provided by Honduras and Nicaragua and thereafter, the subsequent unanimous approval of the membership.

CERTIFICATE OF APPRECIATION

The Executive Director presented Chairman Hylton with a Certificate of Appreciation for his excellent stewardship during the Jamaican period as Chair.

SPECIAL ADDRESS BY THE FATF PRESIDENT

Canada has and continues to be a strong supporter and true friend of the CFATF and as such it was indeed an honour and a pleasure to welcome Mr. Frank Swedlove to the Guatemala Ministerial meeting whose Special Address was warmly embraced by Ministers.

Mr. Swedlove acknowledged the CFATF's long history as the first FATF Style Regional Body to be formed and the leadership role it plays in combating money laundering and terrorist financing in the Caribbean Basin region in making the FATF's standards truly global in reach. He noted that the issue of Regional Groups obtaining Associate Member status at the FATF is a priority for his Presidency since it allowed FATF Style Regional Bodies to become better involved in the FATF's work and decision making process and expressed his sincere hope that the Associate Membership for the CFATF can be successfully advanced in the course of my Presidency.

President Swedlove expressed his full support for the CFATF Typologies Project on the Free Trade Zones and warmly invited the CFATF to share all conclusions with the FATF as soon as the work is completed as it will serve as a valuable contribution to the FATF's work on Trade-Based Money Laundering and help to ensure that the international standards are kept relevant and responsive to regional, as well as global trends.

The FATF President noted that the Mutual Evaluation Programme is a major component of the FATF's work and emphasized the critical importance of consistency in the assessments undertaken by different assessing bodies given the attendant complexities with the process which presents a learning process for every group involved. In addition he confirmed that the FATF Secretariat is, as it has been in the past, willing to assist the CFATF as much as possible in organizing the hosting training seminars for mutual evaluation examiners and expressed his satisfaction that the CFATF has the intention of doing full needs assessments of member jurisdictions as it would be complimentary to the CFATF Donors forum initiative, and would provide a mechanism for the prioritizing of training in response to the issues identified in the mutual evaluation exercise.

President Swedlove confirmed that the priorities of his Presidency is to strengthen the FATF standards wherever new threats are discovered and to commence discussions on the mid-term

review of the FATF's current eight year Mandate, which will be concluded under the next Presidency by the United Kingdom.

In conclusion, President Swedlove noted that the CFATF is one of the FATF's main partners, one of the most long-standing ones and has been the model for other FSRBs that have been created since your establishment. The CFATF he indicated, has also played an important leadership role in the Caribbean Basin by encouraging new members to join and implement not only the 40 + 9 Recommendations, but also the CFATF 19 Recommendations, and the 25 NCCT criteria, a track record which gave him confidence in the future of the CFATF and its ability to continue to explore and meet new challenges as an important partner in global efforts to combat money laundering and terrorist financing.

CHAIRMAN'S WORK PROGRAMME 2006 – 2007

Ministers endorsed Chairman Zapata's Work Programme for 2006 – 2007, the main themes of which were:

The ever closer integration of the membership the spreading of CFATF activities across the member countries.

The need to further empower the Secretariat through timely responses to all issues that are important for the growth and image of the organization.

The necessity for prompt payment of their annual contributions and for Members in arrears to bring their outstanding contributions up to date by April 30th 2007 or submit in writing a plan of action to the Chair.

The ability of the Secretariat to undertake this Work Programme as well as the overall business of the organisation pivots on the fullest cooperation of all Members in this important area.

The recognition that the Mutual Evaluation Programme is one of the core areas of the CFATF's work, and the need for Members to commit themselves to full adherence to each and every step of the agreed Mutual Evaluation Procedures is critical.

The coordination and delivery of technical assistance and training initiatives across the membership in close collaboration with our long standing friends and supporters, the cooperating and Supporting Nations, FATF Secretariat, GAFISUD, IMF, World Bank, Commonwealth Secretariat, First Initiative and the Inter American Development Bank.

The continuation of the successful Heads of Financial Intelligence Units Forum in order to further encourage intra-regional and international cooperation on judicial, regulatory and law enforcement issues and to facilitate input for the compilation of AML / CFT methods and trends which would be a useful tool to engage in a dialogue with the regional private sector.

The deepening of the dialogue and strengthening of the existing bonds of friendship and support with the Cooperating and Supporting Nations, the FATF, FSRBs, the World Bank and IMF as well as all our other Observer Organizations.

THE STEERING GROUP 2006 – 2007

In establishing the CFATF Steering Group, Ministers agreed that it should comprise the Chairman, the Chairman-elect, the CFATF Executive and Deputy Directors, one COSUN and three CFATF Members. The COSUNs it was determined would participate in the Steering Group on a rotating basis.

The responsibilities of the Steering Group are to:

Advise the Secretariat regarding issued of policy, which arise and require action prior to meetings of the CFATF Council of Ministers;

On all significant matters relating to internal CFATF policy, consult in co-ordination with the Secretariat all CFATF Member Governments at the Ministerial Level; and,

At annual meetings of the CFATF Council of Ministers, provide a full briefing on its activities and when appropriate, formulate recommendations for the Council.

The composition of the Steering Group for 2006 – 2007 was as follows: The Chair – Guatemala, Deputy Chair – Costa Rica, Barbados, Cayman Islands and Haiti, COSUN representative Spain, along with the Executive Director and the Deputy Executive Director.

Ministers also have the authority to call upon all past Chairmen to share their expertise and experiences in the conduct of all aspects of the organization's affairs.

THE MUTUAL EVALUATION PROGRAMME

The Mutual Evaluation Programme is a crucial aspect of the work of the CFATF as it is one of the mechanisms by which the Secretariat ensures that each Member State fulfils the obligations undertaken. Through this monitoring mechanism the wider membership is kept informed as to what is happening on the ground in each Member Country that has signed the Memorandum of Understanding. For the individual Member, the Mutual Evaluation Programme presents a valuable opportunity for an objective assessment by a team of experts of the anti money laundering and combating the financing of terrorism framework as it exists at the time of the visit.

Like all assessment bodies operating globally the Caribbean Financial Action Task Force (CFATF utilizes the Financial Action Task Force (FATF) Anti Money Laundering/Combating Financing of Terrorism (AML/CFT) Methodology as the assessment tool for the ongoing Third Round of Mutual Evaluations which allows, through the Mutual Evaluation Reports, for due recognition to be given where the standard benchmarks, the FATF 40 Recommendations and the

Nine Special Recommendations to Combat the Financing of Terrorism are met, but also, identifies weaknesses and makes recommendations with a view to securing improvements.

During 2006 – 2007, Mutual Evaluation Missions were undertaken in Antigua and Barbuda, Bermuda, Cayman Islands, Haiti and Turks and Caicos Islands. Mutual Evaluation Missions to British Virgin Islands and St. Lucia although scheduled for 2007 had to be postponed with the acquiescence of the Plenary to early 2008. In the case of British Virgin Islands, preparations for and the holding of constitutionally due elections coincided with the run up to the scheduled dates for the Mutual Evaluation Mission and for St. Lucia, a change of administration pursuant to recent elections, the death of the then recently elected Prime Minister and the need, in tandem, to hold special Bye Election adversely affected the ability of the country to adequately prepare for the Mutual Evaluation Mission.

Matters relating to the election process also impacted on the discussion of the Mutual Evaluation Report of The Bahamas. General Elections in The Bahamas were held on May 2nd, 2007 which brought about a change in administration and the appointment of a new Attorney General the day before the May 2007 Plenary. The Plenary heard and considered a request by the newly appointed Attorney General of The Bahamas for a deferral of the Mutual Evaluation Report as the incoming government did not have an opportunity to see and consider the Mutual Evaluation Report and consequently no instructions were given to the three person delegation in terms of responding to the Mutual Evaluation Report.

Discussions on the request by the Plenary centred on the necessity of having input from the technical representatives of The Bahamas during the presentation of the Mutual Evaluation Report, the image of the organization as a whole and above all the quality of the Mutual Evaluation process. Some delegations expressed disappointment that the Report was being postponed but were sympathetic to the overall situation. The Plenary agreed that the discussion of the report would proceed in November 2007 at the Costa Rican Plenary and that the Chair would write to the Attorney General accordingly. Plenary however underscored the fact that the decision was taken not because of the intervention of the political process but to facilitate the active participation of The Bahamas in the Mutual Evaluation process. The Mutual Evaluation Report on The Bahamas was discussed and adopted as final at the November 2007 Plenary and Ministerial Meetings respectively.

During 2006 – 2007, the Mutual Evaluation Reports of Belize, Bermuda, Cayman Islands, Costa Rica, Dominican Republic, Guyana, The Bahamas, and Trinidad and Tobago, were discussed and adopted by Ministers. In keeping with the organization's publication policy all the reports were placed on the CFATF website within one month of Ministerial approval, but for Bermuda's which was delayed due to the internal approval for publication process within the International Monetary Fund which had conducted the assessment exercise.

In keeping with its revised policy CFATF Mutual Evaluation Missions are now staffed not only with Examiners from CFATF member jurisdictions but also with Examiners from the FATF states, from other FATF Style Regional Bodies and from the Offshore Group of Banking Supervisor (OGBS). Additionally, both the International Monetary Fund (IMF) and the World Bank (WB) undertake assessment Missions to CFATF member countries as part of their

respective Financial Sector Assessment Programme/Offshore Financial Centre Assessment Programme (FSAP/OFC) and under the reciprocal arrangements, the Detailed Assessment Reports coming out of these Missions are accepted by the CFATF as Mutual Evaluation Reports for its Mutual Evaluation Programme. Similarly, under these arrangements, CFATF Mutual Evaluation Reports are accepted as Detailed Assessment Reports for the IMF/WB/ FSAP/OFC purposes.

For the Mutual Evaluation of the Cayman Islands during 2007, both Canada and the United States of America provided as Examiners, Inspector William Malone, Royal Canadian Mounted Police (RCMP) and Mr. Michael Valley from Financial Crime Enforcement Network (FINCEN). The advent of Examiners from the CFATF and FATF working together on assessment Missions has allowed for a cross fertilization of expertise and experiences which has proven to be very beneficial to the timely finalization of the Mutual Evaluation Report, and also the format and text in which each Examiner provides that portion of the Report for which he or she is responsible. It is the intention of the Secretariat to draw upon the lessons learnt here, and should their schedules allow, both Inspector Malone and Mr. Valley in future Training Seminars for Mutual Evaluation Examiners, so as to benefit the overall CFATF Mutual Evaluation Programme.

In keeping with this new approach of wider participation, Mr. Bernado Mota from Brazil, a member of both the FATF and the Financial Action Task Force of South America (GAFISUD) participated as Examiner on the Mutual Evaluation of Antigua and Barbuda and the Netherlands and the OGBS have agreed to provide Examiners for the Mutual Evaluation of the British Virgin Islands and St. Lucia respectively, which will now occur in early 2008. The Secretariat will continue to explore all avenues to deepen this constructive and fruitful working relationship throughout the Third Round of Evaluations which end in 2009 and beyond.

Both the World Bank and the International Monetary Fund have been supportive of the work of the CFATF and this mutually productive relationship is set to continue. Ministers have endorsed the policy and implementation is moving full speed ahead that both the Bank and the Fund will undertake one/two AML/CFT Assessments of CFATF member countries each year after dialogue and agreement with the Secretariat which will undertake the necessary consultation with the CFATF member in question and outcome put to the Plenary for endorsement. Under these reciprocal arrangements, CFATF Examiners will participate in these Assessment Missions as Observers.

During 2006/2007 the Fund undertook the AML/ CFT Assessment of Bermuda in May 2007 and the Detailed Assessment Report was discussed at the November 2007 Plenary and endorsed by Ministers as the Mutual Evaluation Report on that country. Both the Secretariat and the Fund, after the appropriate consultation with St. Vincent and the Grenadines, have reached agreement that the Fund will conduct the AML/CFT Assessment of St. Vincent and the Grenadines in the first quarter of 2009. Additionally, during the last quarter of 2007 the World Bank undertook the AML/CFT assessments of Haiti and Honduras and the Detailed Assessment Reports from these exercise are to be presented to the CFATF Plenary in May 2008.

The reciprocal arrangements between the CFATF with both the IMF and the World Bank are proving to be equally beneficial by avoiding duplication of efforts and waste of limited human and financial resources through the use of respective assessment reports. The Detailed Assessment Report on Bermuda by the IMF, which was discussed at the CFATF Plenary Meeting in November 2007, points the way as to the effectiveness of these inter-organizational co-operation arrangements. Similar mutually beneficial working relations saw the World Bank conducting the AML/CFT assessment of Haiti and Honduras during the latter quarter of 2007.

The CFATF has had long and fruitful working relationship with the Offshore Group of Banking Supervisors (OGBS) which is reinforced as several countries belong to both organisations and indeed existing CFATF members have begun the process to join the OGBS. The change in policy in relation to the Mutual Evaluation Programme will result in an ever closer association, as arrangements are already in hand to include OGBS Examiners in CFATF Mutual Evaluation Missions commencing with St. Lucia early 2008. At the May 2006 Plenary in Panama, the OGBS circulated a written statement on its work.

The AML/CFT Methodology is designed to secure global uniformity in the process by which countries are assessed for compliance with the standard AML/CFT benchmarks, but ongoing experiences have shown that the assessment tool also presents considerable challenges for countries as they prepare and engage in the assessment process. Discussion of the Mutual Evaluation Reports in the Plenary Meetings offers an excellent educative opportunity for officials from countries that are preparing for the assessment exercise to fully immerse themselves in the dialogue and thereby draw upon the experiences of countries that have undergone evaluation, as well as the expertise of the experts who functioned as Examiners as a aid to their overall preparations.

In keeping with current trends in the international AML/CFT assessment community, the CFATF has adopted the mechanism whereby the Secretariat, through the Team Leader of the Mutual Evaluation Mission, will finalize the Mutual Evaluation Report and will also prepare a List of Key Issues on which the Examiners and the Examined Country has not been able to reach consensus, be it on the ratings assigned to the FATF Recommendations, the interpretation of legislation or on the analysis produced by the Examiners on some aspects of the national AML/CFT infrastructure. This List of Key Issues is now being successfully utilized to bring greater focus and discipline to the discussions of the Mutual Evaluation Reports and will be refined as continued experiences with the process identify the necessity for improvements.

More robust follow up procedures were endorsed by Ministers vis-à-vis the implementation of the recommendations of the Examiners for Second and Third Round Mutual Evaluation Reports so that written reports must be provided for Plenary consideration. In this regard, both Jamaica and Panama provided the October 2006 Plenary with follow up reports and this continued for all members at the May 2007 Plenary. Presentations were made by Jamaica, Netherlands Antilles, Dominican Republic, British Virgin Islands, Panama, Belize, Montserrat, Aruba, Antigua and Bermuda and Venezuela with regard to the implementation of Recommendations in the Mutual Evaluation Reports, as well as other AML/CFT strengthening measures. Members, where appropriate, were requested to send written reports to the Secretariat.

In keeping with the need for close and more robust monitoring process, the CFATF has instituted a new Follow-Up Process which will apply where the Mutual Evaluation Report shows there are significant deficiencies in the country's AML/CFT system. The new policy is applied where any of Recommendations, 1, 5, 10, 13 or Special Recommendations II or IV are rated with PC or NC; or where the Plenary so decides. Where the Plenary agrees that there should be follow-up, it should also decide which steps should be taken and the timing of the necessary action. The normal first step in the process would be that two years (24 months) after the Reports is discussed, the assessed country would report back to the Plenary and provide information on the actions it has or is taking to address the factors/deficiencies underlying any of the 40 + 9 Recommendations that are rated partially compliant (PC) or non-compliant (NC). The expectation would be that significant progress would have been made by that time. Where the failings identified in a report are particularly serious, the Plenary could decide on a more expedited timetable, and require the country to report back sooner than two years. Equally, if the country wanted to report back sooner, this would be acceptable

During November 2007, the new Follow-up Process commended with respect to the Reports in Jamaica, Panama, both of which reported back under the 24 months rule and for Costa Rica, Dominican Republic, and Trinidad and Tobago under the Enhanced Follow-Up process. All these members were provided with a chart showing the Ratings and Recommendations of the Examiners in relation to the FATF 40 and 9 Recommendations that were made by the Examiners and to provide, copies of any legislation, regulations, or guidance notes in support. The Follow Up Process is now an integral part of the Mutual Evaluation Programme and facilitates dialogue with the COSUNs and the donor community in order to marry the delivery of technical assistance and training with the deficiencies identified in the various Mutual Evaluation Reports.

TOUR DE TABLE

In addition to the formal Follow Up Procedures Members have been encouraged to advise on measures they continue to take in order to strengthen their overall domestic AML/CFT framework. In this regards the November 2007 Plenary heard presentations from the following Members as to actions taken in relation to the recommendations of the Examiners in their respective Second Round Mutual Evaluation Report

ANGUILLA

Meeting the staffing requirements of the Financial Intelligence Unit- appointment of the Unit Head;

Discussions with the United Kingdom on Legislative Reform issues and fast tracking the passage of legislation;

Work by the Financial Services Commission with Banks and Financial Institutions to raise awareness and promote a culture of compliance through training on enhanced due diligence and other AML/CFT issues;

Reviewing comprehensive Guidance Notes is being discussed in order to draft new legislation in conjunction with the United Kingdom.

Pursuing the training of officials as Examiners in reparation for its upcoming Mutual Evaluation exercise.

Antigua and Barbuda

Enacted regulations to enhance the preventative measures of the FATF 40 and 9 Recommendations.

Development of Guidelines.

Capacity Training through Train the Trainer Workshop.

Awareness Raising exercise by the Financial Services Regulatory Commission with stakeholder on deepening the culture of compliance.

ARUBA

Self Assessment exercise in preparation for the upcoming FATF Mutual Evaluation is almost complete;

Participation in a Terrorist Financing Conference in Switzerland;

The passing of Legislation to freeze and confiscate assets;

Training of Bankers and Money Transfer Businesses; and

Bi-annual seminar for Aruba, Netherlands, Netherlands Antilles and Suriname for enhancing cooperation between the Financial Intelligence Units.

BARBADOS

Training for frontline staff and senior management of Financial Institutions in order to develop a culture of compliance as well enhancing Know Your Customer and Know Your Employee policies;

Encouraging feedback to Compliance Officers;

Developing Information Technical systems to enhance security at the FIU; and

Pursuing the signing of Memoranda of Understanding with other Financial Intelligence Units.

BELIZE

Cabinet is considering new AML/CFT legislation which should be approved by the end of 2007;

Bills are presented to cover the International Banks and Banks and Financial Institutions Sectors;

The Financial Intelligence Unit is now a member of the International Financial Services Commission which grants licences to Service Providers which provides an avenue to encourage the reporting of suspicious transactions; and

AML/CFT training for International Companies and Unit Trusts.

GUATEMALA

Capacity Building and training by the entities regulated by the Financial Intelligence Unit' Public Accountants and Auditors; and

Programme for the analysis of Special Transactions and the use of cheques.

HONDURAS

Legislation on Designated Non Financial Businesses and Professions which should be approved by Congress before the end of November 2007;

Amendment of the Penal Code to include the Financing of Terrorism;

Initiatives with the Cooperative Sector to improve the reporting of suspicious transactions;

Successful prosecution based on a Suspicious Transaction Reports from the Cooperative Sector;

Initiative by the Banking Commission to enhance Know Your Customer compliance in the financial sector; and

Overall increase in the number of Suspicious Transaction Reports

MONTserrat

Public Education and awareness raising seminar on Designated Non Financial Businesses and Professions and the FATF 40 and 9 Recommendations;

New Codes of Practice which should be implemented before the end of 2007;

New International Banks and Trusts Legislation;

Reviewing legislation to enhance the Financial Intelligence Unit so as to apply for membership in EGmONT.

VENEZUELA

Programme to regulate Designated Non Financial Businesses and Professions;

Establishment of an AML/CFT Unit in the Tax Administration Department and Customs; and

Capacity building Programme for the Insurance and Securities Sectors.

As the third Round of Mutual Evaluations continues, it is now accepted that the overall Mutual Evaluation Programme is very costly and intensive with particular challenges for Members in filling out the Mutual Evaluation Questionnaire, a document the proper completion of which is critical to the success of any Mutual Evaluation Mission. With funding provided by the Commonwealth Secretariat and the United Kingdom, and presenters Anthony Hyman Bouchereau from the IMF and Paul Alan Schott from the World Bank, the Secretariat organized a Mutual Evaluation Questionnaire Training Seminar in Kingstown, St. Vincent and the Grenadines during April 18-19, 2007. Guyson Mayers, Consultant and formerly of the Financial Intelligence Unit, Barbados also presented as well as Roger Hernandez, Jefferson Clarke, Russell Ursula and the Executive Director from the Secretariat. This seminar was aimed at officials from all the countries that were scheduled for Mutual Evaluation during 2007. Accordingly twenty-six participants from Antigua and Barbuda, British Virgin Islands, Cayman Islands, Haiti, Turks and Caicos Islands, St. Lucia and St. Vincent and the Grenadines attended. The private sector representatives from St. Vincent and the Grenadines were also present.

Training on the requirements of the AML/CFT Methodology is also important for staff development at the Secretariat and the Legal and Financial Advisors as well as the Executive Director attended the FATF AML/CFT Methodology Seminar in Hong Kong, China during January 2007. The seminar was very informative and has placed the Secretariat on a stronger footing with regard to undertaking its responsibilities for the Mutual Evaluation Programme.

At both Plenary Meetings during 2007, the Executive Director expressed considerable satisfaction with the increased level of participation by Members in the extensive discussions on the Mutual Evaluation Reports and the contribution of members of the Working Groups on Legal, Financial and Law Enforcement Issues, in reviewing the Mutual Evaluation Reports and generating input for the compilation of Key Issues documents.

TECHNICAL ASSISTANCE AND TRAINING

DONORS FORUM

The Executive Director, on the margins of the FATF Vancouver Plenary, held discussions with a representative of the Asia Pacific Group Secretariat in the operations of their 'Donor Forum Initiative', which is designed to assist APG member countries to secure Technical Assistance and Training from the donor community to strengthen their respective Anti Money Laundering and Combating the Financing of Terrorism Regimes.

In keeping with the CFATF's mandate to co-ordinate and deliver technical assistance and training to all members, the Secretariat arranged a Donor's Forum to assist those countries whose Mutual Evaluation Reports had been discussed at the Guatemala Plenary to secure the necessary assistance from the Donor Community to strengthen their AML/CFT infrastructure based on the recommendations of the Examiners.

The Forum was held on Wednesday, 25th October, 2006 and was attended as follows:

- CFATF Members
- Belize, Dominican Republic, Guyana, Haiti
- The Bahamas and Trinidad and Tobago
- Donor Countries and Organisations
- Canada, France, United States of America
- CARTAC, IMR, GPML/UNODC, World Bank, Egmont Group

The Forum was very useful exercise as it allowed member countries to outline those areas where assistance was needed as a priority and the donors to indicate their current assistance programmes and the mechanisms by which such assistance could be accessed. Generally the first step in sourcing assistance requires a direct request by the countered to the Embassies or High Commissions in their respective jurisdictions and thereafter to the donor organisations, supported by a Needs Assessment outlining the assistance required in a prioritised basis.

A sample of areas where assistance is required is as follows:

- Training for Judges, Magistrates, Prosecutors, Police, Customs and Financial Intelligence Units on AML/CFT issues.
- Regulations of Casinos, Credit Unions and AML/CFT Awareness Raising in those sectors.
- Supervision of Financial Institutions.
- Information Technology support and training of Analysts and Financial Investigators at Financial Intelligence Units.
- Supervision and Awareness Raising of the Designated Non Financial Business and Professions Sectors.
- Conducting a national risk based analysis.
- Modernizing and drafting AML/CFT Legislation.
- Translation of legislation.

The donor community identified areas where particular assistance could be provided to specific countries that attended the outlined current and future assistance initiatives and The Bahamas confirmed its willingness to have delegated from interested member countries to meet with officials of its Compliance Commission, Gaming Board and Financial Intelligence Unit.

Ministers endorsed the Donors Forum initiatives, urged the Secretariat to continue its Needs Assessment Initiative for all CFATF members and encouraged members to take full advantage of future meetings.

The Group of Cooperating and Supporting Nations expressed their objective support for CFATF initiatives in meeting the needs of the organisation and confirmed that they will continue to provide financial support as well as the delivery of technical assistance to member countries.

The United Kingdom commended the Secretariat on the Matrix outlining the recommendations of the Examiners in the Second and Third Round Mutual Evaluation Reports, as it highlighted apparent training needs. United Kingdom also looked forward to receiving updates of the matrix and identified the existence of a Drug and Crime Fund at the Foreign Office, which was designed to meet specified projects for legislative assistance to Members.

The United States of America expressed its best wishes for success in meeting upcoming challenges and confirmed the renewal of its contribution toward the Mutual Evaluation Program. The Office of Technical Assistance, United States Treasury noted that it was available to respond to specific AML/CFT requests for collaboration from the Membership who had to initiate the process. On going projects included Financial Investigations Techniques Course/Train the Trainer at REDTRAC, Jamaica and in El Salvador and Basic Instructor Training in Guatemala. Future Projects included AML/CFT Examination Guidelines for the Central Bank of Belize, the establishment of Criminal Investigation Units for Tax Fraud and other Financial Crimes in Costa Rica/Guatemala/ Jamaica and Regulation and Supervision of Casino and Gaming Activity in Panama.

At the November 2007 Plenary meeting, the Group of Co-operating and Supporting Nations, Observer Organisations and Members indicated as follows the levels of Technical Assistance and Training that could be delivered in response to the requests for assistance;

CANADA

Ongoing projects in Central America and the Caribbean with OAS/CICAD and CITCE.

FINTRAC- Workshops for counterpart Financial Intelligence Units.

Ongoing Programme through UNODC for the strengthening of Anti Terrorism regimes

IMF/World Bank Trust Fund of \$2.5 Million for a five year period for Technical Assistance Projects on AML/CFT issues and Mutual Evaluation Follow Up Process.

NETHERLANDS

Suriname, Aruba and the Netherlands Antilles- Regulation and Supervision of the Casino and Gaming Industry.

CFATF Mutual Evaluation Programme

New Projects agreed upon in consultation with the Secretariat.

SPAIN

Continuation of the Programme involving eight AML/CFT Training Courses which are being delivered to CFATF Spanish Speaking Members- Euros 100,000 per annum.

UNITED KINGDOM

The United Kingdom confirmed its full support for the work of the CFATF and noted that the contribution of Sterling 10,000 was to be utilised for a Training Workshop on the Mutual Evaluation Questionnaire scheduled for the period January-March 2008.

Financial support in the future would be subject to a competitive **internal** bidding process and that justification of support to the CFATF must be underpinned by notification on the manner in which the funds will be spent and an evaluation of the outcome of the project.

Future support will also depend on the strength of any proposed project in relation to other projects.

Jamaica - Legislative Drafting; Training and Capacity Building on Finance and Crime

Turks and Caicos Islands – Capacity Building, Financial Crime Unit, Proceeds of Crime Legislation to include civil forfeiture regime.

Montserrat – Training on Asset Recovery and Legislative Drafting of Proceeds of Crime Act.

Outreach to Regional Compliance Associations.

UNITED STATES

The provision of Presenters for the Fourth CFATF Compliance Conference, Port of Spain, Trinidad- December 4 -5 2007, to speak on Trade Based Money Laundering, Supervision and Regulation of Casinos and the associated Money Laundering Threats, and the Regulation and Supervision of Money Services Businesses.

Initiatives with Caribbean Bank Supervisors and the Central American Council of Banks on the supervision and regulation of Money Services Businesses. A workshop is carded for the first quarter of 2008 in Honduras. Consideration is being given to whether a similar exercise could also be undertaken as a regional project in collaboration with the CFATF.

Costa Rica- Assistance with streamlining National Budget and Tax Administration processes and capacity building with Law Enforcement as well as the establishment of a Criminal Investigation Unit in the Tax Administration Department.

El Salvador, Honduras and Guatemala- Criminal Investigations Units in the Tax Administration Departments and a Semi Regional Conference on Investigators Techniques.

Haiti- Terms of Reference are being finalised for assistance which will include enhancing capacity to investigate corruption, financial crime and other matters.

Members are encouraged to make outreach efforts to the Office of Technical Assistance.

CARIBBEAN REGION TECHNICAL ASSISTANCE CENTRE (CARTAC)

CFATF- Regional AML/CFT workshops in Supervision of the Banking, Insurance and Securities Sectors.

Country specific assistance covering Banking, Insurance and Securities Sectors.

In the last two weeks requests were made by two CFATF members for AML/CFT Training for Banks and an Awareness Raising seminar for the Gaming Sector.

COMMONWEALTH SECRETARIAT

Enhancing overall Regional Capacity

Studies on costs implications of meeting the AML/CFT standards in three Organisation of Eastern Caribbean States countries.

Mutual Evaluation Questionnaire Training 2007/2008.

Consultant currently engaged in one Organisation of Eastern Caribbean States member to provide assistance with completing the Mutual Evaluation Questionnaire and similar assistance for two other countries in early 2008.

Mutual Evaluation Examiners Training Course 2008.

Bi lateral assistance upon request from CFATF Commonwealth members.

INTERNATIONAL MONETARY FUND

International Monetary Fund projects with the CFATF included the following;

Banking Supervision Training - St. Kitts and Nevis

Casinos Regulation Seminar

Insurance Supervision Training Course

Regional Supervisors Course - Central America and Dominican Republic

The Fund has confirmed that Technical Assistance could also be triggered at the request of Members to meet the recommendations of Examiners outlined in the Matrix.

AML/CFT projects in CFATF Spanish speaking members- 28/29 Country Missions undertaken with funds provided by the Government of Canada in seven members of the Council of Central American Supervisors including the Dominican Republic.

Preparing Countries for the Mutual Evaluation Process on a regional or bi-lateral basis.

Awareness Raising for Parliamentarians on AML/CFT and Financial Intelligence Units Issues.

Targeting T/A assistance to countries for priority areas in the context of the recommendations in the Mutual Evaluation Reports.

Assistance with Legislative review.

UNITED NATIONS OFFICE OF DRUG CONTROL AND CRIME PREVENTION

Spanish speaking Members – Simulated trials of AML/CFT cases

Panama- Annual workshop for Prosecutors and Judges

Honduras/Panama/Nicaragua- AML/CFT Training courses.

UNITED NATIONS COUNTER TERRORISM EXECUTIVE DIRECTORATE

Available to facilitate the provision of Technical Assistance.

Assistance to members with the preparation of reports to the three United Nations Security Council Committees on Terrorist Financing. A Consultant has been engaged to assist nine countries in the region to meet the reporting requirements of the Security Council Resolutions

WORLD BANK

The World Bank confirmed its commitment towards the strengthening of the CFATF through capacity building efforts having regard to the capacity of each individual member, and the promotion of a programme to measure levels of success which is independent of the Mutual Evaluation Programme.

World Bank projects with the CFATF included the following;

Regional Capacity Enhancing Projects;

Training Seminar on the completion of the Mutual Evaluation Questionnaire in St. Vincent and the Grenadines where Paul Alan Scott participated as a Presenter;

The World Bank conducted the AML/CFT Assessment of Haiti during September 2007 and the Detailed Assessment Report coming out of this exercise will be discussed at the May 2008 CFATF Plenary Meeting and endorsed as the Mutual Evaluation Report on that jurisdiction. Agreement has been reached that the Bank will also conduct the AML/CFT Assessment of Honduras during 2008; and

A Study on Remittance between the Caribbean and Canada with a reviewing attendant vulnerabilities and associated risks;

Training Seminar on completing the Mutual evaluation Questionnaire for CFATF Members that will undergo Mutual Evaluation during 2008;

Workshop on Terrorist Financing for Parliamentarians;

Exploration of the Remittances Sector between Canada and Haiti, and Honduras and the United States;

Mutual Evaluation Examiners Workshop during the first quarter of 2008.

PANAMA

The Government of Panama at the May 2007 Plenary Meeting presented on its work in the Casino and Securities Sectors.

REVISION OF THE MEMORANDUM OF UNDERSTANDING (MOU)

In keeping with the decisions of the Jamaica Ministerial in November 2005, the process to revise the MOU continued with comments being received thereafter from British Virgin Islands, St. Lucia and St. Kitts and Nevis.

The salient amendments were in the following areas:

To provide for a 2/3 majority to approve a new COSUN member (instead of $\frac{3}{4}$).

To Limit the Chairman's power to invite an Observer to a specific meeting.

To provide for a 2/3 majority to admit an Observer (instead of unanimous).

To include in the functions of the Chair the duty to supervise processes dispute resolution as may arise from time to time.

To allow members of the FATF/FSRBs/OGBS to participate in meetings with delegations comprising the Presidents and Secretariats of the organization and the basis of reciprocity a representative from up to five member jurisdictions who will participate and take the floor on

behalf of but under the umbrella of FATF/FSRBs/OGBS and under the coordination of the FATF/FSRBs/OGBS President or the Secretariat.

To allow Examiners from the FATF/FSRBs/OGBS/World Bank to participate as appropriate in CFATF Mutual Evaluation Mission Teams on a reciprocal basis.

To provide for a 2/3 majority to amend the MU (instead of unanimous).

STAFFING

Staffing of the Secretariat saw some changes this year with the departure of Mr. Russell Ursula, who in June 2007, ended a six year period of secondment first as Law Enforcement Adviser for three years and thereafter as Deputy Executive Director. The CFATF owes a considerable debt of gratitude to the Government of the Netherlands Antilles for its generosity in sharing such a senior official with a view to moving forward the region's AML/CFT agenda. The CFATF welcomed. Outgoing Deputy Executive Director, Russell Ursula was warmly congratulated and thanked for his contribution to the work of the organization as was the Netherlands Antilles for its support towards the staffing requirements of the organization over a six-year period.

In this context, concerns were raised on the need for a Spanish speaking Executive Officer at the Secretariat and the need for efforts to be redoubled in order to secure appropriate personnel perhaps through seconding an officer from a Spanish Speaking member or from a wider pool, including the COSUNs. The COSUNs confirmed that some support in this regard could be offered to the Secretariat and noted that the Secretariat should maintain its independence and rigor on the work of the organization.

Mr. Jefferson Clarke to the Secretariat as Law Enforcement Adviser in May 2007.

BUDGET 2007

Ministers endorsed the Budget for 2007 with an annual contribution of US\$ 16,400.33 to be submitted to the Secretariat in early 2007. Ministers expressed concern about the high levels of outstanding contributions which were in the region of U.S. \$300,000 and urged members to meet their obligations urgently.

AUDITED FINANCIAL STATEMENTS 2006

The Audited Financial Statement for 2006 with accompanying explanatory notes prepared by the Secretariat were adopted.

HEADS OF FINANCIAL INTELLIGENCE UNITS FORUM

The Heads of Financial Intelligence Units Forum is a growing success story for the Caribbean Basin Region as a full and equal partner in the global efforts to enhance international cooperation on judicial, regulatory and law enforcement issues in the fight against trans-national organized crime and the financing of terrorism.

The Sixth Heads of Financial Intelligence Units Forum was held on the margins of the Guatemala Plenary Meeting where one of the important presentations was made by EGMONT on the following issues:

- The need for a formal structure and the decision by Canada to host and support the Secretariat;
- The appointment of staff and the payment of annual contributions any members;
- Qualifications for membership and ongoing adherence to mandatory membership requirements;
- Enhanced networking to increase awareness among the members; and
- Training Initiative.

The Sixth Heads of Financial Intelligence Units Forum was the occasion where Dominica, Jamaica and Netherlands Antilles agreed to sign the Cricket World Cup Memorandum for Cooperation and Memoranda of Understanding were signed between the FIUs of Guatemala and Dominican Republic and between Guatemala and Cayman Islands and Canada advised that it had signed MOUs with Antigua and Barbuda, Bermuda, Guatemala and St. Vincent and the Grenadines.

In keeping with the close working relations that the CFATF has with GAISUD, Mr. Leonel Magno de Fonseca outlined the operations of the Brazilian FIU where generated informative discussions with Guatemala and the Netherlands Antilles.

Barbados invited members to register their interest in participating in a training exercise for FIUs to be undertaken jointly with the World Bank in early 2007.

TYOLOGY EXERCISE

Over the past decade, the FATF, FSRBs and other international partners have made impressive progress in reducing the vulnerability of the financial system to money laundering and terrorist financing. As a result, a growing number of financial sector entities are now subject to anti-money laundering and counter-terrorist financing controls. A consequence of this success has been that financial crime has continued to migrate to a range of other sectors and activities, including the use of trade.

As access to the international financial system becomes increasingly difficult, terrorist and other criminal organizations seek increasingly sophisticated mechanism for raising, moving and laundering funds. For example, proceeds from counterfeiting goods and other forms of intellectual property rights (IPR) violations are associated with the trade industry Free Trade Zones (FTZs) are of considerable importance to the economic development of countries in this region and have become especially vulnerable to abuse when used in combination with trade-based money laundering schemes such as Black Market Peso Exchange, over-and-under invoicing and smuggling.

In recognition of the need to confront this growing danger, Dr. Greg Petersen, Managing Director Free Zone Aruba proposed in March 1998 that the CFATF organize a Conference on the Free Trade Zone sector with the aim of developing a Model Free Trade Zone Compliance Programme and a Code of Conduct.

Cognisant of the potential for money laundering in other areas of commercial activity outside of the financial services sector and sensitive to the need for timely and appropriate to address all money laundering threats, the CFATF agreed to explore the money laundering possibilities in the FTZs.

Utilizing a two step, research of trade based money laundering through Region's FTZ began during October 2000 and culminated in March 2001 with the promulgation of the CFATF Money Laundering Prevention Guidelines for the CFATF Member Governments, Free Trade Zone Authorities and Merchants which were endorsed by Ministers in October 2002.

On August 31st, 2000 in Bogotá, Colombia, a Multilateral Agreement between the United States of America, Colombia, Panama, Aruba and Venezuela was signed to establish an International Task Force out of which came the Black Market Peso Exchange System Multilateral Working Group with a mandate to investigate the largest trade based money laundering system in the region.

On March 14th, 2002, The Senior Officials Group of the Black Market Peso Exchange System Multilateral Working Group signed a Statement in Washington DC which included valuable recommendations which elaborated upon the CFATF Money Laundering Prevention Guidelines for CFATF Member Governments, Free Trade Zones Authorities and Merchants. The Statement was endorsed by the CFATF in October 2003.

Some three years have passed since the recognition by the CFATF of these guidelines to combat trade based money laundering, It is therefore timely to undertake a review of regional experiences in order to determine the extent to which the guidelines have been utilized, their effectiveness in reducing the incidence of money laundering and to explore the scope for their revision and modernization given the growth in international trading activity and evolving methods and trends being used by criminals.

With funding provided by Trinidad and Tobago, the CFATF, in conjunction with GAFISUD and the United State of America conducted an exercise to review Anti Money Laundering and the Financing of Terrorism Methods and Trends in International Trade covering the Free Trade Zones and International Transactions in the Money Exchange Sector.

The Exercise which was held on the margins of November 2006 Plenary I Guatemala was Co-Chaired by Dr. Greg Petersen, Free Trade Zone, Aruba, and Mr. Alberto Rabinstein, Financial Intelligence Unit, Argentina in his absence, Mr. Rabinstein was represented by Dr. Esteban Fullin, GAFISUD Secretariat.

Mr. Carlos Correa, United States Department of Treasury Office of Technical Assistance and Mr. Theo van Lingen facilitated the attendance of presenters Dr. Nikos Passas, North-Eastern University and Mr. Michael E. Kuhn, United States Customs Service.

Presenters from the private sector included:

John Kimber, Project Leader FATF Money Laundering

Edwin Harewood, The Caribbean Customs Law Enforcement Council

Presenters from GAFISUD:

Sr. Esteban Fullin, GAFISUD Secretariat

Mr. Leonel Magno de Fonseca, Financial Intelligence Unit, Brazil

Presenters from CFATF:

Licda. Belia Martinez, Financial Intelligence Unit, Honduras

Licda. Arsenia Blake Villerrata, Legal Adviser, Colon Free Zone, Panama

A range of activities being utilized by transnational organizations to abuser the international trading system was demonstrated and discussions thereafter centred on preventive measures and law enforcement responses. The growth, development and importance of Free Trade Zones in the region were also explored, as well as the spectrum of activities undertaken and regional experiences with implementation of the 2001 CFATF Money Laundering and Prevention Guidelines for CFATF Member Governments, Free Trade Zone Authorities and Merchants and the Black Market Peso Exchange Recommendations were shared.

The dangers posed by transnational criminal activity, money laundering and the financing of terrorism to the Money Exchange Sector were also explored focusing on the GAFISUD Region and Mr. John Kimber FATF presented on the manner in which the European Union VAT system was utilized to perpetrate international tax fraud, a system more popular known as ‘carruousel fraud’.

Ministers encouraged the Secretariat to continue all efforts with this project so that CFATF and GAFISUD experienced in these areas could contribute to ingoing work within the FATF on the abuse of the international trading system.

In order to take the review process further, two consultants Dr. Nikos Passas and Mr. Louis Bock conducted in site visits to Free Zone operations in Aruba, Dominican Republic, Netherlands Antilles, Panama, Trinidad and Tobago and Venezuela during June 3 -19 2007 and focused on the history, evolution, economic activities and relative importance of the Free Trade Zone in those countries, the current regulatory framework as well as plans for the future. The visits also considered the different types of Free Trade Zones and similar mechanisms/ arrangements of which regulators need to be aware and the collection of cases of misconduct and assessing the vulnerabilities for abuse.

With regard to the future, the Secretariat is in dialogue with a member of the donor community for approval of the required funding so that the consultants could work towards the completion of the Free Trade Zone Typology Project.

INTERNATIONAL COOPERATION

Ministers welcomed the presentation from Canada on behalf of the Group of Cooperating and Supporting Nations as well as indications of continued and active support for the CFATF and their commitment to strengthen the relationship. France confirmed the availability of their training facilities in Martinique which allows for translation into English and Spanish thereby accommodating all CFATF members and CARTAC and the United Nations spoke of their initiatives that could be of benefit to all CFATF region.

FINANCIAL ACTION TASK FORCE

The 2006 Guatemala Plenary warmly welcomed the attendance of FATF President Mr. Frank Swedlove and heard the presentation from the FATF Secretariat on the current FATF initiative to enhance international cooperation amongst members of the AML/CFT assessment community. The various steps in the process were briefly outlined. The role that was accorded to the FSRBs in this dispute resolution process was also welcomed and the Executive Director confirmed that this position had been strongly advocated by former Chair Cardenas.

The Plenary also noted work being undertaken by the FATF in relation to the criminal use of the international trading system, acknowledged that the Mutual Evaluation Reports of Iceland and Portugal were recently discussed and heard indications as to the key factors for a successful Mutual Evaluation Programme.

Ministers noted the FATF's current initiative to enhance international cooperation amongst members of the AML/CFT assessment community, welcomed the acknowledgement by the United States at the Vancouver FATF Plenary of the positive role played by the CFATF Secretariat in facilitating the cordial resolution of issues between Venezuela and the United States and also welcomed Canada's invitation to a CFATF member to participate as an Observer in its Mutual Evaluation Mission in March 2007. Ministers further noted France's agreement to nominate an Examiner for the Mutual Evaluation of Haiti and to consider assisting with the translation of legislation into English.

Ministers endorsed the position that the CFATF application for FATF Associate Member status should be formally made in February 2008. France advised that in principle it would support the application France also noted the importance of the Follow-Up Process.

FATF - STYLE REGIONAL BODIES

GAFISUD

In the run up to and since its establishment, the CFATF has developed a solid working relationship with this hemisphere other FATF Style Regional Body, GAFISUD and during 2006/2007 of the CFATF Plenary welcomed greetings from GAFISUD President Gustavo Rodrigues, Head of the Brazilian Financial Intelligence Unit.

Members congratulated GAFISUD on its successful application for Associate Member status with the FATF and endorsed the invitation for CFATF Members to participate in GAFISUD Plenary meetings as Observers. Thus far during 2006/2007 Guatemala, Panama and Venezuela have attended GAFISUD Plenary Meeting and the Secretariats attend the Plenary Meetings of both organisations.

GAFISUD reported on developments in its region and heard of the progress of its Mutual Evaluation Programme with the adoption of the Reports on Uruguay and Bolivia and the implementation of follow up procedures.

EASTERN AND SOUTHERN AFRICA ANTI MONEY LAUNDERING GROUP (ESAAMLG) AND THE INTERNATIONAL ACTION GROUP AGAINST MONEY LAUNDERING IN AFRICA (GIABA)

During July 26-28 2006, the Secretariat hosted representatives of the Eastern and Southern Africa Anti Money Laundering Group (ESAAMLG) and the International Action Group Against Money Laundering in Africa (GIABA)

The visit considered our organisational structures, the Mutual Evaluation Programme, Technical Assistance and Training initiatives, coordination with the donor community and the Typologies Exercise Programme.

CONCLUSION

All in all 2006-2007 was a very successful period for the enhancement of regional compliance with the international AML/CFT standards and congratulations must be extended to Chairman Zapata, Licenciado Ramon Tobar and the Government and people of the Republic of Guatemala for their stewardship of the CFATF during this period.