

CARIBBEAN FINANCIAL ACTION TASK FORCE

ANNUAL REPORT

NOVEMBER 2013 – NOVEMBER 2014





**SENATOR THE HONOURABLE
MRS. ALLYSON MAYNARD-GIBSON,
COMMONWEALTH OF THE BAHAMAS
MADAM CHAIR 2013 – 2014**

Contents

EXECUTIVE SUMMARY4

THE ORGANISATIONAL STRUCTURE5

CHAIR/DEPUTY CHAIR5

COUNCIL OF MINISTERS5

PLENARY6

THE STEERING GROUP6

CFATF WORKING GROUPS7

BREAKDOWN OF CFATF FIU TYPES.....8

WORKING GROUP ON FATF ISSUES.....9

THE GROUP OF COOPERATING AND SUPPORTING NATIONS (COSUNS)9

OBSERVER ORGANISATIONS9

THE SECRETARIAT9

THE CHAIRMAN’S WORK PROGRAMME 2013-201411

THE FOLLOW-UP PROCESS15

THE FOURTH ROUND OF MUTUAL EVALUATIONS17

TECHNICAL ASSISTANCE & TRAINING.....18

MEMBERSHIP PARTICIPATION/CFATF WORKING GROUPS19

FINANCE.....21

BUDGET REVIEW 2014.....21

FINANCIAL ACTION TASK FORCE.....22

THE FATF SECRETARIAT22

THE FATF GLOBAL NETWORK CO-ORDINATION GROUP22

CANADA23

FRANCE.....23

KINGDOM OF THE NETHERLANDS23

MEXICO.....23

SPAIN.....23

UNITED KINGDOM.....23

UNITED STATES OF AMERICA23

THE CFATF SECRETARIAT.....23

CONCLUSION24

EXECUTIVE SUMMARY

By setting the goal of at least seventy-five percent (75%) compliance with the FATF Recommendations at the end of the Fourth Round of Assessments in 2022, at the heart of her Work Programme for 2013/2014, Madam Chair, Senator The Honourable Allyson Maynard-Gibson, Attorney General, Commonwealth of The Bahamas, sought to entrench a strong Culture of Compliance regionally and to take the CFATF to pioneer status within the global AML/CFT network.

Indeed there was good reason for optimism in this regard given that former FATF President Mr. Vladimir Nechaev's assessment that "the CFATF should now be perceived as one of the best in its class."

This was the second occasion that The Bahamas was assuming the baton of leadership of the CFATF and again, as it did then during 2002/2003 under former Chairman Alfred Sears, The Bahamas brought a spirit of boldness and innovation in addressing the challenges of the times.

During the period under review there was no doubt that in many ways the CFATF was seen as pioneering policies and programmes that could be emulated by other sister organisations in the global AML/ CFT network.

Indeed at the November 2013 Plenary meeting in Freeport, The Bahamas, former FATF President Mr. Vladimir Nechaev noted that "The FATF should be able to take into account the work that the CFATF is undertaking to increase the level of compliance of its members through the CFATF International Cooperation Review Group (ICRG)". "The CFATF ICRG is a good example for other FATF Style Regional Bodies to follow."

This accolade and recognition should be viewed within the context of the unprecedented access and insight that he had as President of the FATF as global standard setter and protector of the FATF brand.

Madam Chair Maynard-Gibson's Eleven Point Work Programme fully embraced the core work of the

CFATF, namely its Mutual Evaluation Programme by calling for the preparation of Action Plans with a view to expeditiously rectifying all outstanding deficiencies from the Third Round and setting out guidance for preparing for the Fourth Round of Mutual Evaluations.

Madam Chair Maynard-Gibson recognised the cachet of the CFATF's international reputation as a well-respected and important organization whose work is critical to the economic well-being of all the countries in the Caribbean Basin Region.

In tandem, protecting the CFATF brand at the critical juncture between the Third and Fourth Round of Mutual Evaluations, required robust action in support of and encouraging fast paced AML/CFT reform whilst at the same time making decisive and far reaching decisions through Public Statements and referral to the FATF ICRG where necessary.

An ambitious programme of Technical Assistance and Training (including IT training) was set in motion in conjunction with our longstanding friends and allies in the donor community. Further, the use of cutting edge technology which would revolutionize the entire Mutual Evaluation process from the preparatory stage to the presentation of the Mutual Evaluation Report for discussion in Plenary was proposed and agreed to by the Council of Ministers.

Development of a strong Culture of Compliance also required that the CFATF must develop a pool of regional experts beyond those in the Secretariat, both from the public and private sectors. It is anticipated that public sector officials on a case by case basis, will be able to perform as Mutual Evaluation Examiners, lead Mutual Evaluation Missions, deliver technical assistance and training to our members and provide expertise to the Secretariat over varying periods of secondment.

It was recognised that this capacity building exercise had to be given priority and developed as a matter of urgency.

In seeking to attain the ambitious but critically important goal of attaining the highest levels of compliance possible, Madam Chair Maynard-Gibson counselled that it was incumbent upon persons at

Ministerial and Attorney General level to engage their respective political directorates on the fundamental importance of the work of the CFATF to the financial sectors of Member countries.

Additionally she proposed that the Fourth Round of Mutual Evaluations, given its importance, should be an Agenda item at Regional Heads of Government meetings and at the meetings of Regional Institutions.

Importantly, with a view to further raising the regional and global profile of the CFATF, the Council of Ministers were informed of the very generous offer by the Honourable Perry Christie, Prime Minister, The Bahamas, to be a Patron of the CFATF and the unique initiative for the formation of a Council of Elder Statesmen of the Region to assist the CFATF in its Mission and in support of its goals.

These pioneering ideas were made at the equally ground breaking First CFATF Regional AML/CFT Conference which was conceived jointly and successfully organised between Madam Chair Maynard-Gibson and former FATF President Necahev, within a very short period of time and led to the issuing of the Nassau Re-Affirmation.

The importance of financial services to the Caribbean Basin Region, the need to protect the financial sector and the Honourable Prime Minister's support for the goals of the CFATF were also important themes discussed at the First CFATF Regional AML/CFT Conference

The period November 2013- November 2014 was one in which multi - faceted successes were achieved by the CFATF which dovetailed with every pillar of the Eleven Point plan that Madam Chair Maynard-Gibson set out at the start of The Bahamas' term as Chair.

THE ORGANISATIONAL STRUCTURE

Under the direction of Members, the Chair, Deputy Chair, the Steering Group, the Working Groups, the Group of Cooperating and Supporting Nations, and the Observer Organisations and the Secretariat, undertook the annual Work Programme and general

business of the Caribbean Financial Action Task Force (CFATF)

CHAIR/DEPUTY CHAIR

For the period under review, November 2013- November 2014, the Chair of the Caribbean Financial Action Task Force (CFATF), was held by the Commonwealth of The Bahamas with the functions being performed by the Honourable Allyson Maynard-Gibson, Attorney General and Minister of Legal Affairs, Commonwealth of The Bahamas.

With the ascension of a new Chair, the Memorandum of Understanding, the CFATF's constitutive document, mandated the election of a Deputy Chair. Accordingly, El Salvador was unanimously elected as CFATF Deputy Chair for 2013-2014, with the functions being performed by the Honourable Luis Antonio Martinez Gonzalez, Attorney General, El Salvador.

On assuming their leadership positions, both the Commonwealth of The Bahamas and El Salvador pledged to work in close collaboration in order to serve the best interests of the CFATF.

COUNCIL OF MINISTERS

The Council of Ministers (the Council) is the supreme authority within the CFATF and consists of one (1) ministerial representative or duly authorised alternate proposed in writing from each Member.

The Council is required to meet at least once annually and where urgent circumstances dictate, may make decisions in respect of its functions and duties by a two thirds majority using a procedure by which the Secretariat will circulate to each Member in writing (in electronic or other form) the proposed recommendation for their individual consideration and approval or otherwise within ten (10) days of receipt of the proposed recommendation, which approval or otherwise will be communicated to the Secretariat for tabulation and dissemination.

- (a) The functions and duties of the Council are the to examine, modify, approve or reject:

- i. The items of the Council Meetings;
 - ii. The Annual Reports of the Organisation
 - iii. The audited Financial Reports for the previous financial year;
 - iv. The Work Programme for the following year;
 - v. The Budget for the following year;
 - vi. The admission of new Members, Co-operating and Supporting Nations and Observers, the removal of membership from admitted Members and Co-operating and Supporting Nations and the withdrawal of status from Observers.;
 - vii. The appointment of the Executive Director and the Deputy Executive Director(s) of the Secretariat.
 - viii. The temporary or permanent location of the Secretariat.
 - ix. Any other business to be submitted to the Secretariat, with at least one (1) month prior notice; or within a reasonable time frame prior to the next Council Meeting following its receipt at the Secretariat;
 - x. Policy matters, including the adoption of the Recommendations.
 - xi. Financial, strategic and institutional matters, including the overall Strategic Plan;
- (b) Elect a Chair and Deputy Chair.
 - (c) Appoint an Accountant and an independent Auditor;
 - (d) Take appropriate action with respect to Members that do not comply with this Memorandum and the Recommendations, including the suspension from its membership; and
 - (e) Reinstatement of a suspended Member.

PLENARY

The CFATF Plenary is a forum wherein each Member will be represented by at least one senior official in the Plenary.

The Plenary meets at least twice annually and is the ultimate decision making body on all technical issues (i.e Mutual Evaluation Reports, Follow up

Reports and adoption of any revised FATF Recommendations).

The Chair and Deputy Chair of the Council will be respectively Chair and Deputy Chair of the Plenary, but the Chair can delegate a senior official with strong technical knowledge to preside over the meetings of the Plenary.

The functions and duties of the Plenary entails amongst other things, where applicable to review, analyse, modify and make recommendations and decisions on the draft Agenda; the draft Annual Report; the Mutual Evaluation and Follow-up Reports on Members; the implementation of the approved Work Programme as it relates to technical issues; the Technical Assistance and Training Reports on Members; the Typology Reports on money laundering and terrorist financing trends in the Region; and Policy matters, including the adoption of any revised Recommendations; and instances of failure to comply with this Memorandum and the Recommendations by a Member.

The Plenary may also establish working groups to undertake specific tasks.

THE STEERING GROUP

The CFATF Steering Group which acts as the Organization's Board of Directors and reflects the multicultural, multi-lingual diversity of the various member groupings, was established at the Council of Ministers meeting in October 1997. Over the ensuing years, it has played a critical role in the growth and development of the Organisation.

During November 2013 and November 2014, the CFATF Steering Group comprised the following: Chair- The Bahamas; Deputy Chair-El. Salvador; Outgoing Chair- Virgin Islands, **Members Barbados, Bermuda, Curacao, Dominican Republic, Grenada, Guatemala and Turks and Caicos Islands.** The Group of Co-operating and Supporting Nations (COSUNs) is represented on the Steering Group by United Kingdom.

The Steering Group is an advisory committee to the Chair, Plenary and Council on a variety of policy matters and issues and also to the Secretariat on

policies which for practical purposes cannot be dealt with by all Members or where the responsibility has been delegated by Plenary or the Council as appropriate.

The Steering Group plays a significant role in the operation and direction of the organization as has been demonstrated throughout the process of introspection, reflection and reform and is expected to continue as the search for organizational efficiency is implemented.

The oversight and monitoring functions and responsibilities of the Steering Group and its sub groups the Budget and Audit Committee (BAC) and Human Resources Committee (HRC) over all aspects of CFATF affairs, have been firmly established and will continue to strengthen the organisation.

During the period under review and in keeping with growing tradition, a representative of the Steering Group reported on its activities and some of the important milestones during November 2013-November 2014 were as follows:

The HRC in conjunction with the BAC were mandated to devise proposals for long term staff security including pension arrangements for implementation before the end of 2014 in keeping with the decisions of the Council of Ministers in April 2013 and August 2013 respectively, as well as Madame Chair Maynard-Gibson's Work Programme for 2013/2014.

Provision of an initial Report on proposals for the long term stability of the CFATF including funding arrangements for the Fourth Round of Assessments by the Budget and Audit Committee (BAC) which had to be revised to include the outcomes of the First CFATF Regional AML/CFT Conference which was held in Nassau, The Bahamas on April 25th 2014.

CFATF WORKING GROUPS

Working Groups have been an integral part of the CFATF organisational structure, since its inception. During the period under review, November 2013-November 2014 the CFATF had five (5) established and functioning Working Groups, namely, the Heads of Financial Intelligence Units Forum, the Accreditation Working Group (AWG), the CFATF Working Group on Typologies (CWGTYP), the CFATF Working Group on FATF Issues (CFATF WGFI), and the CFATF International Cooperation Review Group (CFATF ICRG).

In November 2014, the CFATF Plenary adopted a new mandate for the CWGTYP which made the group's functions consistent with those of the FATF's Risk Trends and Methods Group (RTMG). Consequently the Plenary also agreed to change the group's name to the CFATF Risks Trends and Methods Group, (CRTMG).

Heads of Financial Intelligence Units Forum

In October 2003, the CFATF Heads of Financial Intelligence Units Forum was formed and since then it has had significant success in extending the channels for the sharing of information both intra regionally and between the region and its international partners.

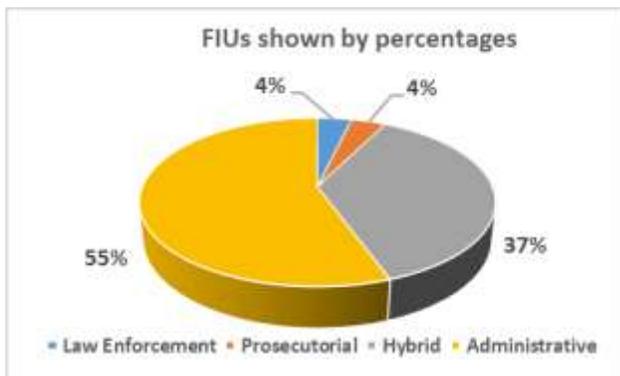
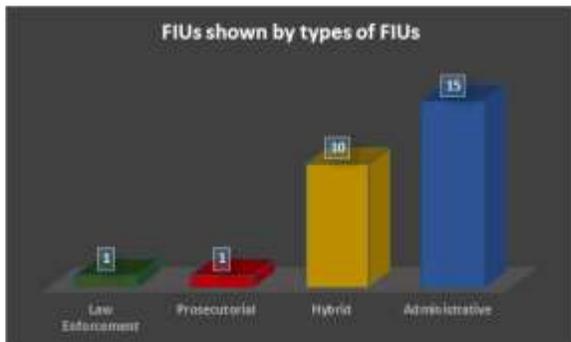
The Heads of Financial Intelligence Units Forum since its inception has held over seventeen (17) meetings which have been attended by CFATF Members, the FATF Secretariat and FATF Members.

The Heads of FIUs Forum has played a significant role in advancing intra and extra regional co-operation on AML/CFT issues through the concluding of several Memoranda of Cooperation on information sharing between CFATF and FATF members as well as between CFATF members themselves.

In May 2014 two Memoranda of Understanding were signed between Suriname and St. Maarten and Suriname and Aruba, whilst two were also signed in November 2014 between Haiti and St. Maarten and Belize and St. Maarten. Accordingly a total of four

Memoranda of Understanding were signed during CFATF plenary meetings in 2014.

BREAKDOWN OF CFATF FIU TYPES



Accreditation Working Group

The Heads of FIU's Forum during May 2009, established the Accreditation Working Group (AWG), which is the driving force for advancing the Accreditation and Training Project for Financial Investigators and Analysts, and has been functioning with the aim of determining the framework for the Accreditation and Training Programme.

The overall aim is to ensure that regional capacity to take the profit out of crime is enhanced through the successful investigation and prosecution of criminal activity and the confiscation of illegal proceeds.

Partnering with the CFATF in this critical capacity building initiative are the CARIFORUM, the European Commission through whom a commitment of Euros 1.2 Million has been pledged, the

Governments of Dominican Republic and Jamaica where training facilities to undertake course delivery will be based, and the United Kingdom Security Advisory Team.

The Accreditation and Training Programme for 207 Financial Investigators and Analysts was expected to commence in the second quarter of 2015 and will consist of four modules as follows;

- Introductory Module for Investigators and Analysts
- Financial Intelligence and Analysis
- Financial Investigations
- Criminal Forfeiture/Confiscation

In November 2013 the CFATF Plenary agreed to the formation of an Accreditation Council emanating from the AWG with a membership comprising Berdie Dixon-Daley, Jamaica-Chair, Shelly Nichols-Hunte, Barbados, Dulce Luciano, Dominican Republic, Alcedo Fahie, Virgin Islands, Eamon Kearney, Caribbean Criminal Asset Recovery Programme (CCARP) and Jefferson Clarke, CFATF Secretariat as Project Manager.

The mandate of the Accreditation Council is to oversee and direct operations which will result in the accreditation of financial investigators and analysts. The programme will also include training for the supervisors at FIUs with responsibilities over Designated Non-Financial Businesses and Professions (DNFBPs).

Working Group on Typologies

Since February 1996, the CFATF has been conducting a number of Typology Exercises which allow for the sharing of information collated by various bodies involved in the fight against money laundering, with the aim of increasing awareness of the attendant risks to the Caribbean Basin Region.

These exercises have explored money laundering activity in Domestic Financial Institutions, the Casino and Gaming Industry, through International Financial Transactions conducted in both Domestic and Offshore Institutions and the Emerging Cyberspace Technologies and AML/CFT vulnerabilities of Free Trade Zones.

CWGTYP is mandated as part of the 2013/2014 Work Programme, to undertake Typologies Exercises covering the areas of Human Trafficking, the Proliferation of Small Arms and Ammunition and Cross Border Movement of Cash.

Working Group on FATF Issues

Pursuant to the mandate of the November 2010 Ministerial Meeting, the CFATF Working Group on FATF Issues (CWGFI) was established so that the CFATF could effectively follow and participate in the activities of the FATF Working Group on Evaluations and Implementation and the FATF Working Group on Terrorist Financing and Money Laundering.

In May 2014 the mandate of the CWGFI was changed to incorporate the work of the newly established FATF Working Groups which are the Global Network Coordinating Group, Evaluations and Compliance Group and the Policy Development Group

International Cooperation Review Group

The November 2010 CFATF Council of Ministers meeting authorised the creation of the CFATF International Co-operation Review Group (CFATF-ICRG) with a view to active participation by the CFATF in the FATF ICRG Process.

The CFATF ICRG was mandated to encourage CFATF Members to adopt a serious approach to reforming their AML/CFT regimes in full compliance with the former FATF 40 plus 9 Recommendations.

Ministers also empowered the CFATF ICRG to ensure that CFATF Members and the CFATF as an organization adhered to the Follow up Procedures through the ability of the CFATF ICRG to make recommendations for sanctions in the event of non-compliance.

Ministers also mandated that the CFATF ICRG should be more intrusive and firm with CFATF Members in order to achieve higher levels of compliance with the former FATF 40 plus 9 Recommendations;

The Donors' Forum

Through the Donors' Forum mechanism, the CFATF ICRG and CFATF donor partners which included those CFATF members whose AML/CFT regimes were considered as Centres of Excellence, reviewed the requests for assistance from the jurisdictions and sought bring a sense of urgency to the national reform programmes and to focus technical assistance and training opportunities to areas where the need was critical.

The Group of Cooperating and Supporting Nations (COSUNs)

The Group of Cooperating and Supporting Nations (COSUNs) all of whom are FATF members namely, Canada, France, Mexico, Netherlands, Spain, the United Kingdom, and the United States of America, continue to play a significant role in the growth and development of the CFATF, contributing both human and financial resources to all CFATF endeavours and for which the CFATF membership is enormously appreciative.

Observer Organisations

Observer Organisations are regional, multilateral and hemispheric organisations approved by the Council of Ministers which actively support or otherwise are interested in the objectives of the CFATF.

The Secretariat

Over the course of the CFATF's lifetime the Secretariat's staff, continue to work in the best interests of the organisation by dint of their extensive collective experience and expertise in the requirements of the FATF Recommendations and the attendant Methodology, as well as an unwavering dedication and loyalty to all CFATF Members even in the most difficult circumstances. The team of employees at the Secretariat is able to successfully undertake the various components of the Chair's Work Programme, given the collective length of service, demonstrated commitment, expertise and experiences.

These qualities now provide a strong foundation for stability which places the organisation in a significant position to respond to the ongoing and

future challenges including an ever increasing workload which is very specialized and intricate.

At the service of Members, COSUNs and Observer Organisations are the following staff members:

Mr. Calvin Wilson- Executive Director who joined the Secretariat in February 1998 as Deputy Executive Director

Mrs. Michele Leblanc-Morales - Translator/Administrative Assistant in October 2000

Ms. Dawne Spicer- Deputy Executive Director in February 2008, who joined the Secretariat as a Legal Advisor in 2001

Mr. Roger Hernandez- Financial Advisor since October 2001.

Ms. Julia James-Administrative Manager, since August 2009, who joined the Secretariat as an Administrative Assistant in February 2003.

Mr. Jefferson Clarke-Law Enforcement Advisor in May 2007

Ms. Samantha Thompson-Administrative Assistant in August 2009

Ms. Carmen Solano- Translator/Administrative Assistant in May 2012.

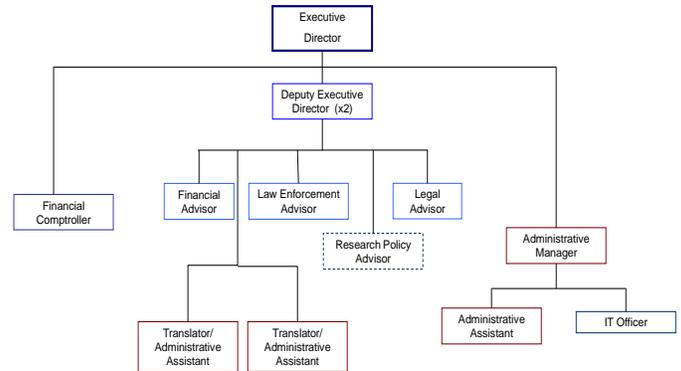
Ms. Magdalene Walcott- Financial Comptroller in July 2012,

Mr. Eduardo Gamero- Information Technology Officer in September 2012,

Mrs. Diana Firth, Deputy Executive Director in May 2013, and

Ms. Ana Folgar Caceros, Legal Advisor in September 2013.

CFATF STRUCTURAL ORGANISATIONAL CHART



PREMISES

Through the continued commitment and generosity of the Government of Trinidad and Tobago, the Secretariat in December 2013, was relocated to very spacious premises on Level 21, Nicholas Tower, Independence Square, Port of Spain, Trinidad and Tobago.

The process entailed undertaking a detailed review of the CFATF Headquarters Agreement with the Government of Trinidad and Tobago (GOTT) with a view to relocating the CFATF Secretariat to a larger and more suitable accommodation or entering into a partnership arrangement with another international organisation in Port-of-Spain in order to share and reduce costs.

After considerable thought, the idea of sharing premises with another international organisation in Port-of-Spain was explored and considered not to be feasible. The growing needs of the CFATF as a consequence of the dynamic global AML/CFT agenda and anticipating the future needs of the organisation and its membership as a whole were critical considerations in the decision making process.

Given the urgency of the matter, the Secretariat staff, at the earliest opportunity engaged in constructive and fruitful dialogue with the GOTT, culminating in

the GOTT identifying larger and more comfortable premises to relocate the Secretariat.

Formal approval for this was given in September 2013 and actual entry into the new premises occurred in the early days of December 2013. The necessary work on the new premises was undertaken utilizing a small budget, which was approved by the Council of Ministers in August 2013 in light of ongoing financial constraints.

Madam Chair Maynard-Gibson in addressing the Council of Ministers in November 2014, noted the splendid and spacious facilities that were provided for the operations of the Secretariat which allowed the CFATF for the very first time, to comfortably host a Steering Group meeting on the premises in January 2014.

Madam Chair Maynard- Gibson thanked the Government of Trinidad and Tobago and Incoming Deputy Chair Senator the Honourable Anand Ramlogan for their generosity and support.

THE CHAIRMAN'S WORK PROGRAMME 2013-2014

The Government and people of the Commonwealth of The Bahamas accepted, with pleasure, humility and a sense of pride, for the second time, the baton of leadership of the Caribbean Financial Action Task Force (CFATF).

This was indeed a very special occasion for the jurisdiction and the CFATF as a whole as it occurred on the auspicious occasion of the twentieth anniversary of our distinguished Organization.

In setting out the Work Programme for 2013-2014 Madam Chair Allyson Maynard-Gibson stressed that the CFATF was now at a very significant juncture, with stronger organizational structures as a consequence of the successful completion of the Reform Agenda and that the mandate from the Council of Ministers for a continuous search for improvements wherever possible demanded bold and innovative ideas.

Consequently the Eleven Point Action Plan that was pursued by the Commonwealth of The Bahamas during the period under review, called for the continued support of all CFATF stakeholders for the establishment a strong Culture of Compliance regionally, which would take the CFATF to pioneer status within the global AML/CFT network.

The Eleven Point Actin Plan consisted of the following:

1. Enhanced collaboration, communication and cooperation between CFATF and Ministers responsible for relations with CFATF so as to better serve the needs of each country including a successful Fourth Round of Mutual Evaluations (the target being a level of compliance of at least seventy-five percent (75%) at the end of the Fourth Round of Assessments in 2022).
2. Encouraging member states to host an Annual Regional AML/CFT Conference to include public and private sector to share and exchange developments in financial services; including the creation of a regional pool of experts and sharing of resources (The Bahamas hosted the first regional annual conference).
3. Encouraging attendance of Regional Institutions at CFATF Plenaries and CFATF attendance at Regional Institutions meetings.
4. Ensuring financial strength and stability, including through timely submission of annual contributions and in kind or extraordinary support for other areas of CFATF's work.
5. Developing continuously a well-resourced and robustly supported Secretariat so as to implement CFATF's agenda with efficiency, confidence and innovation.
6. Enhancing the engagement, participation and support of all Members, Donors, COSUNs and Observer Organizations.
7. Ensuring through the CFATF ICRG and the Follow Up process, that AML/CFT deficiencies

outstanding from the Third Round of Mutual Evaluations are addressed.

8. Promoting widespread education and training for both the public and private sectors on the tool kit for the Fourth Round Mutual Evaluation Programme, namely the FATF 2012 Recommendations and Interpretative Notes, the Methodology and the Mutual Evaluation Process and Procedures and critically, in undertaking National Risk Assessments.

9. Promoting a concerted programme of Technical Assistance and Training geared towards strengthening regional capacity to address the rigorous demands of the Fourth Round of Mutual Evaluations.

10. Continuing the CFATF Typologies Programme and participating in the global dialogue on the possible new approaches, especially use of technology, to undertake typologies projects in a global rather than a regional context.

11. Commencing Regional work on Financial Inclusion and Financial Literacy.

The Work Programme for 2013-2014 was premised on the notion that the CFATF's work was central to the economic well-being of all the countries in the Caribbean Basin Region. In tandem all persons at Ministerial and Attorney General level were duty bound to engage their respective political directorates on the fundamental importance of the work of CFATF to the national and regional financial sectors.

During the period under review the principal focus of the CFATF were the ongoing preparations for the Fourth Round of Mutual Evaluations and at the start of her term, Madam Chair Maynard-Gibson emphasized that this programme should be an Agenda item at Regional Heads of Government meetings and at the meetings of Regional Institutions.

Madam Chair Maynard-Gibson's strongly held the position that such awareness and follow up would enhance the likelihood of every CFATF member achieving the goal of at least seventy-five percent

(75 %) compliance at the end of the Fourth Round of Assessments in 2022.

To this end, it was vital that an ambitious programme of Technical Assistance and Training (including IT training) had to be devised in conjunction with our longstanding friends and allies in the donor community.

In order to attain this goal, the CFATF had to take the bold step towards the use of cutting edge technology which would revolutionize the entire Mutual Evaluation process from the preparatory stage of the Mutual Evaluation Report, to its presentation for discussion in Plenary.

It was anticipated that the use of innovative technology would enable the Country being assessed, the Secretariat, the team of Assessors, the COSUNs and Observer Organizations, as well as the team of CFATF translators, to all work on the same draft Mutual Evaluation Report as it proceeds to finalisation and discussion in Plenary.

The attraction for this technology, the CFATF Vision 2022 Platform, was its capacity to allow countries to begin the preparatory stages for the on-site visits way in advance of the arrival of the Teams of Assessors, to give early access for review and guidance of these efforts, to AML/CFT experts from the CFATF as well as those from the FATF Secretariat, FATF Members, Secretariats and Members of other FATF Style Regional Bodies, EGMONT, International Monetary Fund, World Bank and relevant agencies of the United Nations such as the Counter Terrorism Executive Directorate."

The CFATF foresaw that the Vision 2022 Platform would expedite the consultative mechanism between the Countries being assessed, the Assessment Teams, the global AML/CFT community and the CFATF Secretariat, all working in one document to draft, finalize and present high quality Mutual Evaluation Reports for discussion in Plenary."

The potential savings in terms of human and financial resources were anticipated to be enormous

because this process could also be applicable to all aspects of the CFATF's operations and therefore had the potential to significantly increase organizational efficiency and reduce operational costs.

Madam Chair Maynard-Gibson's Work Programme for 2013-2014 was bold, forward thinking and a distinct paradigm shift away from former approaches. It underscored the expectation that the CFATF could always be assured of dynamic, pioneering initiatives and leadership from the Commonwealth of The Bahamas.

It was in October 2002 as part of the Chairman's Work Programme for 2002-2003, when the Commonwealth of The Bahamas first held the CFATF Chair that the initial steps were taken towards the creation of a Compliance Officers Association of the Caribbean Basin Region, through the organizing of a Conference for Caribbean Basin Compliance Officers at the Atlantis Hotel.

The Caribbean Regional Compliance Association is now a reality, with national Compliance Associations operating in eight CFATF Members Countries with The Bahamas Compliance Officers Association (BACO) leading the way.

Another pioneering initiative occurred on Friday 18th October 2002 on the margins of the October 2002 Ministerial. Former CFATF Chairman Alfred Sears, Attorney General, Commonwealth of The Bahamas, authorized exploratory steps for a mechanism to resolve difficulties being experienced due to the lack of prompt and effective responses to requests for judicial and regulatory co-operation.

These steps were initially taken, through a meeting on International Co-operation Co-ordination, which was arranged between CFATF Members and some of their FATF counterparts, and led, to a meeting on October 20th, 2003, to assess whether there was support to establish a regular Forum of FIU's for CFATF member states.

Twenty years and one week later at the start of another term in office for The Bahamas as Chair, the CFATF held its seventeenth Heads of FIUs Forum. This continues to be an important initiative which was followed by other FATF Style Regional Bodies

and is being considered in other fora such as the FATF.

Also in 2003, with the approval of the Council of Ministers, CFATF institutionalised the organisation of Compliance Conference for fee paying participants principally from the private sector but also open to public sector officials. This was in keeping with the CFATF's remit to build capacity in the Region even though the commercial aspect was not the norm for the times.

However, with the full support of Trinidad and Tobago, Barbados and Virgin Islands, these Compliance Conferences continue to be a source of considerable revenue for the CFATF. Madam Chair Maynard-Gibson at the start of her term, encouraged all CFATF Members to work with the Secretariat to arrange these Conferences on a regular basis over the next twelve months and beyond.

In keeping with the pioneering and decisive leadership, Madam Chair Maynard-Gibson committed The Bahamas to hosting the First Annual Regional AML/CFT Conference, in the firm belief that these annual conferences, to include the private sector will assist through education and training in positively transforming the regional financial services sector.

The First Annual Regional AML/CFT Conference was an idea conceived in conjunction with former FATF President Vladimir Nechaev, successfully arranged in a very short time frame and attended by high ranking Ministerial officials, Attorneys General and designated Representatives who positively embraced the challenge of aspiring to at least seventy five percent (75%) compliance during the Fourth Round and pledged to collaborate, communicate and cooperate in pursuit of this goal.

In another first for the CFATF, the Honourable Perry Christie, Prime Minister of The Bahamas, at the first Annual Regional AML/CFT Conference, announced his readiness to undertake the very important commitment of being a patron to the CFATF.

This role would entail championing its work within CARICOM countries and around the world, strengthening its relationship with other Regional

Bodies such as CARICOM and ensuring an adequate flow of resources so that the CFATF could do its work effectively.

During April 2014, Madam Chair Maynard-Gibson and Executive Director Wilson undertook a High Level Mission to Guyana. This Mission was a particularly important opportunity for meeting with all public and private sector stakeholders in the hope of building bridges, facilitating the climate for the passage of relevant AML/CFT legislation and encouraging compliance with the international standards.

The advent of the High Level Mission allowed Madam Chair Maynard-Gibson to demonstrate on behalf of the CFATF, to our regional and international partners, that the CFATF will explore all available channels to spread the watchwords of “collaboration, communication and cooperation” with a view to expeditious AML/CFT reform.

The High Level Mission to Guyana also provided the opportunity to visit the CARICOM Secretariat, a long standing founder Observer Organisation to the CFATF which resulted in the re-establishment of relations and attendance of a CARICOM Secretariat delegation to the May 2014 Plenary in Miami.

Additionally, in recognition that the overall levels of compliance by the CFATF membership with the FATF Special Recommendations for Combating the Financing of Terrorism were less than satisfactory, Madam Chair Maynard-Gibson in her Opening Remarks on assuming office signalled the importance of building capacity in this important area by confirming that on that very day, a workshop was being held in Nassau for over sixty (60) persons including investigators (also FIU), prosecutors and magistrates.

Madam Chair Maynard-Gibson also advised that immediately after the May 2014 Plenary meeting, a workshop on terrorism financing and the confiscation and forfeiture of assets was to be held for CFATF members in conjunction with the Commonwealth Secretariat and the United Nations Counter Terrorism Executive Directorate (UNCTED).

The Chair’s Work Programme for November 2013-November 2014 offered exciting prospects as a revolutionary and effective springboard to overcome the human and financial resource demands of the Fourth Round of Mutual Evaluations.

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 as a signatory of the CFATF Memorandum of Understanding.

The Mutual Evaluation Programme is the primary objective of the CFATF’s work. The principal focus for the Caribbean Basin Region for the foreseeable future should be ensuring that all CFATF Members are fully engaged with the expeditious rectification of deficiencies identified in the Third Round Mutual Evaluation and Follow-up Reports, thereby raising the levels of regional compliance with the international standards

Through this monitoring mechanism the wider membership is kept informed as to what is happening in each Member Country with regard to AML/CFT issues. For the individual Member, the Mutual Evaluation Programme presents a valuable opportunity for an objective assessment by a team of experts, of the AML/CFT framework as it exists at the time of the visit.

Since its inception, the CFATF has undertaken three (3) Rounds of Mutual Evaluations of its Members. In early 2005 The CFATF commenced the Third Round of Mutual Evaluations which came to a close at the end of 2012 with the assessment of St. Maarten. At the end of the Third Round of Assessments the CFATF can take considerable satisfaction that some of its Members were number one and within the top ten countries globally in terms of compliance with the former FATF 40 and 9 Recommendations.

However it must be admitted that the overall levels of Caribbean Basin Region compliance with the international AML/CFT standards is not particularly high but it compares favourably with that of the FATF/FSRB community.



Yet it must be stressed that the CFATF has amongst its CFATF membership Centres of Excellence from which expertise and experiences could continue to be drawn and shared intra-organisationally and which could be emulated by all Members.

The Follow-Up Process

The CFATF Follow-up process is an essential part of the Mutual Evaluation Programme and applies where the Mutual Evaluation Report shows there are significant deficiencies in the country’s AML/CFT system.

The Follow-up process affords a valuable opportunity for Member countries to outline to the regional and international community the progress that is being made to implement the recommendations of the Assessors in their respective Mutual Evaluation Reports and facilitates dialogue with the CFATF (COSUNs) and the donor community in order to combine the delivery of technical assistance and training with the deficiencies identified in the various Mutual Evaluation and Follow-up Reports.

The CFATF Follow-up process for the Third Round of Mutual Evaluations has a number of reporting regimes depending on the progress being made by countries in rectifying the outstanding deficiencies identified in their respective Mutual Evaluation Reports. Progress is encouraged and enforced through and a wide ranging and robust sanctions procedure which has already been implemented with exemplary results.

At the close of the period under review, viz November 2014, the following chart provides an insight into the progress countries are making with their individual reform programmes.



Biennial	Enhanced	Regular Expedited	Regular	Exited follow-up process
Cayman Islands	Belize	Anguilla	Antigua and Barbuda	Dominica
Virgin Islands	Barbados			El Salvador
	Dominican Republic	Turks and Caicos Islands	Bermuda	Jamaica
			Curacao	Grenada
Guyana				St. Kitts and Nevis
Haiti				Guatemala
St. Vincent and the Grenadines				St. Lucia
	Suriname	St. Maarten	Montserrat	Venezuela
Trinidad and Tobago		The Bahamas		

In recognition of the progress being made by some jurisdictions in reforming their AML/CFT regimes, the May 2014 Plenary agreed that Bermuda, St. Lucia and Venezuela had concluded their Third Round reporting requirements and exited the follow-up process. Later that year during the November 2014 Plenary the CFATF agreed that Dominica, El Salvador, Guatemala, Grenada, Jamaica and St. Kitts and Nevis should exit the Follow-up process.

Both the Cayman Islands and Virgin Islands submitted their second biennial reports to the November 2014 Plenary. It was deemed that both the Cayman Islands and Virgin Islands had also concluded their Third Round reporting requirements and exited the follow-up process.

The Follow-up process in relation to Trinidad and Tobago was suspended because the jurisdiction's Fourth Round onsite Mutual Evaluation Mission was due to occur within six (6) months. However all outstanding issues were to be examined as part of the Fourth Round Assessment process.

Anguilla, Barbados, Belize, Guyana, Haiti, Suriname, Montserrat, St. Marteen, St. Vincent and the Grenadines, The Bahamas and Turks and Caicos Islands were required to present further Follow up reports in May 2015. Antigua and Barbuda is also expected to present a Exit Follow-Up report at this time.

However Belize was expected to apply to exit the Follow-up process and Turks and Caicos Islands and The Bahamas were encouraged to do so.

The successes by several CFATF members in their applications to exit the Follow-up process is indicative of the serious attitude with which Members are responding to the institutional decision that all Third Round deficiencies should be rectified by November 2015.

The global economic and financial crisis has been particularly problematic for the small economies of the member countries of the CFATF. In light of this and given the dangers that abound from the FATF International Co-operation Review Group Initiative (ICRG) and its consideration of strategic deficiencies, the pace of the reform process and the attendant sanction powers which have economic implications, it will be foolhardy for CFATF Members to significantly avert their focus from the task of strengthening the AML/CFT regimes. To do so will be to imperil the fragile economic positions of many of our jurisdictions, jeopardise recent gains that have been secured and enfeeble the strides of many a national reform programme.

It is with these matters in mind that the Secretariat, working closely with and at the guidance and direction of the Chair and Steering Group, continues to:

- ◆ Explore every available avenue to dialogue with CFATF Members and all regional and international partners so as to;
- ◆ Garner resources which can assist with the creation and delivery of AML/CFT programmes that can advance the Regional agenda to build strong national defences against money laundering and those who finance terrorism.

Another mechanism for encouraging countries to rectify outstanding AML/CFT deficiencies from the Third Round of Assessments in an expeditious fashion is the CFATF International Cooperation Review Group (CFATF ICRG) initiative which works in tandem with the Follow up process and is patterned on the FATF ICRG initiative.

The CFATF International Cooperation Review Group (CFATF ICRG) Initiative

The CFATF ICRG was also mandated to bring all CFATF Members into full compliance with the FATF 40 plus 9 Recommendations with particular reference to those CFATF members that met the criteria for review by FATF ICRG but were yet to be reviewed. These countries were encouraged to develop and implement Action Plans with appropriate remedial measures to address the existing deficiencies in an expeditious fashion before they were reviewed by the FATF.

Success in this regard was dependent on the level of cooperation from the countries as they developed and adhered to the timelines of the Action Plans to undertake the reform process

The CFATF ICRG's mandate also included providing advice in terms of how best compliance may be achieved given the group's familiarity with the FATF ICRG process and encouraging affected countries to fully utilize the window of opportunity to rectify the deficiencies ahead of the commencement of the FATF review.

The CFATF ICRG recognized that the FATF ICRG process had serious implications for individual jurisdictions and it was important that the CFATF as a whole adopt a serious approach to reforming their AML/CFT regimes in keeping with the FATF 40 plus 9 Recommendations with specific consideration being given to compliance with the FATF Core and Key Recommendations.

Ministers also empowered the CFATF ICRG to ensure that CFATF Members and the CFATF as an organization adhered to the Follow up Procedures through the ability of the CFATF ICRG to make recommendations for sanctions in the event of non-compliance

Ministers also mandated that the CFATF ICRG should be more intrusive and firm and should be merged with the CFATF Follow-up process, in order to ensure greater synergy and a more robust approach to the review of Members' performance in their AML/CFT reforms, in order to achieve higher levels of compliance with the FATF 40 plus 9 Recommendations.;

The May 2014 Plenary took the firm decision to issue a Public Statement on the failure of Guyana to take sufficient steps towards improving its AML/CFT compliance regime. The Statement also called upon CFATF Members to consider implementing counter-measures to protect their financial systems from the ongoing money laundering and terrorist financing risks emanating from Guyana.

The May 2014 Plenary also took the decision in keeping with the CFATF Mutual Evaluation Process and Procedures to refer Guyana to the FATF ICRG process.

The November 2014 Plenary meeting agreed that a Public Notice should be issued in relation to Dominica, Grenada, St. Kitts and Nevis and St. Lucia that had exited both the Follow-up process and CFATF ICRG monitoring.

Importantly, at the November 2014 Plenary meeting the United Kingdom as representative of the Group of Cooperating and Supporting Nations (COSUNs) recognised that the CFATF ICRG was effective.

THE FOURTH ROUND OF MUTUAL EVALUATIONS

It is imperative that in moving forward towards the Fourth Round of Mutual Evaluations and bearing in mind the goal of attaining at least seventy five percent (75%) compliance with the FATF Recommendations, the following measures should be adopted:

Each CFATF Member where applicable and with relevant assistance as required, should prepare an Action Plan which will outline all outstanding deficiencies taking into account the Third Round Mutual Evaluation and Follow up Reports, the

attendant rectification measures and the time table for full implementation.

The Action Plans should contain all those legal/regulatory and institutional measures that must be put in place so that the national AML/CFT infrastructure is in keeping with the FATF 2012 Recommendations. The timetable for full implementation should be informed by the date of the country's Mutual Evaluation Mission.

These Action Plans will be:

- Monitored by the National Anti-Money Laundering Committee (NAMLAC) and all national stakeholders in each individual Member country, in order to ensure that all the Action Items are completed within an agreed timeframe in preparation for the dates of the onsite visit by the Team of Mutual Evaluation Assessors;
- Collated, shared with the donor community and monitored by the Secretariat in the context of the CFATF Donors Forum where interested donors could dialogue with the relevant CFATF jurisdiction on the technical assistance and training projects that will be necessary to fill outstanding gaps prior to the onsite visit, and
- Used to construct a Caribbean Basin Region wide schedule for the delivery of Technical Assistance and Training seminars/workshops.

In addition all CFATF Members must:

- Ensure the selection of properly trained, qualified and committed Experts who are well attuned to the important implications of the Mutual Evaluation process and who will undertake their responsibilities as Mutual Evaluation Assessors to conduct the on-site visits as worthy Ambassadors of our countries,

- Prepare all national stakeholders through an effective and efficient national coordination mechanism in our respective jurisdictions, to engage with the Mutual Evaluation Teams,
- Prepare and present an informed response to the Mutual Evaluation Reports whilst engaging with and responding to the Mutual Evaluation Teams, the Secretariat and the Reviewers both during the Mission as well as throughout the post Mission process to finalize the Report, and critically,
- Select a national team that reflects the Legal, Financial and Law Enforcement communities, who are versed in the requirements of the Recommendations and familiar with the Mutual Evaluation process and who are fully prepared, after an internal national dialogue to effectively represent the country during the presentation of the Mutual Evaluation Report to the Plenary.

TECHNICAL ASSISTANCE & TRAINING

The ongoing delivery of technical assistance and training projects to all CFATF jurisdictions is critical to strengthening national and regional AML/CFT capacity. Such a programme is also critical to facilitating the expeditious rectification of the deficiencies identified in the Mutual Evaluation and Follow-up Reports, as well as avoiding the public identification as a country having strategic deficiencies which pose a threat to the international financial system.

The delivery of technical assistance and training projects will also be vital to the success of the Fourth Round of Mutual Evaluations.

In addressing the November 2014 Plenary meeting, the United Kingdom as representative of the COSUNs also emphasized that the Fourth Round of Mutual Evaluations will require considerable human and financial resources, that the delivery of technical assistance and training should be part of the strategy for long term financial stability and that an Action Plan should be created.

It is clear that there continues to be a tremendous amount of goodwill from our longstanding and new partners in the donor community.

Since the revision of the FATF Recommendations in 2012 and the Methodology in 2013 the CFATF in conjunction with the FATF Secretariat, the Cooperating and Supporting Nations, the World Bank, European Union, Commonwealth Secretariat, CARICOM IMPACS, Caribbean Criminal Assets Recovery Programme, the United Nations Counter Terrorism Executive Directorate, the United Nations Office of Drugs and Crime (GPML), the Organisation of American States/CICAD, Central American Bank for Economic Integration and the EGMONT Group have all contributed and are poised to provide considerable sums of money and expertise for technical assistance and training programmes, geared towards building capacity in this region.

In addition considerable sums have been and will be spent by CFATF Members in similar activities.

Beginning January 2014 these efforts have intensified. Working through bilateral arrangements or through the Secretariat, National Risk Assessment (NRA) Workshops have been arranged in Honduras and Trinidad and Tobago and in addition some Members are engaged in their own National Risk Assessment exercises.

Training for Mutual Evaluation Assessors has been conducted in Jamaica, El Salvador and Antigua and Barbuda.

Pre Assessment Training (PAT) in Trinidad and Tobago and Standards Training in Barbados and Cayman Islands

TRAINING PROJECTS	VENUES	DATES
FATF Recs	Nicaragua-Regional	May 2012
AML/CFT Meth.	El Salvador-Regional	May 2013
NRA	Virgin Islands-Regional	Dec 2013
NRA	Honduras-Regional	Jan 2014

MEE	Jamaica- Regional	Jan 2014
MEE	El Salvador-Regional	Feb 2014
FATF Recs	Barbados-Country Specific	Mar 2014
PAT	Trinidad and Tobago	Mar 2014
NRA	Bridgetown, Barbados-Regional	Mar 2014
MEE	Antigua and Barbuda - Regional	Sept. 2014
PAT	Jamaica	Sept 2014
FATF Recs	Cayman Islands	Oct. 2014

The investment by our donor partners and indeed ourselves will repay little or no dividends, should we fail to live up to all our responsibilities and the goal that the Council of Ministers have mandated of attaining at least seventy five percent (75%) compliance with the FATF Recommendations during the Fourth Round of Mutual Evaluations.

That is not a result that the Caribbean Basin Region should want or should be accepted. Over the years the phrase –Let us be our brother’s keeper has been repeated at several CFATF Plenary and Ministerial Meetings, and as we look towards the Fourth Round, this phrase takes on a particular significance. So let us be ever watchful. Constant vigilance should be the key to success.

MEMBERSHIP PARTICIPATION/CFATF WORKING GROUPS

Members recognise that the credibility of the organisation in part hinges on Members taking the right decisions in relation to their peers.

The hallmark of all the CFATF Working Groups as they engage to advance the business of the organisation is their continuous reflection of the diversity, multi-cultural and multi-lingual character of the CFATF. Additionally encouraging is the preparedness of some Members to take on challenging projects and demonstrate the leadership

qualities that redound to the benefit of the organisation as a whole and which offer sterling examples which can be emulated by all Members.

The Steering Group and its sub-Groups, the Budget and Audit Committee and the Human Resources Committee, supported by Executive Director Calvin Wilson, Deputy Executive Directors Dawne Spicer and Diana Firth, as well as Financial Comptroller, Magdalene Walcott, continue to provide admirable leadership to the CFATF as it builds on the achievements of the past and ensures that the CFATF lives up to the call from the Council of Ministers that all avenues should be explored to achieve organisational and operational efficiencies.

The members of the Steering Group must be congratulated for so generously giving of their time, expertise and energy in service of us all, effectively taking hard and difficult decisions when necessary to strengthen the organization's governance and financial arrangements and to protect the CFATF brand.

The value and robustness of **the CFATF International Cooperation Review Group (CFATF ICRG)** has been recognised by our international partners and therefore commendations should be extended to Mr. Glenford Malone, Virgin Islands, as sole Co-Chair of the CFATF ICRG ably assisted by Mrs. Diana Firth, Deputy Executive Director, Co-Chair Malone following in the footsteps of former Chairman Jallow and Mrs. Sherene Murray Bailey, Trinidad and Tobago, continued to steer those CFATF Members that are in the FATF pool but also under the watchful eye of the CFATF ICRG, along a path to rectifying the deficiencies identified in their Third Round Mutual Evaluation Reports at a faster pace.

Commendations must also be extended to Ms. Jacqueline Wilson, Cayman Islands, CFATF ICRG Chair at its inception in May 2011 and who was assisted by Executive Director, Calvin Wilson.

The CFATF Heads of Financial Intelligence Units (FIUs) Forum continues to be a huge success in relation to the signing of Memoranda of Understanding between CFATF members and between CFATF Members and another countries around the world, including FATF members.

Commendations and congratulations should be extended Mr. Basil Collie, Director, FIU, The Bahamas for his stewardship of this Forum during the period and Mr. Jefferson Clarke, Law Enforcement Advisor for coordinating the work of the Forum.

An offshoot of the Heads of FIUs Forum is the Accreditation Council chaired by Mrs. Berdie Dixon-Daley, Jamaica, whose work is pivotal to the three year, 1.3 Million Euros project, funded by the European Union through CARIFORUM and with support from CARICOM Impacs, Mr. Eamon Kearney of the Caribbean Criminal Assets Recovery Programme and Mr. Sinclair White, the EGMONT English Speaking Representative for the Americas. The project provides for the Training of Financial Investigators and Analysts over three years and is due for roll out during 2015.

This three (3) year project is another success for the CFATF as it is the first programme of its kind in the AML/CFT global network and is an example that could be followed by other FATF Style Regional Bodies.

This project has been long in coming to fruition and Madam Chair, Mrs. Berdie Dixon-Daley, Executive Director Calvin Wilson and Jefferson Clarke, Law Enforcement Advisor must be thanked for their tenacity in ensuring that the dialogue and relationships with our donor partners were kept alive.

The CFATF Working Group of Typologies now the CFATF Working Group on Risks Trends and Methods (CFATF CRTM) is also anchored in the Heads of FIUs Forum and is important so that regional stakeholders could be kept abreast of the trends and methods being used by criminals in the region, to launder funds and finance terrorism.

Under the leadership of Co-Chairs Mrs Jacqueline Sommersall-Berry, St. Kitts and Nevis, Dwayne Baker, Turks and Caicos Islands and Yves-fils Stimphat, Haiti, the projects on the Illegal Lottery Schemes and the future work on Proliferation of Small Arms and Ammunition and the Movement of Cash and Negotiable Instruments would provide valuable information that will allow regional law

enforcement officials to “Follow the Money” and deny criminal gangs the proceeds of their illegal activities.

Far from being reduced, the workload of the organisation continues to grow and there is all expectation that this will continue for the future. This was clearly demonstrated by the topics that were discussed during the period under review, in the **CFATF Working Group on FATF Issues (CFATF WGFI)**.

The CFATF is indeed grateful for the participation of Richard Berkhout, FATF Secretariat and Alice Campbell, United Kingdom for their presentations on beneficial ownership, on FATF experiences on the Mutual Evaluations of Spain and Norway and to Jacob Cohen of the United States for his presentation on the activities of the Anti- Corruption Working Group. This partnership between the CFATF and FATF Members and the FATF Secretariat is critical to understanding the requirements of the revised FATF Recommendations and the application of the Methodology.

The presentations of Deputy Executive Director, Dawne Spicer and Legal Advisor, Ana Folgar on other FATF related activities were also critical to the ongoing educative endeavour on the FATF Standards.

Commendations and congratulations should therefore be extended to WGFI Co-Chairs Cheryl Greenidge, Barbados and Cheryl Lister, Bermuda for the excellent work they continue to do in this regard supported by Deputy Executive Director, Dawne Spicer, Roger Hernandez, Financial Advisor and Ana Folgar, Legal Advisor. Deputy Executive Director Diana Firth also provides support as needed.

The Donors’ Forum is a critical mechanism for facilitating the effective coordination and delivery of technical assistance and training opportunities by clinically matching available resources from CFATF donor partners to areas of need across the CFATF membership.

Collating the relevant data on which this clearing house pivots is a considerable undertaking, a task

which is well suited to the patience and persistence both of which Mr. Roger Hernandez, Financial Advisor, CFATF Secretariat possesses in abundance and are central to the ongoing successes of the Donors’ Forum

FINANCE

Throughout the period under review Madam Chair Maynard-Gibson emphasized that the effective operations of the Secretariat is critical and therefore called upon all Members to ensure that annual contributions are paid in a timely fashion.

This call by Madam Chair Maynard-Gibson, in conjunction with the amendment of the CFATF Memorandum of Understanding (MOU), to provide for a surcharge for late payment of contributions and the application of appropriate sanctions, proved effective in ensuring the timely submission of annual contributions during 2014 in all but one case where a Member was referred to the CFATF ICRG. However the sanctions process did not proceed further as the member paid immediately on notification.

Revenues generated from the implementation of the surcharge totalled USD \$6,977.00 during 2014.

It must be noted that Members’ annual contributions are hardly enough to fully cover all of the CFATF’s operational expenses. Bearing in mind also, the 2011 Ministerial Council decision that annual contributions could not be raised for at least five years. The CFATF continued raising funds to supplement the annual contributions and to establish a reserve fund through the hosting of Compliance Conferences which led to in-flows of USD \$151,893.00 during 2014.

In addition the CFATF received Extraordinary Contributions over and above the usual annual contribution from The Bahamas USD \$30,000.00, and the British Virgin Islands USD \$60,000.00.

Budget Review 2014

The Operational Work Plan and Budget for 2014 was premised on the provision of adequate human and financial resources for the CFATF Secretariat

which as critical to the ability of the CFATF to operate in an effective fashion, mindful of the need for qualified staff, higher work quality and the overall increasing workload.

The provisions in the annual budget for 2014 followed historic patterns since the creation of the Secretariat in 1993, other than the allocations for the Public Education and Awareness Raising Programme and Workshops to provide guidance in completing the Mutual Evaluation Questionnaire (MEQ), which are only of recent vintage.

Additionally, the annual expenditure provisions covered Audit, Conference Expenses for Plenary/Ministerial Meetings, Mutual Evaluation Programme including the training of Assessors and guidance in completing the MEQ, Courier Services, General Insurance, Workmen Compensation Insurance, Motor Vehicle Expenses, National Insurance, Postage and Stamps, Office and Stationery, Professional Services for Translation and Accounting, Rental of Housing for the Executive/Professional Staff, Overseas Travel, Telephone, Wages and Salaries, Repairs and Maintenance, Newspapers/Periodicals Subscription, Staff Welfare, Miscellaneous Expenses, Web site Maintenance, and importantly the onsite Mutual Evaluation Missions.

The Audited Financial Statements for 2013

During 2014, the CFATF continued its policy of the adoption of the Audited Financial Statements by the Council of Ministers on an annual basis.

The Council of Ministers at Special Ministerial Meeting V endorsed the Audited Financial Statements for 2013.

EXTERNAL RELATIONS

Financial Action Task Force

In February 2008 the CFATF became the fifth Associate Member of the FATF, a significant accomplishment which gives the Region a voice in determining the global AML/CFT agenda through

the participation of five (5) CFATF members on a rotating basis at the Working Group and Plenary meetings of the FATF.

Since 1997 the CFATF Secretariat has attended all FATF Plenary meetings and participated in the majority of Working Group meetings.

Currently, the FATF agenda includes several key issues which are under consideration and for which there should be regional input particularly in relation to the lessons being learnt from implementation of the CFATF Third Round of Mutual Evaluations and preparations for and nature of the Fourth Round of Mutual Evaluations.

The Secretariat continues to urge strong involvement by the CFATF membership in all aspects of the FATF agenda, and indeed throughout the period under review the presence of CFATF members at FATF Plenary meetings has been significant as has been their input in the issues facing the global AML/CFT network.

The CFATF COSUNs all of whom are FATF members continue to play a significant role in the growth and development of the CFATF, contributing both human and financial resources to all CFATF endeavours and for which the CFATF membership is enormously appreciative.

During the period under review the COSUNs continued to support the work of the CFATF

The FATF Secretariat

The CFATF and FATF have excellent relations with a professional and cooperative working experience between the staff of both Secretariats. Note should be taken in this regard of Mr. Richard Berkhout, Policy Advisor, FATF Secretariat, who has contributed in no small measure to the strengthening of the relationship between both organisations.

The FATF Global Network Co-ordination Group

In June 2012, Ms. Dawne Spicer, CFATF Deputy Executive Director was elected as one of the two Co-Chair of the FATF Global Network Co-ordination Group (GNCG) which was established in

February 2012 to deal with relations between the FATF and the FATF Style Regional Bodies (FSRBs).

The remit of the GNCG includes attempting to resolve problems identified in the operations of the FATF/FSRB, and it also is responsible for developing and exchanging best practices in this area.

Canada

Canada contributed USD \$30,000.00 which could be utilised to support activities such as the attendance of CFATF Secretariat at FATF events such as FATF Plenary meetings and the FATF Public Consultative Forum. Decision are to be taken after dialogue between the Secretariat and Canada.

France

France provided USD \$33,000.00 which was used towards the costs for the delivery of Mutual Evaluation Assessors Training in Jamaica and El Salvador, a Pre Assessment Training in Jamaica and Standards Training in the Cayman Islands.

Kingdom of the Netherlands

The Kingdom of the Netherlands contributed USD \$48,876.00 during 2014 for projects which are to be identified and agreed upon after discussions between the Kingdom of the Netherlands and the Secretariat which can entail to support critical AML/CFT training on the FATF 2012 Recommendations and Methodology to all CFATF stakeholders.

Mexico

During the period under review Mexico provided USD \$15,000.00, for projects which are to be identified and agreed upon after discussions between Mexico and the Secretariat. Potential activities could include supporting the attendance of CFATF Secretariat at FATF events such as FATF Plenary meetings and the FATF Public Consultative Forum.

Spain

Spain's contribution for 2014 was USD \$48,187.00 for the delivery of five (5) AML/CFT courses

coordinated by the Secretariat, for the benefit of enhancing AML/CFT capacity within the CFATF Spanish speaking Members. During the period under review two (2) courses were delivered in El Salvador and one (1) in the Dominican Republic.

United Kingdom

The United Kingdom provided USD \$16,330.00 which was utilized to organize a NRA Workshop which is central to the Fourth Round Mutual Evaluation Programme in Barbados.

United States of America

The United States of America provided USD \$34,350.00 which was used towards the costs for the delivery of Mutual Evaluation Assessors Training in Jamaica, El Salvador and Antigua and Barbuda, including training for two administrative staff who support the Secretariat's Mutual Evaluation Team. The funds were also utilised to assist with the attendance of CFATF Secretariat staff at an OAS/CICAD Conference in Uruguay.

THE CFATF SECRETARIAT

Madam Chair Maynard-Gibson worked closely with the staff at the Secretariat throughout the period under review and noted her deepest appreciation for their efforts and the support that was given to her during her term as CFATF Chair in the following words:

“Not to be forgotten are the twelve members of the Secretariat staff, the common thread that binds us and our considerable activities together. Working tirelessly on our behalf in circumstances and that at times are less than ideal and which we must address even though our financial circumstances preclude immediate and complete action. They get the job done on our behalf and so from the bottom of our hearts we must sincerely thank them for their dedication, loyalty and hard work.

“Yes the pressures on all of us are intense and growing but the pressures that we place on the Secretariat are enormous and we must be mindful of the impact of our actions on the small but very hard

working and dedicated team at the Secretariat, who work their magic and serve us in a splendid way but who we should not take for granted and unnecessarily overwork.”

“In this regard all members should consider assigning officials to work with the Secretariat from home base on an ongoing basis or for a limited period of time, or should resources allow, to physically second experts to the Secretariat. Such support, in addition to assisting with the considerable work load that is before us for the Fourth Round of Mutual Evaluations, will also allow the nominating country to build capacity through knowledge and exposure to the operations of the Secretariat and the Mutual Evaluation process.”

CONCLUSION

The period November 2013 to November 2014 was truly an extremely successful year for the Organization and a rewarding and enriching experience for all stakeholders which dovetailed with every pillar of the eleven point plan that was set out at the start of The Bahamas’ term as CFATF Chair.

In many ways the CFATF is now pioneering policies and programmes that could be emulated by other organisations in the global AML/CFT network.

A considerable amount of work has been undertaken but there is still much more to be done. The Third Round of the CFATF Mutual Evaluation Programme was brought to a close in November 2012 but the Follow-up process continues and the Fourth Round will commence in January 2015.

It is incumbent upon all CFATF members to ensure that they support each other and work closely with the Secretariat in order to safeguard the standing and reputation of the CFATF by attaining the highest levels of compliance with the FATF Recommendations.

There must be strict adherence to the Mutual Evaluation Process and Procedures, proper and correct application of the requirements of the FATF Recommendations and the Methodology.

Failing in these responsibilities would see the CFATF Mutual Evaluation Programme not complying with the Quality and Consistency measures established for the FATF/FSRBs. The credibility and reputation of the CFATF as an Associate Members of the FATF would be irreparably damaged and the confidence that the global investment community reposes in our Mutual Evaluation Reports in order to make investment decisions would inevitably harm the economic prospects of the Caribbean Basin Region as a whole, given the growing inter-connectedness of the regional and international economy.