

CARIBBEAN FINANCIAL ACTION TASK FORCE

ANNUAL REPORT

NOVEMBER 2014 – NOVEMBER 2015

CFATF



GAFIC



**THE HONOURABLE
LUIS ANTONIO MARTINEZ GONZALEZ
CFATF CHAIRMAN 2014 – 2015**

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EXECUTIVE SUMMARY

This was another year of exceptional success for the Caribbean Financial Action Task Force (CFATF).

The Honourable Luis Antonio Martinez Gonzalez, Attorney General of El Salvador in his capacity as Chairman of the CFATF moved the organisation in a decisive fashion, onto the road to modernisation.

The tool for this accomplishment was the Management Audit of the Secretariat by a Multi-Disciplinary Audit Team of professionals who visited and assessed the overall functioning of the Secretariat during December 8th – 11th 2014, an exercise that was the centrepiece of the Chairman's Work Programme for 2014 - 2015.

The CFATF family of nations and the Secretariat staff owe a considerable debt of gratitude to the Government and people of El Salvador for the significant amelioration in the working environment and conditions at the Secretariat.

The ability of the Secretariat to conduct the business of the organisation, in service of its membership and the wider international community, in an atmosphere that is conducive to enhanced operational efficiency and accountability, is now on a higher level.

In a move that was welcomed and appreciated by the Secretariat staff, Chairman Luis Antonio Martinez Gonzalez, took an avid personal interest in this important Audit exercise by visiting the Secretariat along with the Audit Team during January 19th – 20th 2015 to meet with and present the Audit results to the Executive Director and Deputy Executive Directors.

The central theme of his message was that the guiding purpose of the Management Audit was to recognize and acknowledge the hard work and loyalty of the staff and to facilitate enhanced efficiency in the operations of the Secretariat.

Chairman Martinez also wanted to ensure that the physical environment of the Secretariat demonstrated that the CFATF was an important international organization whose work was critical to the long term economic prosperity, peace and security of the Caribbean Basin Region as a whole.

Moreover Chairman Martinez, the Audit Team along with the Executive and Deputy Executive Directors visited a retail establishment in Port of Spain, to select much needed new office furniture and computer equipment. The goal was to urgently replace items that were in use for over fifteen years, and to be in step with the plans for the redesign and restructuring of the physical space at the Secretariat.

All in all, the CFATF and its leadership was fully cooperative with this exercise, which was a very positive start to El Salvador's term as CFATF Chair.

During December 15th – 20th 2014, at the start of the period under review the CFATF hosted the the Efficiency Scrutiny Working Group of the Eastern and Southern Africa Anti- Money Laundering Group (ESAAMLG) which was mandated to undertake an efficiency scrutiny of its mandate, structure, core work processes and procedures pursuant to a decision by the Financial Action Task Force (FATF) Global Network Coordination Group (GNCG).

This collaborative effort demonstrated that despite the geographical distance between both organizations, the long standing bonds of friendship and support which began since 1999 continue to redound to the benefit of both organizations and the global fight against money laundering and the financing of terrorism.

The CFATF and its leadership in conjunction with special courtesies from the Ministry of National Security, Government of Trinidad and Tobago were fully cooperative with this exercise, which allowed ESAAMLG to draw on CFATF processes and procedures to inform their reform programme. This exercise was a very positive start to El Salvador's term as CFATF Chair.

The ESAAMLG in its reports to the FATF GNCG and Plenary welcomed and applauded the CFATF for its generosity and the benefits that were derived from engaging CFATF officials and drawing on and benefiting from their operational and administrative arrangements during the visit.

Chairman Martinez's Work Programme reinforced the goal of attaining at least seventy-five percent (75%) compliance with the FATF Recommendations

at the end of the Fourth Round of Assessments in 2022. This was at the heart of the 2013/2014 Work Programme of former, Chair, Senator The Honourable Allyson Maynard-Gibson, Attorney General, Commonwealth of The Bahamas. The ongoing aim of El Salvador was to entrench the notion of a strong Culture of Compliance throughout the Caribbean Basin Region and to take the CFATF to pioneer status within the global AML/CFT network.

During the period under review the CFATF continued the rigorous encouragement and monitoring of the reform efforts by the membership in rectifying the weaknesses in the national Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) architecture identified during the Third Round of Mutual Evaluations.

The CFATF Follow up and International Co-operation Review Group (ICRG) processes were instrumental in advancing the strengthening of regional defences through modernising relevant legislation in keeping with the FATF Recommendations and the effective implementation of the new regimes.

The robustness of CFATF's efforts in this area allowed the Executive Director to successfully negotiate between June and October 2015 the removal of Aruba, Belize, Dominica, Grenada, St. Kitts and Nevis and St. Lucia, from the Financial Action Task Force (FATF) ICRG pool of jurisdictions that were due to be reviewed for having weak AML/CFT regimes which posed a threat to the international financial system.

This was a very important achievement because the CFATF proposal proved beneficial not only to CFATF members but also for members of other FATF Style Regional Bodies (FSRBs) across the globe.

The Fourth Round of CFATF Mutual Evaluations commenced during Chairman Martinez's term with Missions to Trinidad and Tobago, Jamaica and The Bahamas.

It is acknowledged that the requirements of the FATF Recommendations and the assessment tool, the Methodology, are much more onerous and

demanding on national authorities and their private sector stakeholders, Examiners, Reviewers, Secretariat staff, relevant CFATF Working Groups and the organisational leadership.

Consequently Technical Assistance and Training programmes for all Caribbean Basin Region public and private sector entities that are connected to the Mutual Evaluation process must be made available on an ongoing basis throughout the Fourth Round.

However the ongoing effects of the global economic and financial crisis as well as the impact of global developments of recent vintage such as de-risking and the attendant loss of or the imposition of restrictions on correspondent banking relations have negatively impacted the ability of CFATF members to address the growing needs of the AML/CFT agenda on their own.

In these circumstances the continued support of traditional and new donor partners takes on even greater significance. In this regard the ongoing commitment from our longstanding friend and allies, the Group of Cooperating and Supporting Nations (COSUNs) consisting of Canada, France, Mexico, Netherlands, Mexico, Spain, United Kingdom and the United States of America, provide considerable comfort.

Ongoing outreach to founder Observer Organisations such as the Commonwealth Secretariat continues to provide positive results. In similar fashion, are the ongoing discussions with active long standing partners such as the European Union, CARIFORUM, and other organizations such as CARICOM IMPACS, Caribbean Development Bank, Inter-American Development Bank and the University of the West Indies, Department of Management Studies, St. Augustine campus.

As the first FSRB and an FATF Associate member, the CFATF is seen as a well-respected and important partner in the global AML/CFT network of the FATF and its eight (8) FSRBs.

During El Salvador's term as Chair of the CFATF, Chairman Martinez in a first time in CFATF history welcomed to the May and November 2015 CFATF Plenary Meetings, FATF President Roger Wilkins and FATF President Je Yoon Shin.

These visits are indicative of the strength and warmth of the ties that exist between both the FATF and the CFATF which are further reflected in the close working relations that exist between the FATF and CFATF Secretariats. The participation of FATF members in CFATF Mutual Evaluation Missions during the Fourth Round continue to reflect this spirit of cooperation as in the case of the Mutual Evaluation of The Bahamas where the team of Assessors included an Expert from the Kingdom of the Netherlands.

The activities of both the FATF and CFATF are complementary and the FATF Secretariat and FATF Members are permanent attendees at CFATF Plenary meetings. And on the other hand, CFATF members and the CFATF Secretariat also attend and participate in FATF Plenary and Working Group Meetings. For the October 2015 FATF Plenary Meeting twenty (20) delegates from Barbados, Bermuda, Haiti, Guyana, Trinidad and Tobago and the Virgin Islands were in attendance. This is in keeping with one of the tenets of Chairman Martinez' Work Programme to strengthen the image and positioning of the CFATF

The CFATF is in full support of the FATF's Fact Finding, G20 inspired initiative on Recommendations 5 and 6 in relation to stemming the flow of terrorist financing related funds.

With considerable encouragement from Chairman Martinez, all CFATF members participated in this exercise by positively and in a timely fashion, responding to the Questionnaire and providing answers to follow up questions posed by the FATF Secretariat.

One of the hallmarks of this Fact Finding initiative was the close and effective working relations between the FATF and CFATF Secretariats in pursuing the objectives of the exercise. This is an accomplishment which must be commended as it redounds to the benefit to the global fight against terrorism and terrorist financing.

Although the CFATF membership is experiencing financial constraints just like other countries in the global AML/CFT network, Chairman Martinez considered it critical that the membership acted

responsibly in meeting the day to day needs of the organisation through the timely payment of annual contributions.

On this front there was complete success. The Financial Comptroller continued with implementation of the Secretariat's vigorous chase up policy. At the close of El Salvador's term as CFATF Chair, all annual contributions for 2015 had been paid along with a small sum which represented surcharges for late payment by some members.

Finally with a view to increasing the number of CFATF members, the Secretariat in keeping with the Chairman Martinez's Work Programme prepared an Outreach Policy which will facilitate approaches to a number of countries in the region and around the world with a view to considering CFATF membership.

So by all accounts a very active and successful year under the decisive leadership of Chairman Luis Antonio Martinez Gonzalez, who through his Work Programme and personal involvement has set the CFATF firmly and successfully on course for modernisation and the achievement of even more successes.

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, Observer Organisations and the Secretariat, undertook the annual Work Programme and conducted the general business of the Caribbean Financial Action Task Force (CFATF).

There were no changes to the organisational structure during the period under review. However, there has been a growing recognition that the staff complement at the Secretariat needs to be increased, which was supported by Chairman Martinez' Management Audit exercise.

Accordingly, an increase in the number of employees at the CFATF Secretariat to twenty (20) is under active consideration so that the organisation could undertake its core functions as well as growing workload, effectively and efficiently.

CHAIR/DEPUTY CHAIR

The Chair of the Caribbean Financial Action Task Force (CFATF) for November 2014-November 2015 was the Honorable Lic. Luis Antonio Martínez González, Attorney General, Republic of El Salvador.

The CFATF Deputy Chair for November 2014 to November 2015, was Senator the Honourable Faris Al-Rawi, Attorney General, Government of Trinidad and Tobago.

It should be noted that during the period under review, the Honourable Anand Ramlogan and The Honourable Garvin Nicholas also performed duties as CFATF Deputy Chair on behalf of Trinidad and Tobago.

On assuming their leadership positions, both the El Salvador and Trinidad and Tobago pledged to work in close collaboration with each other in order to serve the best interests of the CFATF.

During November 2015, the pledge of close collaboration became a reality when scheduling difficulties for Chairman Martinez Gonzalez saw Deputy Chair Hon. Faris Al-Rawi as well as Incoming Deputy Chair for 2015/2016 Hon. Rhondalee Braithwaite-Knowles, seamlessly and efficiently manage the Steering Group and Plenary meetings.

In addition given all the circumstances, former Chairman, the Hon. Samuel Bulgin, Attorney General Cayman Islands without hesitation, agreed to and chaired with commendation, the presentation and discussions of the Mutual Evaluation Report on Trinidad and Tobago, the very first report during the Fourth Round of Assessments.

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.

The functions and duties of the Council include examining, modifying, approving or rejecting inter alia:

- i. The Annual Reports of the Organisation
- ii. The audited Financial Reports for the previous financial year;
- iii. The Work Programme for the following year;
- iv. The Budget for the following year:
- v. The admission of new and the removal of Members, Co-operating and Supporting Nations and Observers.
- vi. The appointment of the Executive Director and the Deputy Executive Director(s) of the Secretariat, and
- vii. Election of the Chair and Deputy Chair.

The August 2015 Ministerial Meeting called for new and creative ways of thinking and counselled that a more holistic approach must be adopted towards assessing and meeting the needs of the organisation, with particular reference to the intensive resource requirements of the Fourth Round of Mutual Evaluations and the need for realistic staffing levels based on the Secretariat's assessment of its needs.

The November 2015 Ministerial meeting re-affirmed these principles and endorsed Trinidad and Tobago's Work Programme 2015/2016 which has an abundance of initiatives which if effectively executed could propel the CFATF into an exemplar amongst FSRBs.

The vibrant and productive discussions, by the Council of Ministers in August and November 2015 led to decisions and instructions on inter alia:

- The finalization of the Audited Financial Statements for 2014 and surrounding issues

- The considerations that the Human Resources Committee must take into account for the process for the renewal of staff contracts and the role of the Sub Committee of Ministers as the driving entity in overseeing that process
- The establishment of a Planning Committee as a Sub Committee of the Steering Group
- Filling the vacant Administrative Assistant post at the Secretariat,
- The annual contributions for 2016
- A strong call for wider participation by the membership in all aspects of CFATF's affairs, and
- The secondment of officials and or the provision of auxiliary support to the Secretariat given the shortage of staff and the human and financial resource intensity of the Fourth Round of Mutual Evaluations.

This was a call for action and successful implementation by all organs of the CFATF which led to a variety of proposals which will be reported upon in the next Annual Report.

PLENARY

The CFATF 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 entail 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 the Memorandum of Understanding and the Recommendations by a Member.

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

The principal responsibility of the Plenary is oversight of the Mutual Evaluation Programme which includes the Follow up and ICRG processes all with a view to ensuring membership compliance with the FATF Recommendations.

During the period under review several areas of concern were raised in the November 2015 Compliance Report prepared and presented by the Secretariat. These issues were also flagged by the Group of Cooperating and Supporting Nations (COSUNs) and supported by the FATF Secretariat at the November 2015 Plenary and Ministerial Meetings.

These concerns included:

- The Secretariat continues to have a severe workload associated with preparing documents for both the Third and Fourth Rounds of Mutual Evaluations, which is further impacted by the ongoing need for improvement with regard to the timely receipt of matrices and requested information from Members.
- The ten (10) CFATF Members that are still in the Third Round Follow Process are urged to work towards exiting in the shortest possible time. Similar encouragement is also given to those Members that are still in the CFATF ICRG.
- The start of the Fourth Round together with the departure of one (1) member of staff, have

placed a strain on the Secretariat's ability to respond to most of the FATF documents.

- There should be a greater level of involvement by all Members with regard to the review of documents and comments on the various FATF Working Group Papers.
- The Fourth Round is evolving as the FATF/FSRBs Secretariats and countries gain more experience in dealing with the issues raised in Mutual Evaluation Reports (MERs). Therefore it is necessary for Members to be fully engaged in the process since decisions made globally will most certainly impact the preparations for and outcomes of their respective Mutual Evaluation Reports.

The international reputation and the best interests of the CFATF demand that urgent attention be given to improving performance in these areas by the May 2016 Plenary when a further comparative assessment would be available.

This should also be a paramount consideration for the Plenary itself, as well as a priority area for the Council of Ministers and Steering Group in terms of monitoring, urging corrective measures and reporting back on actual improvements.

THE STEERING GROUP

The CFATF Steering Group acts as the Organization's Board of Directors, 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 2014 and November 2015, the CFATF Steering Group comprised the following: Chair- El Salvador; Deputy Chair-Trinidad and Tobago; Outgoing Chair- The Bahamas, **Members Barbados, Bermuda, Curacao, Venezuela, Grenada, Guatemala and Turks and Caicos Islands.** The Group of Co-operating and Supporting Nations (COSUNs) is represented on the Steering Group by Spain.

The Steering Group is an advisory committee 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 of Ministers as appropriate.

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.

Some of the important milestones for the Steering Group during the leadership of Chairman Luis Antonio Martinez Gonzalez, El Salvador, during November 2014 to May 2015 were as follows:

- Providing support to Chairman Martínez on the implementation of the Chair's Work Programme 2014-2015.
- Providing support in the execution of an action plan following Chair's audit of the CFATF Secretariat operations, as agreed during May 2015. This action plan entailed a thorough review of elements needed to improve the quality of the structure, functions and management of the Secretariat, including organizational manuals. This hard work was undertaken by the Steering Group Subcommittees (Budget and Audit and Human Resources) and the CFATF Secretariat.
- Addressing the loss of membership and launching a new initiative to secure new Members and Observers.
- Establishing a Working Group whose membership should extend beyond the four members of the Budget and Audit Committee, to consider the current and long term financial stability of the organisation including job security for the Secretariat staff.
- Ongoing oversight and supervision of the accounting and auditing processes through the Budget and Audit Committee including the payment of annual contributions.

- Determining the treatment of small balances and applicable sanctions.
- Proposing changes to the timeframe for the finalization of the annual Audited Financial Statements, and
- Monitoring membership participation in Steering Group activities and calling for greater membership involvement in the BAC and the HRC.

Reviewing and recommending to the November 2015 Council of Ministers meeting for their approval:

- A List of Critical Information Technology (IT) needs which would replace very outdated equipment and software and modernise the IT infrastructure of the Secretariat as well as a proposal to automate all aspects of the CFATF's operations.
- The necessary expenditure to purchase these items was approved by the Council of Ministers. Given the importance of the overall objective, the Secretariat proceeded immediately with obtaining quotations in keeping with the established procurement process.
- The Operational Work Plan and Budget for 2016 which set the annual contribution at US\$38,000.00 to meet additional expenditure in relation to audit fees, the annual license fees for new software, the automation of the Secretariat as well as organising the annual Plenary and Ministerial meetings.
- A plan to reduce the outstanding vacation liability over the three year period 2016-2018, and
- Proposals for a new logo and website design.

Under the astute leadership of Chairman Luis Antonio Martinez Gonzalez, the Steering Group also engaged in a vibrant brain storming session in August 2015 which provided considerable guidance on addressing long term organisational needs, financial stability and security of tenure including pension arrangements for the Secretariat staff.

In recognition of the need for the CFATF to adhere to the High Level Principles and Objectives for the FATF and FATF Style Regional Bodies, the Steering Group also noted the need to convey to the Council of Ministers, with a certain degree of urgency, the acute need for the CFATF membership to allocate sufficient financial resources to undertake its core functions in light of the recent global threats as evinced by the tragic events in Paris during November 2015.

CFATF WORKING GROUPS

Working Groups have been an integral part of the CFATF organisational structure, since its inception. During the period under review, the CFATF had five (5) established and functioning Working Groups. These were the Heads of Financial Intelligence Units Forum, the Accreditation Council, the CFATF Risks Trends and Methods Group (CRTMG), the CFATF Working Group on FATF Issues (CFATF WGFI), and the CFATF International Cooperation Review Group (CFATF ICRG).

The hallmark of all the CFATF Working Groups as they engage to advance the business of the organization 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 which demonstrate the leadership qualities that redound to the benefit of the organization as a whole and offer sterling examples which can be emulated by all Members.

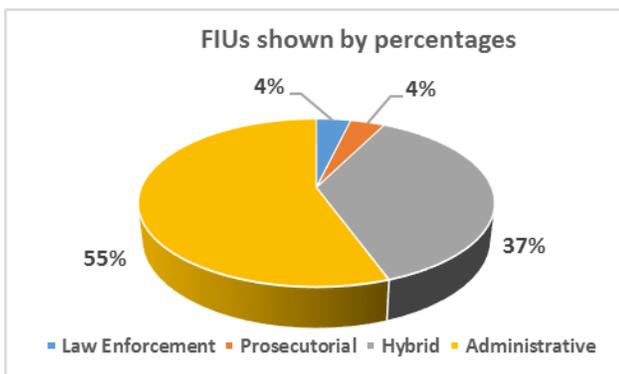
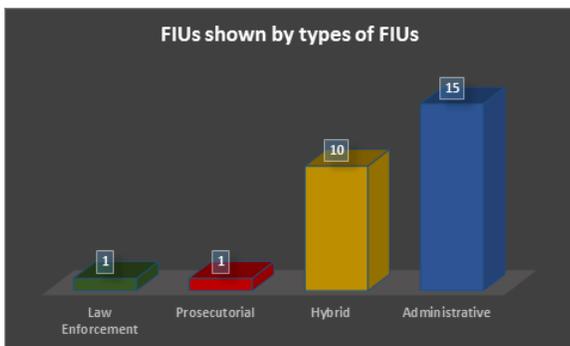
HEADS OF FINANCIAL INTELLIGENCE UNITS FORUM

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 twenty-two (22) meetings which have been attended by CFATF Members, the FATF Secretariat and FATF Members, as well as Observer Organisations.

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.

BREAKDOWN OF CFATF FIU TYPES



ACCREDITATION COUNCIL

The Heads of FIU's Forum during May 2009, established the Accreditation Working Group (AWG), now the Accreditation Council, 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, and the European Commission through whom a commitment of one million, two hundred thousand Euros (€1.2 million) has been pledged. This partnership included the Governments of Dominican Republic, Jamaica and Trinidad and Tobago where training facilities to undertake course delivery will be based, and the Caribbean Criminal Asset Recovery Programme (CCARP).

The Accreditation Council has 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 Coordinator.

The mandate of the Accreditation Council is to oversee and direct operations which will result in the accreditation of financial investigators and analysts.

RISKS TRENDS AND METHODS GROUP (RTMG)

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.

The CFATF RTMG was mandated as part of the 2014/2015 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 includes those CFATF members whose AML/CFT regimes were considered as Centres of Excellence, review the requests for assistance from CFATF jurisdictions and seek to 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 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. Carmen Solano- Translator/Administrative Assistant in May 2012.

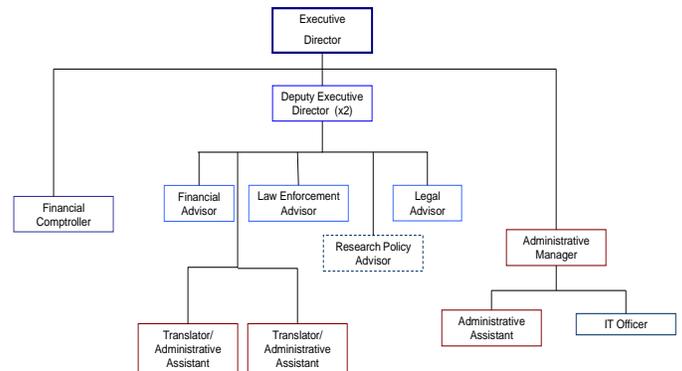
Ms. Magdalene Walcott- Financial Comptroller in July 2012.

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



REPRESENTATION

The following represents some of the events in which members of the Secretariat staff participated during 2015.

- Joint European Union/CARIFORUM Technical Meeting for the 11th European Development Fund Caribbean Region Indicative Programme, March 16th - 18th 2015, Bridgetown, Barbados.
- Compliance Conference, March 17th - 20th 2015, Virgin Islands
- Compliance Conference, March 23rd – 24th 2015, Turks and Caicos Islands
- One day Training Seminar April 2015, Anguilla.
- OAS Meeting. May 19th – 20th 2015, Washington, D.C.
- EGMONT Plenary meeting Bridgetown, Barbados, June 7th – 12th 2015.
- Commonwealth Secretariat/CFATF Directors of Public Prosecutions Forum on Corruption, Economic Crime and Recovery of Proceeds of Crime, June 30th - July 2nd, 2015, Castries, St. Lucia.
- Commonwealth Secretariat Multi-Stakeholder Forum on Remittances and Anti-Money Laundering and Counter Terrorist Financing Regulation,

Marlborough House, London, United Kingdom, July 20th – 21st 2015

- OAS Meeting. October 1st -2nd Lima, Perú.
- CARICOM Implementation Agency for Crime and Security (IMPACS)/CFATF meeting September 28th 2015, Port of Spain, Trinidad and Tobago.AML/CFT Seminar October 21st 2015, St. Kitts.
- Egmont courses on the FIU Information System Maturity Model (FISMM) and Securing an FIU, November 30th - December 5th 2015, Lima, Peru.
- FSRB Roundtable meeting on correspondence banking and de-risking, December 3rd 2015 Bridgetown, Barbados.

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 CHAIRMAN'S WORK PROGRAMME 2013-2014

The centre piece of El Salvador's Work Programme for 2014 - 2015 which had the full support of the Steering Group and the Council of Ministers, was a Management Audit of the CFATF Secretariat which was conducted during December 8th - 11th 2014.

Thereafter Chairman Luis Antonio Martínez Gonzalez, Martínez and his Team of officials visited the Secretariat during January 19th - 20th 2015 to share the results of the Audit with the Executive Director Wilson and Deputy Executive Directors Spicer and Firth, and also presented a series of administrative tools that were designed to strengthen and enhance the CFATF.

Chairman Martínez also met with all members of staff at the beginning and end of his visit. The central theme of his message was that the guiding purpose of the Management Audit was to recognize and acknowledge the hard work and loyalty of the

staff and to facilitate enhanced efficiency in the operations of the Secretariat.

Chairman Martínez also wanted to ensure that the physical environment of the Secretariat demonstrated that the CFATF was an important international organization whose work was critical to the long term economic prosperity and peace and security of the Caribbean Basin Region as a whole.

The Management Audit Team prepared a total of thirteen (13) documents arising from the Management Audit which expedited the work that was already ongoing within the CFATF to update existing documents, operational manuals and practices.

These were as follows;

- Management Audit Report
- Proposed Restructuring of the CFATF Secretariat
- Power Point Presentation of the Proposed Restructuring of the CFATF Secretariat
- Design for the Restructuring of the Secretariat
- Organization and Functions Manual
- Annual Operating Plan
- Work Programme Cronogram
- Manual of Personnel Management Policies
- Rules for Petty Cash Management
- Policy Manual for the Proper Use and Maintenance and Protection of Fixed Assets
- Policy on Use of Computer and Network Services
- Contingency Plan for Continuity of Computer Services
- Guide for the Purchase of Goods and Services and the Process for Staff Wages.

The Audit team also presented a proposal for the complete redesign of the physical space at the Secretariat which was geared towards considerably enhancing the working environment. New furniture and equipment were provided through the kindness and generosity of the Republic of El Salvador to which all CFATF members are indebted.

All the staff at the Secretariat were very pleased and supportive of the plans by Chairman Martínez to help with a new working environment both

physically and administratively and were very grateful to Chairman Martinez and his Team for the hard and valuable work that had been done and will continue to be undertaken with a view to strengthening the organization as whole.

Within two month of the presentation of the Management Audit Report and Manuals in March 2015 a considerable amount of work was completed both by the Secretariat and the Multi-Disciplinary Audit Team in implementing the Recommendations which is summarised as follows:

A List of Informational Technology (IT) Needs was prepared and funding of US\$22,000.00 was approved by Ministers, with a view to modernising the critical IT functions and to automate the Secretariat's operations. The goal was to would contribute to greater efficiency and facilitate closer monitoring of the operations and activities of the Secretariat by the Chairman and all relevant organs of the CFATF.

The Information Technology Experts from the Chair's Office worked closely and consistently with the CFATF Secretariat's Information Technology Officer. This resulted in the preparation of the following documents which immediately enhanced the Secretariat's IT functions and augurs well for the future Technological Needs of the CFATF Secretariat:

- Report on Test Penetration
- Website Analysis Report
- Policy Manual on the Use of Computer and Network Services, and the
- Contingency Plan for Continuity of Computer Services

A Draft Training Plan for updating knowledge and the professional development of Secretariat staff taking into account the requirements of the Fourth Round of Mutual Evaluations, was prepared for further consideration and eventual implementation through allocation of relevant funding, at an appropriate time in the future.

With a view to reducing the outstanding vacation liability a Plan of Action was prepared which allowed staff to take their annual vacation for 2015

by December 31st 2015 with relevant staff taking additional days in 2015 so as to reduce the outstanding amount.

A new Organizational Chart was prepared which is an amalgamation of thoughts on the critical needs from the Management Audit Report, the Steering Group and the Secretariat staff. However it should be noted that the restructuring of the physical space as proposed by the Management Audit Report may have to be reconsidered and the requisite funding secured in order to provide for at least twenty persons (20) as compared to the current staff complement of eleven (11).

Chairman Martinez's donation of flags, furniture and equipment has enhanced the workspace and the Secretariat staff do look forward to the completion of this exercise.

The Chair's Annual Work Plan was used as guide for the preparation of the Secretariat's Annual Work Plan for the rest of 2015.

Work was started on the re-design of the new logo and web site, as well as a Customer/membership Satisfaction Survey Questionnaire,

The Executive Director, Deputy Executive Directors and Adviser staff undertook a variety of representational activities at Compliance Conferences, sector specific workshops organised by the CFATF, donor partners and the private sector.

The Executive Director engaged with Member countries at the Ministerial level to encourage participation at CFATF Ministerial meetings and to learn of challenges in preparing for the Fourth Round.

The Executive Director continued to work with Chairman Martinez and his staff to redesign and restructure the physical working environment at the Secretariat.

In a first for any CFATF Chairman over the lifetime of the organization Chairman Martinez, members of the Audit Team as well as the Executive and Deputy Executive Directors went to a major furniture store and several items of furniture were delivered to the

Secretariat as a gift from Chairman Martinez which has considerably improved the working environment.

The Secretariat staff applauded Chairman Martinez for his generosity and care for ensuring that the physical appearance of the Secretariat was in keeping with that of a high profile international organization with a good reputation whose work is very important to the region's financial system.

In the spirit of Chairman Martinez's Management Audit Report and the Management Response, the CFATF Secretariat staff prepared eight (8) new and updated documents outlined below which, along with the thirteen (13) referenced earlier, have established modernised processes and procedures which cover all aspects of CFATF operations. These are the:

- Revised Staff Performance Appraisal Policy
- CFATF Process for the Renewal, Termination and Non-Renewal of Staff Contracts of Employment
- CFATF Document Distribution System
- Communication Infrastructure between the CFATF Constitutive Organs
- Manual for Incoming Chair and Deputy Chair
- CFATF Council of Ministers/Plenary Meeting Requirements
- Manual for the Treatment of Foreign Staff
- CFATF Outreach Policy

The CFATF as an organisation owes a considerable debt of gratitude to Chairman Luis Antonio Martinez Gonzalez and the Multi-Disciplinary Audit Team for the forward thinking nature of their work which will redound to the benefit of the Secretariat staff and the CFATF membership well into the future.

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 he 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 2015, the following chart provides an insight into the progress countries are making with their individual reform programmes.

| Member Country | Biennial Update | Regular Normal | Expedited | Enhanced |
|------------------------------|---|--|------------|-----------|
| Anguilla | End of 3 rd Round reporting | | | |
| Antigua & Barbuda | End of 3 rd Round reporting | | | |
| Aruba | End of 3 rd Round reporting | | | |
| Barbados | | | | May. 2016 |
| Belize | End of 3 rd Round reporting | | | |
| Bermuda | End of 3 rd Round reporting | | | |
| Cayman Islands | End of 3 rd Round reporting | | | |
| Curacao | | Nov. 2015 | | |
| Dominica | End of 3 rd Round reporting | | | |
| Dominican Republic | | Nov. 2015 update report. End of 3 rd Round reporting due to proximity of Mutual Evaluation. | | |
| El Salvador | End of 3 rd Round reporting | | | |
| Grenada | End of 3 rd Round reporting | | | |
| Guatemala | End of 3 rd Round reporting | | | |
| Guyana | | | | May. 2016 |
| Haiti | | | | May. 2016 |
| Jamaica | End of 3 rd Round reporting | | | |
| Montserrat | | | May. 2016* | |
| St. Kitts & Nevis | End of 3 rd Round reporting | | | |
| St. Lucia | End of 3 rd Round reporting | | | |
| St. Maarten | | | May. 2016 | |
| St. Vincent & The Grenadines | | | | May. 2016 |
| Suriname | | | May. 2016 | |
| The Bahamas | End of 3 rd Round reporting | | | |
| Trinidad & Tobago | End of 3 rd Round reporting. Deficiencies transferred to 4 th Round | | | |
| Turks & Caicos | | | May. 2016* | |
| Venezuela | End of 3 rd Round reporting | | | |
| Virgin Islands | End of 3 rd Round reporting | | | |

* Expected to exit 3rd round follow-up reporting at the May 2016 Plenary

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.

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.

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.

Eleven (11) months later in October 2015, the FATF ICRG commended the rigorous CFATF Follow up process which led the FATF Plenary based on a proposal from Executive Director, Calvin Wilson to agree to remove Aruba, Belize, Dominica, Grenada, St. Kitts and Nevis and St. Lucia, from the FATF pool of jurisdictions that were being considered for review for having AML/CFT regimes that posed threats to the international financial system. This accomplishment benefitted not only CFATF but any country around the globe that was part of the FATF pool and had exited the Follow up process of their respective FSRB.

With this global recognition of the value and robustness of **the CFATF International Cooperation Review Group (CFATF ICRG)** commendations should be extended to Mr. Glenford Malone, Virgin Islands, formerly sole Co-Chair of the CFATF ICRG ably assisted by Mrs. Diana Firth, Deputy Executive Director, until up to the November 2015 CFATF Plenary Meeting when he was joined by Ms. Kellie Bailey, Belize as Co-Chair.

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, who was assisted by Executive Director, Calvin Wilson.

THE FOURTH ROUND OF MUTUAL EVALUATIONS

In early 2015, the CFATF commenced the Fourth Round of Mutual Evaluations with a Mission to Trinidad and Tobago whose Mutual Evaluation Report was presented to November 2015 Plenary meeting. Further Missions were undertaken to Jamaica and The Bahamas, and a joint mission with GAFILAT to Guatemala who holds membership in both the CFATF and GAFILAT.

It continues to be imperative that in moving forward with 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 should 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.

This position remains the same but some progress has been made. Part of the Trinidad and Tobago Chair’s Work Programme 2015/2016 envisages a Technical Assistance and Training Plan which will cover activities such as the hosting of Assessor Training, Pre-Assessment Training, Standards Training and Compliance Conferences.

The plan will also help identify the necessary human resources for its proper administration and

information technology will be explored in its development with a view to it being cost effective with revenue generating potential and faster delivery.

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 spent during 2015 as can be seen from the Chart of Training Projects below and will continue to be spent by CFATF Members in similar activities.

| 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 |
| PAT | Dominican Republic | Feb 2015 |
| FATF Recs | Anguilla | May 2105 |

It continues to be the case that 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 has to the key to success.

MEMBERSHIP PARTICIPATION/CFATF WORKING GROUPS

Members recognise that the credibility of the organisation in part hinges on Members participating in all aspects of the organisation’s affairs, and taking the right decisions in relation to their peers.

The November 2015 Council of Ministers mandated that every member of the SG should sit on one of its Sub Committees with a view to sharing the enormous and growing workload. This is designed to spread the burden of the workload beyond the five members who currently do the work of the Sub Committees.

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, and Toviás Armando Menjivar Tovar, El Salvador for their stewardship of this Forum during the period and Mr. Jefferson Clarke, Law Enforcement Advisor for coordinating the work of the Forum.

At the CFATF May 2015 the CFATF Heads of Financial Intelligence Units Forum Guyana requested assistance by the way of sponsorship for its application to join the Egmont Group. Two member countries agreed to work with Guyana. Two member countries also agreed to work with Haiti to advance its application for membership to the Egmont Group.

CFATF Member Barbados welcomed all CFATF Members to attend the Egmont Plenary Meeting which is being held in Bridgetown Barbados during the week of June 7th – 12th 2015.

The work of the Heads of FIUs Forum’s Accreditation Council is pivotal to the three year, 1.3 Million Euros project, for the Training of Financial Investigators and Analysts over three years and is due for roll out during 2016.

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. Birdie Dixon-Daley, Executive Director Calvin Wilson Jefferson Clarke, Law Enforcement Advisor and Eamon Kearney, Caribbean Criminal Asset Recovery Programme (CCARP) must be thanked for their tenacity in ensuring that the dialogue and relationships with our donor partners were kept alive.

Arrangements for the project continue apace. All projects documents including a balanced budget were submitted to the European Union with whom

the Secretariat is working closely, for their consideration.

The funding has been approved. The final hurdle of internal CFATF scrutiny is ongoing and should be overcome shortly with signing of the grant

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.

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.

Under the leadership of Co-Chairs Mrs. Jacqueline Somersall-Berry, St. Kitts and Nevis, Dwayne Baker, Turks and Caicos Islands and Yves-Fils Stimphat, Haiti, the ongoing 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 Illegal lottery led by The Anguilla FIU. The project is ongoing with a gap analysis questionnaire circulated to Members. This project is anticipated to be finished by November 2015.

Ongoing typologies research initiatives include Proliferation of Small Arms and Ammunition and Movement of Cash and Negotiable Instruments.

CRTMG consists of Anguilla, Antigua and Barbuda, Aruba, Bermuda, BVI, Curacao, Dominican Republic, Guatemala, Guyana, Haiti (Chair),

Jamaica, St. Maarten, St. Kitts and Nevis (Chair), The Bahamas, Trinidad and Tobago, Turks and Caicos Islands (Chair), and Venezuela, and is mandated as part of the 2014- 2015 Work Programme, to undertake Typologies Exercises covering the areas of Illegal Lotteries, Small Arms and Ammunition Trafficking, and Cross Border Movement of Cash and Negotiable Instruments.

The CFATF May 2015 Plenary was advised that there is an ongoing need for greater membership participation in the CRTMG and acknowledgement of correspondence by CRTMG members. The team leaders presented the scope and objectives of the projects along with the team composition and discussed the challenges encountered. The re-occurring theme throughout was the lack of/ limited participation of team members, in particular within the Arms and Cash projects.

In light of the limited data obtained from respondents to the Illegal Lotteries questionnaire, a decision was made to provide two (2) jurisdictions with the opportunity to submit responses. This decision was arrived at as it is believed that their inputs would add value to the study.

CFATF WORKING GROUP ON FATF ISSUES (CFATF WGFI).

Pursuant to the mandate of the November 2010 Ministerial Meeting, the CFATF Working Group on FATF Issues (WGFI) was established so that the CFATF could effectively follow and engage the FATF Evaluations and Compliance Group and the FATF Policy Development Group. CFATF-WGFI's membership consists of Anguilla, Belize, Bermuda (Co-Chair), Barbados (Co-Chair), Cayman Islands, Curacao, Dominican Republic, FATF Secretariat, Guatemala, Jamaica, St. Kitts & Nevis, Turks and Caicos Islands, Trinidad and Tobago, Venezuela, Virgin Islands and U.S.A.

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.

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 Council of Ministers in November 2015 noted that both the FATF and CFATF will undertake a review of their initial five (5) and three (3) Mutual Evaluation Reports during the Fourth Round of Mutual Evaluations with the results becoming available around June 2016, which, based on the lessons to be learnt, will guide the continuation of the Fourth Round.

It was also recognised that the FATF had completed its review of the first five Mutual Evaluation Missions completed and a review of FATF Recommendations, the AML/CFT Methodology and Mutual Evaluation Procedures is in progress. The CFATF will monitor the outcome of the FATF February 2016 Plenary with a view to eventually amending its Mutual Evaluation Procedures.

In November 2015 there were discussions with regard to the CFATF's review of its first three (3) mutual evaluations (Trinidad and Tobago, Jamaica and The Bahamas) during the period January to June 2016. In that regard, the CFATF WGFI is establishing a Sub-Working Group to undertake the review.

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

Given the focus in the Chair's Work Programme 2015/2016 on the development of a Training Plan and the identification of the necessary human resources for its proper administration, active consideration will be given to the restructuring of the Donors' Forum.

FINANCE

BUDGET REVIEW 2015

The Operational Work Plan and Budget for 2015 was premised on the provision of adequate human and financial resources for the CFATF Secretariat which is 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.

Ministers approved an annual contribution of US\$38,000.00 for 2016 and mandated that the following should occur:

- The vacant Administrative Assistant position should be filled given the shortage of staff and the immense and growing workload.
- The Secretariat should prepare a Paper outlining its needs and various options for the seconding of staff/ provision of auxiliary support to the Secretariat which should include the types of projects or work to be undertaken in order of priority by December 31st 2015 latest but with an interim deadline of **December 20th 2015** so that interested members can have the information available for decision making at the earliest opportunity and that job descriptions for the secondees should also be provided so that Members will have a basis on which they can consider requests to assist.
- The idea of the Prime Minister of The Bahamas being the CFATF Patron should be revived given the need for global advocacy

on securing resources for the CFATF, as well as raising the issue at CARICOM Heads of Government level or at UNECLAC in order to pitch for resources, and that

- The draft Operational Work Plan and Budget should be available in May annually so as to allow Members to plan better for any increases in contribution. Accordingly the first draft Operational Work Plan and Budget for 2017 must to be available by end of March 2016.

THE AUDITED FINANCIAL STATEMENTS FOR 2014

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 agreed to delegate final approval of the Audited Financial Statements for 2014 to the Steering Group if there are no material changes. However if material changes are required then the revised Audited Financial Statements will need to be resubmitted to Ministers for approval.

MEMBERSHIP PARTICIPATION

One of the important outcomes of the CFATF Reform process of Reflection, Introspection and Reform which occurred during 201-2013, was a very positive and enthusiastic response by all CFATF Members which led to enhanced and active participation in all CFATF Working Groups, higher attendance levels at FATF Plenary Meetings and responses to FATF papers over a sustained period.

Yet two years later the former concerns about the fall off in active and widespread participation in all aspects of the organisation's operations which in part led to the CFATF Reform process, came to the forefront again and were of growing concern to Chairman Luis Antonio Martinez Gonzalez, Incoming Chair Hon. Faris Al-Rawi, as well and our global friends and partners.

Both the COSUNs and the FATF Secretariat have registered their concerns about membership participation in the following terms:

- Another very relevant challenge is the lack of involvement and commitment of some member jurisdictions. Once again the absence of some countries during relevant discussions in the ICRG about their own follow-up reports, the low engagement in providing essential data needed for the CFATF RTMG projects and the lack of participation of some countries in the working groups and committees reveal that commitment of some members is still a shortcoming that this organization needs to address.
- It is also important that CFATF members are fully engaged in the preparation and discussion of the Mutual Evaluation Reports and take into due consideration in future discussions the relevance of effectiveness as the most significant element of the Fourth Round.
- Members are encouraged to provide Assessors, Reviewers, provide comments on the Mutual Evaluation Reports before they are adopted, taking full part in discussions in Working Groups and Plenary, answering questionnaires of the Working Groups and providing useful information in a timely manner, all of which will inform not only CFATF members but also the global community on regional efforts on AML/CFT and related crimes.

It is therefore significant and augurs well for the CFATF's future that Chairman Al-Rawi's Work Programme for 2015/2016 recognises the need for further work in these very areas with its call for:

- The CFATF to be seen as an exemplar among FSRBs with the benefit of the support, hard work and assistance of the membership, and
- The need for greater participation in CFATF Working Group and meetings and attending FATF Plenary meetings and responding to requests for comments on FATF papers which will deepen the CFATF's membership understanding of the process.

Certainly the achievements as an outgrowth of the process of Reflection, Introspection and Reform should provide sufficient motivation and the strong belief that these issues could be successfully addressed by CFATF members.

EXTERNAL RELATIONS

The CFATF has a very long history with ESAAMLG since 1999 when as part of a Commonwealth Secretariat Technical Team to provide advice on the formation of ESAAMLG, Executive Director Wilson represented the CFATF during meetings in Tanzania and at the first ESAAMLG Council of Ministers and Task Force Meetings in Namibia.

The ESAAMLG embarked on an Efficiency Scrutiny of its mandate, structure, core work processes and procedures and constituted the Efficiency Scrutiny Working Group (ESWG) to spearhead the process.

Pursuant to a decision by the Financial Action Task Force (FATF) Global Network Coordination Group (GNCG) which was endorsed by the FATF Plenary, members of the ESWG visited the CFATF Secretariat during December 15th – 20th 2014.

The CFATF Secretariat would like to extend our special thanks and appreciation to the Ministry of National Security, Government of Trinidad and Tobago for their considerable assistance in facilitating the courtesies that were extended to the ESAAMLG delegation with regard to immigration matters.

All in all, the CFATF and its leadership were fully cooperative with this exercise, which was a very positive start to El Salvador's term as CFATF Chair. This demonstrates that despite the geographical distance between both organizations, the long standing bonds of friendship and support continue to redound to the benefit of both organizations and the global fight against money laundering and the financing of terrorism.

OBSERVER ORGANISATIONS

Observers are such countries, territories and organizations including regional, multilateral and hemispheric organizations which actively support or otherwise are interested in the objectives of the CFATF, as approved by the Council of Ministers.

The current Observer Organizations: (For a full listing please refer to [Annex 1](#))

COMMONWEALTH SECRETARIAT

The Commonwealth Secretariat in collaboration with the CFATF Secretariat organized a Forum on Corruption and Economic Crimes with emphasis on prosecutions and recovery of proceeds of corruption for Directors of Public Prosecutions and Heads of Prosecutions of Anti-Corruption Agencies in the Caribbean region. The forum was held in Saint Lucia from 30th June – 2nd July 2015.

Funds received and subsequent expenses represent expenditure for participants who attended the event. Unused funds were subsequently reimbursed to the Commonwealth Secretariat on completion of the event.

ORGANISATION OF AMERICAN STATES

The Organization of American States/CICAD presented at the May 2015 Plenary meeting on a matter raised under the Donors Forum regarding greater communication and collaboration in terms of asset recovery and the experience of other Regions such as Europe, and Latin-America, amongst others (CARIN, RRAG) in developing a platform for secure and informal contact and exchange of information regarding assets subject to confiscation or forfeiture, sharing of assets, etc. Members endorsed the need for an initiative of this kind.

The United States noted the importance of an asset recovery network for Members during their intervention. El Salvador, Antigua and Barbuda, Venezuela, Barbados, The Bahamas, Turks and Caicos Islands, Trinidad and Tobago and Montserrat

were among the Members which thanked the OAS for an informative session and expressed interest in the project which should be seen from the perspective of taking the profit out of crime.

Several countries raised issues with regard to the confidential handling of information. El Salvador gave an example of how collaboration between El Salvador and Guatemala, Barbados and The Bahamas led to progress in an important case. There were also discussions on the concepts involved in civil recovery and non-conviction based forfeiture, with note being taken that several Member jurisdictions were able to use these mechanisms.

OAS/CICAD made a further presentation of the project to the November 2015 meetings in order to reinforce the importance of each CFATF member lending its support for the Concept Note which was being circulated across the region.

OAS/CICAD representatives also participated in an interview conducted by the Executive Director for CFATF TV, with a view to raising awareness of the project and its potential benefits to the Caribbean Basin Region to a wider audience including the private sector and the members of the public.

CARIBBEAN DEVELOPMENT BANK

Months of discussions between Executive Director Calvin Wilson and representatives of the Caribbean Development Bank (CDB) resulted in the return of this founder Observer Organisation to the November 2015 Plenary Meeting.

This positive development came at a critical time when collaboration between regional institutions and the CFATF is of particular importance to meeting some of the emerging challenges to the economic stability of countries in the region that are members of both the CDB as well as the CFATF.

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 FATF SECRETARIAT

The CFATF and FATF have excellent relations with a professional and cooperative working experience between the staff of both Secretariats.

Importantly the presence of FATF Presidents Mr. Roger Wilkins and Mr. Je-Yoon Shin and the May and November 2015 CFATF Plenary Meetings respectively, demonstrate the importance of the mutual support and encouragement that is critical to the efficacy and longevity of the global AML/CFT network.

FATF GLOBAL NETWORK COORDINATION 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.

THE GROUP OF COOPERATING AND SUPPORTING NATIONS

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

At the May and November 2015 CFATF Plenary Meetings, Mr. Gonzalo González de Lara Sáenz Spain as representative of the Group of Cooperating and Supporting Nations (COSUNs) thanked the CFATF Secretariat and Trinidad and Tobago authorities for their warm hospitality and, for having successfully hosted this 41st and 42nd CFATF Plenary Meetings and noted their recognition of the extent of the work that this entailed.

At both meetings Mr. Gonzalo González de Lara Sáenz also presented Statements on behalf of the COSUNs some of which related to the following:

- The CFATF is a firmly grounded organization, sustainable, with reliable procedures, efficient working groups and procedures as well as financial stability.
- The CFATF ICRG Working Group had demonstrated, once again, its seriousness and responsibility. This process is a very useful tool to improve the AML/CFT systems of the region.
- In this regard, commendations were also extended to the Lead Reviewers of countries currently immersed in the CFATF-ICRG process. It was recognized that without their deep commitment with the CFATF, all the

achievements made simply could not have been possible.

- Most of the countries referred to the CFATF ICRG process have demonstrated a strong will, have worked very actively in addressing the deficiencies identified and have improved their AML/CFT systems, which is leading to stronger and more solid regimes in the region.

Congratulations were extended to Belize, Grenada and Turks and Caicos Islands, for exiting the process after the completion of their Action Plans. Haiti, St. Maarten and Suriname were encouraged to work even harder to properly address their deficiencies identified in their own action plans.

The CFATF follow-up process is coming to an end, and it is important that all countries are able to successfully address any remaining deficiencies, so as to be ready to exit follow-up by the next Plenary in May 2016.

Under the leadership of Chairman Luis Antonio Martínez Gonzalez of El Salvador, an ambitious structural governance reform programme was initiated to improve the quality of the structure, image and functions of the Secretariat. A new website, a new logo, equipment for the Secretariat office, six (6) new Manuals and thirteen (13) internal documents supporting the Management Audit Report are, to name a few, good outcomes of this remarkable effort.

However, despite of all these positive achievements, CFATF is still facing many important challenges that need to be properly addressed as are outlined above under the section which deals with concerns about membership participation.

Importantly, the COSUNs noted that the CFATF has many endeavours ahead, but in order to address these challenges the organization can be sure that the COSUNs will continue to support this organization in its efforts and we look forward for the progress at the next Plenary Meeting in May 2016.

The support from the COSUNs during the period under review was demonstrated as follows:

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.

Permission was obtained to use funds to cover participation of the Secretariat's Law Enforcement Advisor at the EGMONT Plenary in Barbados in June 2015. This was seen as a training opportunity.

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.

No new funds have been received for 2015. Current funds were received in 2013 and, as per the Financing Agreement signed in Dec 2012, the funds can be used for technical assistance and training activities and must be used by 31st December 2015.

France is a founder member of the CFATF Group of Cooperating and Supporting Nations and has been a stalwart supporter of the CFATF over its lifetime.

So it was natural that at the Opening/Handover Ceremony at the November 2015 Plenary meeting, the CFATF family of nations would stand for a minute of silence, expressing our condolences and respect, in strong support and solidarity with the Government and people of France, sharing the sorrow and pain for so many young and innocent French citizens who had lost their lives and suffered serious physical injuries at the hands of the terrorist on November 13th 2015.

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 support for 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.

The Secretariat continues to liaise with the Spanish speaking members and Spain's representative to arrange training sessions. Training was held for Dominican Republic in February and April 2015.

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.

The United Kingdom has confirmed its ongoing support for CFATF activities and negotiations are ongoing with regard to what support can be provided to the CFATF for projects related to the Fourth Round of Assessments.

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.

Permission was obtained to use available funds to cover the cost for one (1) CFATF representative to attend the OAS/CICAD meeting in Washington DC in May 2015 and Lima, Peru in October 2015.

Both Chairman Luis Antonio Martinez Gonzalez and Chairman Faris Al-Rawi thanked the COSUNs for their support and confirmed that the CFATF would continue to work towards maintaining and improving its status as a responsible and reliable partner with all international partners in the fight against, money laundering and the financing of terrorism and proliferation.

CONCLUSION

This was another year of exceptional success for the Caribbean Financial Action Task Force (CFATF).

The Honourable Luis Antonio Martinez Gonzalez, Attorney General of El Salvador in his capacity as Chairman of the CFATF moved the organisation in a decisive fashion, onto the road to modernisation by initiating and overseeing the updating of process and procedures manuals relating to governance, enhancing the quality of the working environment with the supply of new office furniture and equipment and modern information technology tools.

The groundwork was laid for outreach to potential new members and efforts continued with proactive and successful implementation of existing procedures to ensure timely submission of annual contributions.

The Mutual Evaluation, Follow-up and ICRG processes were commended for their robustness by our COSUN friends and FATF partners in facilitating expeditious rectification of identified deficiencies during the Third Round of Mutual Evaluations, with advocacy by the CFATF not only benefitting CFATF members but those of other FSRBs in the global network.

The Fourth Round of Mutual Evaluations commenced with the Mission and reading of the

Mutual Evaluation Report on Trinidad and Tobago and further Missions to Jamaica and The Bahamas with the respective Mutual Evaluation Reports being prepared for discussion in May and November 2016 respectively.

The reputational dangers to the integrity of the CFATF Mutual Evaluation Programme due to the less than full and active participation of some members was placed decisively under the spotlight and both Chairman Martinez and Incoming Chair Al-Rawi making strident calls, supported by the COSUNs and the FATF Secretariat for urgent and immediate improvement.

Our strong ties to and support for our sister FSRB, ESAAMLG resulted in our institutional processes and procedures being commended by ESAAMLG as they continued with their efficiency scrutiny exercise.

The Caribbean Development Bank, a founder Observer Organisation returned to the CFATF family with the prospect of providing much needed support for the Fourth Round Mutual Evaluation Programme.

The CFATF's relations with other Observer Organisations such as CARICOM, CARIFORUM, Commonwealth Secretariat, European Union and OAS/CICAD were strengthened through on going initiatives, all of which set the scene for enhancing regional capacity to follow the money and take the profit out of crime.

Uniquely the CFATF welcomed in May and November 2015, two (2) FATF Presidents to our Plenary Meetings. The close and constructive relationships with the FATF Secretariat and FATF members contributed to the solid progress that CFATF members make in complying with the FATF Recommendations through the ongoing provision of human and financial resources for technical assistance and training.

There was also a smooth transition of leadership responsibilities to the Honourable Faris Al-Rawi, Attorney General, Trinidad and Tobago and the Honourable Rhondalee Braithwaite-Knowles, Attorney General, Turks and Caicos Islands as Chair and Deputy Chair for 2015-2016.

The Council of Ministers unanimously endorsed the candidature of the Dominican Republic as Deputy Chair 2016-2017, a pattern of leadership which reflects and benefits from the richness and diversity of the multi-lingual, multi-cultural and cosmopolitan fabric of the Caribbean Basin Region geographic space, all woven together for the common good of protecting the global financial system from money laundering and the financing of terrorism.

As the CFATF family stood in solidarity with France at the loss of so many young lives, the Caribbean Basin Region has to be very vigilant and indeed alarmed at the prospect of our young men and women going to Syria to join ISIL.

It is now clear that we can no longer speak of terrorism in the abstract. It is now real and amongst us, making it imperative that all CFATF members expeditiously strengthen and implement effectively their AML/CFT architecture and lend full support to the global initiatives by the G20, FATF and the United Nations to counter the financing of terrorism

Finally, the hard working and dedicated staff at the Secretariat continued to provide yeoman service for the efficient functioning of the organisation and effective representation of the region's interests in various fora across the globe, to the benefit of all twenty-seven (27) CFATF members and our regional and international partners.

ANNEX 1

The current Observer Organizations are:

- Asia Pacific Group Secretariat
- Association of Caribbean Commissioners of Police
- Caribbean Customs Law Enforcement Council
- Caribbean Development Bank
- CARIFORUM
- Caribbean Regional Technical Assistance Centre
- CARICOM Secretariat
- Central American Bank for Economic Integration (CABEI)
- Commonwealth Secretariat
- Eastern Caribbean Central Bank
- Eastern and Southern Africa Anti Money Laundering Group
- EGMONT Group
- European Union
- Federal Republic of Germany
- Financial Action Task Force
- Financial Action Task Force of Latin America
- Group of International Finance Centre Supervisors
- Inter-American Development Bank
- International Monetary Fund
- Interpol
- MONEYVAL
- Organization of American States/CICAD
- Organization of Eastern Caribbean States Secretariat
- United Nations Office of Drugs Control and Crime Prevention
- The World Bank Group
- World Customs Organization