



# Eighth Follow-Up Report

## Grenada

### November 22, 2013

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## GRENADA – EIGHTH FOLLOW-UP REPORT

### I. Introduction

1. This report presents an analysis of Grenada’s report to the CFATF Plenary regarding progress made to correct the deficiencies identified in its third round Mutual Evaluation Report (MER). The third round Mutual Evaluation Report of Grenada was adopted by the CFATF Council of Ministers in May 2009 in Trinidad and Tobago. Grenada was placed on expedited follow-up and required to report every Plenary. Grenada’s first follow-up report was presented at the Plenary in October 2009. No report was submitted to the Plenary in May 2010. Grenada submitted reports in November 2010, May and November 2011, May and November 2012 and May 2013. Grenada has submitted information in the attached matrix on measures taken since the Seventh Follow-Up Report to comply with the examiners’ recommendations. Grenada was rated partially compliant or non-compliant on 10 Core and Key Recommendations and 27 other Recommendations. The Core and Key Recommendations are indicated in italics in the table below.

**Table 1; Ratings of Core and Key Recommendations**

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

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

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

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

|  |   |
|--|---|
|  | R. 33 (Legal persons – beneficial owners)                   |
|  | R. 34 (Legal arrangements – beneficial owners)              |
|  | SR. VI (AML requirements for money value transfer services) |
|  | SR. VII (Wire transfer rules)                               |
|  | SR. VIII (Non-profit organizations)                         |
|  | SR. IX (Cross-border Declaration & Disclosure)              |

3. The following table gives some idea of the level of risk in the financial sector by indicating the size and integration of the sector in Grenada.

**Table 3: Size and integration of Grenada’s financial sector  
As at June 2013**

|                               |                      | Banks             | Other Credit Institutions* | Securities  | Insurance*  | TOTAL       |
|-------------------------------|----------------------|-------------------|----------------------------|-------------|-------------|-------------|
| <b>Number of institutions</b> | Total #              | 5                 | 15                         |             | 24          | 44          |
| <b>Assets</b>                 | US\$                 | 918.7m            | 152m.                      |             | 125m*       | 1,195.7m    |
| <b>Deposits</b>               | Total: US\$          | 884.8m            | 120m.                      |             | n.a+        | 1,004.8m    |
|                               | % Non-resident       | 18.2% of deposits |                            |             | n.a         |             |
| <b>International Links</b>    | % Foreign-owned:     | % of assets       | % of assets                | % of assets | % of assets | % of assets |
|                               | #Subsidiaries abroad | 77.3%             | 0                          |             | 0           |             |

\* Estimate

+ Not applicable

## II. Summary of progress made by Grenada

4. Since the MER, the authorities in Grenada began to assess the various means to achieve compliance. The main focus of the authorities was instituting changes in the legal framework including consolidation of previous statutes, legislative amendments to specific laws and proposals for new legislation. As a result of this process the Money Services Business Act 2009 (MSBA) was enacted in April 2009 and the Insurance Act No 5 of 2010 (IA) in December 2009. Since the Follow-Up Report of November 2011, the Proceeds of Crime Act, 2012 (POCA) was enacted in January, 2012, followed by the Proceeds of Crime (Anti-Money Laundering and Terrorist Financing) Regulations, 2012 (POCAMLTFR), the Financial Intelligence Unit Act, 2012 (FIUA), and the Terrorism Act (TA) in February 2012. At the same time on February 17, 2012, the Proceeds of Crime (Anti-Money Laundering and Terrorist Financing) Guidelines (POCAMLTF Guidelines) were issued by the Anti-Money Laundering and Combating Terrorism Financing Commission (the Commission) as per section 32(1) of POCA. These statutes and guidelines provide for measures which address a large number of the outstanding examiners’ recommended actions resulting from Grenada’s MER. As noted in a previous report enactment of the POCA, POCAMLTFR, FIUA and the TA improved the level of compliance of Recommendations 1, 14, 17, 20, 25, 31, 35, SR11, SR14, and SR15. However while the POCAMLTF Guidelines contained provisions which address many of the examiners’

Post-Plenary Final

recommendations for Recs. 5, 6, 7, 8, 11, 12, 15, 16, 18, 21, 22, 24, SRVII and SRVIII, the fact that the POCAMLTF Guidelines were not considered other enforceable means (OEM) resulted in the level of compliance of these recommendations remaining unchanged. The authorities have advised that under subsection 32(3)(b) of the POCA the POCAMLTF Guidelines are subject to negative resolution of the House of Representatives which would under the FATF Methodology make them enforceable. Since the previous report, the POCAMLTF Guidelines were subject to negative resolution of the House of Representatives on May 26, 2013 and thereby being authorized by a legislative body can be considered as equivalent to regulations. Additionally, the Terrorism (Amendment) Act 2013 (TAA) was enacted on August 16, 2013.

5. The Plenary in November 2012 in the Virgin Islands decided that countries in the International Co-operation Review Group (ICRG) process would be required to achieve full compliance with all outstanding Key and Core Recommendations and substantial progress on reforms of outstanding recommendations by November 2013. Given the above, this report will assess whether Grenada has achieved full compliance in the outstanding Key and Core Recommendations and the progress made in the remaining outstanding recommendations.. Grenada was rated fully compliant in the MER on 2 Core and Key Recommendations. . This report will focus on the following outstanding Core and Key Recommendations Recs. 1, 3, 5, 10, 13, 23, 26, 35, 40, SR.1, SR. II, SR. III, SR. IV and SR. V and 27 other Recommendations . The report below will focus on measures implemented since the Seventh Report.

## **Core Recommendations**

### **Recommendation 1**

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

6. As noted in the follow-up report of May 2012 sections 34 and 35 of POCA together should allow for money laundering to be prosecuted without the need for a conviction on a predicate offence. As such, the authorities were advised to submit information as to such prosecutions and convictions. In the last follow-up report the authorities advised that there were eight (8) money laundering prosecutions for 2012 with one (1) case resulting in two (2) convictions, five (5) cases were withdrawn and two (2) were pending. The above demonstrates the authorities' ability to pursue ML as a stand-alone offence which complies with the examiners' recommendation.

*Examiners' Rec. - Schedules I to III of DAPCA should be amended to include all narcotic drugs and psychotropic substances listed in Tables I and II of the Vienna Convention.*

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

*Examiners' Rec. - The authorities should extend the range of predicate offences for ML to include all the FATF designated categories of offences i.e. trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy and the terrorist financing offence of providing or receiving money or other property in support of terrorist acts.*

8. Money laundering as set out in sections 34 and 35 of the POCA, involves dealing with proceeds of criminal conduct. Proceeds of criminal conduct are defined in section 2 of the POCA

to include benefit from drug trafficking or any relevant offence. A relevant offence is further defined to include any offence falling within the “designated category of offences” outlined under the FATF Recommendations and contained in the Schedule attached to POCA.

9. The list of designated offences as set out in the referenced Schedule consist of all FATF designated categories of offences including trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy and terrorist financing as detailed in the examiners’ recommendation. However, it was indicated in the MER that there was no legislation criminalizing these offences which would be a prerequisite for making them predicate offences for money laundering as required by FATF standards. It is noted that terrorist financing in particular the offence of providing or receiving money or other property in support of terrorist acts is criminalized in section 19 of the TA 2012, Counterfeiting and piracy of products are criminalized in the Copyright Act no. 16 of 2011. The authorities have cited section 230 of the Criminal Code for the criminalization of environmental crime. However, the provision as submitted deals not with environmental crime but murder. An amendment criminalizing the offences of trafficking in human beings, migrant smuggling and environmental crimes was passed in the House of Representatives on October 30, 2013. It is anticipated that this amendment will be passed at the sitting of the Senate on Friday November 8, 2013. A draft amendment to the Criminal Code making piracy a criminal offence is due to be laid before Parliament on October 30, 2013. Given the above this recommendation is partially met.

#### **Recommendation 5**

*Examiners’ Rec. - Competent authorities may consider carrying out a national risk assessment to determine the risk of money laundering and terrorist financing to enable the application of reduced or simplified anti-money laundering and counter terrorist financing measures.*

10. The authorities indicate that sections 21 and 22 of Part III of the POCAMLTF Guidelines provide for customer due diligence (CDD) measures including enhanced CDD. It is noted that the explanation sections of section 21 provides guidance with the applicability of the risk based CDD approach by financial institutions, entities or professionals. There is no indication in the POCAMLTF Guidelines that a national risk assessment was conducted and used to enable the application of reduced or simplified anti-money laundering and counter terrorist financing measures. The authorities included the need for technical assistance in conducting a national risk assessment as part of Grenada’s Technical Assistance and Training Needs matrix for 2013 that was submitted to the CFATF. Preliminary work on the National Risk Assessment is scheduled to begin during the last quarter of 2013. As such, this recommendation remains outstanding.

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

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

- i. The buying and selling of real estate
- ii. Managing client monies, securities or other assets
- iii. The management of bank, savings or securities accounts

- iv. The organization of contributions for the creation, operation or management of companies
- v. The creation, operation or management of legal persons or arrangements
- vi. The buying and selling of business entities: and
- vii. Any other activity relating or incidental to any of the matters outlined in (i) to (vi)

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

13. With regard to sanctions for breaches of the POCAMLTF Guidelines section 32(4) of POCA stipulates a penalty on summary conviction of a fine not exceeding EC \$25,000 (US \$9,250) or a term of imprisonment not exceeding two years or both. Additionally, section 59 of the POCAMLTF Guidelines provides for administrative penalties for specific breaches listed in Schedule IV of the POCAMLTF Guidelines. These penalties are fines ranging from EC \$1,500 (US \$550) to EC \$10,500 (US\$3,880) for corporate entities and EC \$250 (US\$93) to EC \$5,500 (US\$2,035) for individuals. These measures allowing for a range of penalties provides for proportional application, however the amounts are not dissuasive particularly when compared with the sanctions available under POCA which include on summary conviction a fine of EC \$500,000 or imprisonment for a term of three years or both and on conviction on indictment an unlimited fine or imprisonment for a term not exceeding ten years. As such while the POCAMLTF Guidelines are mandatory and enforceable in Grenada, the penalties are not considered dissuasive. This recommendation has only been partially satisfied.

***Examiners' Rec.*** - *Regulations or legislative amendments should be introduced to require CDD measures when there is suspicion of money laundering or terrorist financing and for occasional transactions over US\$1,000 that are wire transfers*

14. Subsection 21(4)(c) of the POCAMLTF Guidelines requires an entity to undertake CDD when there is suspicion of money laundering or terrorist financing irrespective of any exemption or threshold that may be referred to in the AMLTF Guidelines. It is noted that this requirement is applicable only to entities and does not include professionals. The above recommendation is part of the asterisked essential criterion 5.2 and in accordance with the FATF Methodology needs to be implemented by laws, decrees or regulations issued or authorized by a legislative body. The above measure is incorporated in the POCAMLTF Guidelines which was issued by the Commission and subject to negative resolution by the House of Representatives on May 28, 2013. While the measure complies with FATF requirements it does not include professionals. The authorities have advised that an amendment to provide for the addition of the words "or professionals" wherever the word "entity" appears without the words "or professionals" in the POCAMLTF Guidelines has been drafted but has not yet been presented in Parliament. Due to the exclusion of professionals from the measure, this recommendation is partially met..

***Examiners' Rec.*** - *Regulations or legislative amendments should be introduced for financial institutions to be required to undertake CDD measures where there are doubts about the veracity or adequacy of previously obtained CDD.*

15. Subsection 21(4) (e) of the POCAMLTF Guidelines requires an entity to undertake customer due diligence when the entity has doubts about the veracity or adequacy of previously

obtained customer identification data. It is noted that this requirement is applicable only to entities and does not include professionals. As noted with the previous recommendation, this requirement is an asterisked obligation in the FATF methodology and needs to be enacted in law or regulations authorized by a legislative body. Given the authorization of the POCAMLTF Guidelines by the House of Representative the measure complies with FATF requirements. As already mentioned, an appropriate amendment has been drafted to include professionals in the measure. However, the exclusion of professionals makes the measure only partially compliant.

*Examiners' Rec - Regulations or legislative amendments should be introduced for financial institutions to be required to verify that any person purporting to act on behalf of the customer is so authorized, and identify and verify the identity of that person.*

16. Subsection 21(3)(f) of the POCAMLTF Guidelines stipulates that customer due diligence requires that entities and professionals should verify that a person who purports to act on behalf of an applicant for business or a customer, which is a legal person or a partnership, trust or other legal arrangement is so authorized and to identify and verify the person's identity. It is noted that in the AMLTF Guidelines, customer due diligence is first defined and then stipulated for certain circumstances. However, only entities are required to implement customer due diligence in subsection 21(4) of the AMLTF Guidelines. Professionals appear to have been excluded in error. As noted above, the measure complies with the examiners' recommendation, which is an asterisked obligation since the POCAMLTF Guidelines have been authorized by the House of Representatives.. Consequently, this recommendation has been met.

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

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

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

18. Subsection 21(5) (d) of the POCAMLTF Guidelines requires that where an applicant for business or customer is the trustee of a trust or a legal person, additional due diligence to be undertaken should include determining in the case of a legal person, the ownership of the legal person and, where the legal person is a company, details of any group of which the company is a part, including details of the ownership of the group. It is noted that the above measure is limited to ownership and does not include the control structure of legal persons or legal arrangements. The authorities have advised that an amendment to section 21(5) to include the control structure of legal persons and legal arrangements has been completed but not yet presented in Parliament. As such, the above measure partially complies with the examiners' recommendation.

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

19. With regard to the above recommendation the authorities have referred to subsection 21 (3) (a) of the POCAMLTF Guidelines which defines customer due diligence to require an entity or a professional to inquire into and identify the applicant for business, or the intended customer, and verify the identity. However this measure only imposes a requirement to identify and verify the identity of a customer and does not specify that entities and professionals determine who are the natural persons that ultimately own or control the customer, particularly in the case of legal persons and legal arrangements. An amendment to section 21(3)(a) of the POCAMLTF Guidelines specifying the above requirement has been completed but not yet presented in Parliament. This recommendation remains outstanding.

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

20. Subsection 21(3) (b) of the POCAMLTF Guidelines defines customer due diligence to require an entity or a professional to obtain information on the purpose and intended nature of the business relationship. The concerns as noted above with the definition of customer due diligence and its imposition only to entities in subsection 21(4) of the POCAMLTF Guidelines are also applicable. As already noted the POCAMLTF Guidelines have been authorized by the House of Representatives therefore this recommendation has been met.

***Examiners' Rec** - Legislative amendments should be introduced to require that financial institutions and other relevant persons apply ongoing due diligence measures to their client base. This should include scrutiny of transactions and ensuring that CDD documents and information are kept up-to-date*

21. Subsection 21(3) (e) of the POCAMLTF Guidelines defines customer due diligence to require an entity or a professional to conduct, where a business relationship exists, an ongoing monitoring of that relationship and the transactions undertaken for purposes of making an assessment regarding consistency between the transactions undertaken by the customer and the circumstances and business of the customer. This measure as part of the POCAMLTF Guidelines complies with FATF standards. However it is noted that the requirement to ensure that CDD documents and information are kept up-to-date is not included. An amendment to sub section 21(3) (g) of the POCAMLTF Guidelines to include the scrutiny of transactions and ensure that CDD documents and information are kept up-to-date has been completed but not yet presented in Parliament. Given the above, this recommendation is partially met.

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

22. Subsection 22(2) of the POCAMLTF Guidelines requires every entity or professional to engage in enhanced customer due diligence in its or his dealings with an applicant for business or a customer who, or in respect of a transaction which, is determined to be a higher risk applicant for business or customer, or transaction, irrespective of the nature or form of the relationship or transaction. The above measure, as part of the POCAMLTF Guidelines, complies with FATF standards.

***Examiners' Rec** - Financial institutions should be required to limit the application of simplified or reduced CDD measures to non-resident customers from countries that the authorities in Grenada are satisfied are in compliance with FATF Recommendations.*

23. The authorities have cited subsection 21(6) (h) of the POCAMLTF Guidelines which stipulates that an entity in adopting a risk-based approach may determine customers or transactions that it considers carry low risk in terms of the business relationship, and to make

such a determination, the entity may take into account that the applicant for business or customers are resident in foreign jurisdictions which the Commission is satisfied are in compliance with and effectively implement the FATF Recommendations. The above measure establishes a criterion for determining low risk rather than imposing a requirement limiting the application of simplified or reduced CDD measures. An amendment to section 21 incorporating the above requirement has been completed but not yet presented in Parliament. As such, this recommendation remains outstanding.

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

24. With regard to the above recommendation the authorities have cited subsection 22(2) of the POCAMLTF Guidelines which requires every entity and professional to engage in enhanced customer due diligence for higher risk customers or transactions. This measure does not address any of the requirements of the above recommendation. An amendment to section 21 incorporating the above requirement has been completed but not yet presented in Parliament. As such, this recommendation remains outstanding.

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

25. Subsection 25(5)(c)(i) of the AMLTF Guidelines stipulates that where an entity or a professional establishes a business relationship and is unable to carry out the required customer due diligence or, as the case may be enhanced customer due diligence requirements in respect of the applicant for business, the entity or professional shall terminate the business relationship. This measure complies with the recommendation.

*Examiners' Rec - Financial institutions should be required to perform CDD measures on existing clients and to conduct due diligence on existing relationships at appropriate times. Financial institutions should also be required to review and consider closing existing accounts where due diligence is inadequate against the requirements of Recommendation 5*

26. The above recommendation has not been addressed in law regulation or the POCAMLTF Guidelines at this time. The authorities have advised that an amendment to section 25 of the POCAMLTF Guidelines to consider closing existing accounts where due diligence is inadequate against the requirements of Recommendation 5 has been completed but not yet presented in Parliament. In addition, an amendment to insert new sub-paragraph (f) in subsection 21(4) to require financial institutions to perform CDD measures on existing clients and to conduct due diligence on existing relationships at appropriate times has been drafted but has not yet been laid in Parliament.. This recommendation remains outstanding.

### **Recommendation 10**

27. Recommendation 10 was rated LC in the MER with the only recommended action to amend legislation to require financial institutions to maintain records of account files and business correspondence for a period of at least five years after the completion of a business relationship. Sections 47 (1) and (2) of the POCAMLTF Guidelines requires entities and professionals to retain account files and business correspondence with respect to transactions for at least five years after the date the business relationship ended. This fully complies with the recommendation.

### **Recommendation 13**

***Examiners' Rec.*** – *The authorities should extend the range of predicate offences for ML to include all the FATF designated categories of offences by criminalizing trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy and the terrorist financing offence of providing or receiving money or other property in support of terrorist acts.*

28. As noted under Recommendation 1 in this report the list of designated offences as set out in the Schedule attached to POCA consist of all FATF designated categories of offences including trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy and terrorist financing as detailed in the examiners' recommendation. However, the recommendation requires the criminalization of these offences which would be a prerequisite for making them predicate offences for money laundering as required by FATF standards. It is noted that terrorist financing in particular the offence of providing or receiving money or other property in support of terrorist acts is criminalized in section 19 of the TA 2012. Counterfeiting and piracy of products are criminalized in the Copyright Act no. 16 of 2011. The authorities have cited section 230 of the Criminal Code for the criminalization of environmental crime. However, the provision as submitted deals not with environmental crime but murder. An amendment criminalizing the offences of trafficking in human beings, migrant smuggling and environmental crimes was passed in the House of Representatives on October 30, 2013. It is anticipated that this amendment will be passed at the sitting of the Senate on Friday November 8, 2013. A draft amendment to the Criminal Code making piracy a criminal offence is due to be laid before Parliament on October 30, 2013. Given the above this recommendation is partially met.

***Examiners' Rec.*** - *The TA should be amended to make the reporting of suspicious transactions relating to financing of terrorism mandatory and include funds used for terrorism or by terrorist organisation or those who finance terrorism*

29. Section 25 of the TA 2012, criminalises the failure to disclose information by any person in the regulated and public sectors who knows or suspects or has reasonable grounds for knowing or suspecting that another person has committed an offence under sections 19 to 22 of TA 2012. Disclosure is to be made to a police officer or a nominated officer. Sections 19 to 22 details terrorist financing offences. While section 19 of the TA 2012 criminalizes the offence of providing or receiving money or other property in support of terrorist acts, funding of terrorist organizations or those who finance terrorism has not been criminalized and therefore are not part of the suspicious transaction reporting. The authorities have advised that an amendment was made under the Terrorism (Amendment) Act 2013 (TAA 2013) which was enacted in August 2013 to insert in section 19 of the TA a provision criminalizing the providing or collecting of property for and on behalf of an individual terrorist or terrorist organization and with the intention that the property should be used or there is reasonable cause to suspect that it may be used for the purpose of terrorism. This provision directly links the provision of funding for the purpose of terrorism. However, the requirement is for the criminalization of any funding of terrorist organizations or those who finance terrorism.. As such, this recommendation has only been partially met.

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

30. The above recommendation has been set out in section 20(2) of the POCAMLTF Guidelines requiring employees of an entity or a professional to report any attempted activity or transactions. This complies with the recommendation.

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

31. The above recommendation is being drafted in an amendment and is therefore outstanding.

## **Special Recommendation II**

**Examiners' Rec.** – *Schedule 2 of the TA should be amended to include the treaties on the Convention on the Physical Protection of Nuclear Material and the International Convention for the Suppression of Terrorist Bombing*

32. The above recommendation resulted from the definition of terrorist act as set out in previous TA not including offences under the treaties on the Convention on the Physical Protection of Nuclear Material and the International Convention for the Suppression of Terrorist Bombing as required by Article 2 of the Terrorist Financing Convention. It is noted that the present TA which replaces the previous Act not only does not include offences from the recommended Conventions but also appears to have excluded the other Conventions which were previously listed in Schedule 2 of the previous TA. Section 2 of the TA was amended by the TAA 2013 in August 2013 by inserting a new paragraph (iiia) revising the definition of terrorism to include offences within the scope of and defined in any of the treaties listed in Part IA of the Fifth Schedule. The Schedule to the TA was amended by the TAA 2013 to include the Conventions required by Article 2 of the Terrorist Financing Convention. Consequently this recommendation has been met.

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

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

34. The authorities have advised that an amendment was made under the TAA 2013 which was enacted in August 2013 to insert in section 19 of the TA a provision criminalizing the providing or collecting of property for and on behalf of an individual terrorist or terrorist organization and with the intention that the property should be used or there is reasonable cause to suspect that it may be used for the purpose of terrorism. This provision directly links the provision of funding for the purpose of terrorism. However, the requirement is for the criminalization of any funding of an individual terrorist. This recommendation remains outstanding.

**Examiners' Rec.** – *The TA should be amended to provide sanctions for the terrorist financing offence of providing or receiving money or other property in support of terrorist acts.*

35. The terrorist financing offences set out in sections 19 to 22 of the TA include the offence of providing or receiving money or other property in support of terrorist acts. The penalties for

offences under sections 19 to 22 of the TA consist of on summary conviction a fine not exceeding EC\$ 400,000 or imprisonment for four years or both and on conviction on indictment to a fine not exceeding EC \$1,000,000 or to imprisonment for thirty years or both. Imposition of these penalties complies with the examiners' recommendation.

***Examiners' Rec.*** - *The TA should be amended to provide for the terrorist financing offence of fund-raising to apply regardless of whether the person alleged to have committed the offence is in the same country or a different country from the one in which the terrorist/terrorist organization is or the terrorist act occurred/or will occur*

36. The terrorist financing offences as set out in sections 19 to 22 of the TA do not provide for the terrorist financing offence of fund-raising to apply regardless of whether the person alleged to have committed the offence is in the same country or a different country from the one in which the terrorist/terrorist organization is or the terrorist act occurred/or will occur. The TA was amended by the TAA 2013 by the insertion of a new section 22A which allows for the terrorist financing offence occurring outside of Grenada to be treated as having been committed in Grenada. Consequently this recommendation has been met.

#### **Special Recommendation IV**

***Examiners' Rec.*** - *The TA should be amended to make the reporting of suspicious transactions relating to financing of terrorism mandatory and include funds used for terrorism or by terrorist organisation or those who finance terrorism*

37. Section 25 of the TA 2012, criminalises the failure to disclose information by any person in the regulated and public sectors who knows or suspects or has reasonable grounds for knowing or suspecting that another person has committed an offence under sections 19 to 22 of TA 2012. Disclosure is to be made to a police officer or a nominated officer. Sections 19 to 22 details terrorist financing offences. While section 19 of the TA 2012 criminalizes the offence of providing or receiving money or other property in support of terrorist acts, funding of terrorist organizations or those who finance terrorism has not been criminalized and therefore are not part of the suspicious transaction reporting. The authorities have advised that an amendment was made under the TAA 2013 which was enacted in August 2013 to insert in section 19 of the TA a provision criminalizing the providing or collecting of property for and on behalf of an individual terrorist or terrorist organization and with the intention that the property should be used or there is reasonable cause to suspect that it may be used for the purpose of terrorism. This provision directly links the provision of funding for the purpose of terrorism. However, the requirement is for the criminalization of any funding of terrorist organizations or those who finance terrorism. As such, this recommendation has only been partially met.

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

38. The above recommendation has been set out in section 20(2) of the POCAMLTF Guidelines requiring employees of an entity or a professional to report any attempted activity or transactions. This complies with the recommendation.

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

39. The above recommendation is being drafted in an amendment and is therefore outstanding.

## Key Recommendations

### Recommendation 3

40. The Recommendation was rated LC in the MER with the recommendation that the authorities in Grenada should place greater emphasis on the automatic confiscation mechanism following conviction available to the DPP in accordance with POCA 1992 and 2003. This recommendation was based on the ineffective implementation of the forfeiture and freezing regime due to the low number of 4 cases at the time of the MER. Since the MER, the authorities have advised that 10 restraint orders have been served on properties in investigation, confiscation and forfeiture. While this is an improvement a proper assessment of effectiveness by a desk-based review is not possible.

### Recommendations 23

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

41. The authorities have advised that the ECCB has conducted on-site examinations of three banks during the last three years, the most recent of which occurred as at March 31, 2013. These examinations included checks to ensure compliance with AML/CFT obligations. While this demonstrates that the ECCB is conducting AML/CFT examinations there is no indication as to the findings of these examinations and whether sanctions were applied for any AML/CFT breaches to ensure effective compliance. Consequently this recommendation remains outstanding.

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

42. As noted in the follow-up report of May 2012 the above recommendation for legal provisions to be enacted for fitness and probity checks on directors, shareholders and management of licensees of the Eastern Caribbean Securities Regulatory Commission (ECSRC) and the Grenada Authority for the Regulation of Financial Institutions (GARFIN) was partially met for the licensees of GARFIN under the provisions of the Insurance Act and the Money Services Business Act (MSBA). At present, the authorities advise that an amendment to address the issue is being drafted. Consequently this recommendation has been partially met.

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

43. The authorities had indicated in previous reports that a legal framework was established for implementing effective systems for monitoring and ensuring compliance with AML/CFT requirements by the enactment of the MSBA and that GARFIN had begun an on-site inspection regime by inspecting all three money service operators in Grenada in 2011. It was noted that one of the money service operators did not require IDs from their clients to conduct transactions. No sanction was applied but a recommendation for remedial action was made and was complied with within three months of the date of GARFIN's inspection report. No inspections of money service operators occurred during 2012. To date one inspection was completed in January 2013. The above measures suggest that the examiners' recommendation has been met. Given the above one of the examiners recommendations remains outstanding and another partially outstanding..

### Recommendation 26

44. The Recommendation was rated LC in the MER and had five recommended actions. The first recommended measure require the prompt appointment of a FIU Director. This was completed on June 1, 2009 when Cabinet approved the appointment of a Director of the FIU. It was recommended that there should be specified grounds for the removal of the director. These grounds were set out in section 17 of the FIUA which was enacted in February 2012. It was recommended that the annual report of the FIU should include analysis of trends and AML/CFT typologies. A copy of the FIU annual report of 2011-2012 was submitted and included analysis of trends and typologies.

45. Another recommendation required the FIU along with the Supervisory Authority to consider undertaking an education drive in order to inform reporting parties and the general public on various typologies and trends and other matters relating to AML/CFT. This recommendation has been incorporated in section 6(2) (h) of the FIUA as a specific function of the FIU. The authorities have advised that since 2009 regular weekly programs/interviews are hosted by different FIU officers on the Government Information Service Television and “Wee FM” Radio dealing with AML/CFT topics. Reporting institutions are informed of new trends and typologies by letter and in some cases monthly meetings. Additionally, the FIU has conducted a program of continuous training for financial institutions. Three AML/CFT workshops and one dealing with identification of counterfeit currency and fraud were held in 2012 for staff of reporting institutions.

46. The last recommendation required the FIU to consider reviewing its work processes so that there are unambiguous roles between analysts and investigators and in doing so consideration should be given to sourcing additional specialized training for financial intelligence analysts. The FIU has advised that its work processes are being reviewed and additional training has commenced in the area of analytical work overseas. No information regarding the results or changes if any from the review or details of training has been provided. The FIU has indicated that the roles of analysts and investigators are not ambiguous although they may be performed by the same person. However, while the roles may not be ambiguous, one person carrying out both functions can result in less than effective results which was the basis of the recommendation in the MER. Given the above,, four recommendations have been met and one is outstanding.

### **Recommendation 35**

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

47. As noted under Recommendation 1 in this report the list of designated offences as set out in the Schedule attached to POCA consist of all FATF designated categories of offences including trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy and terrorist financing as detailed in the examiners’ recommendation. However, the recommendation requires the criminalization of these offences which would be a prerequisite for making them predicate offences for money laundering as required by FATF standards. It is noted that terrorist financing in particular the offence of providing or receiving money or other property in support of terrorist acts is criminalized in section 19 of the TA 2012. Counterfeiting and piracy of products are criminalized in the Copyright Act no. 16 of 2011. The authorities have cited section 230 of the Criminal Code for the criminalization of environmental crime. However, the provision as submitted deals not with environmental crime but murder. An amendment criminalizing the offences of trafficking in human beings, migrant smuggling and environmental crimes was passed in the House of Representatives on October 30, 2013. It is anticipated that this amendment will be passed at the sitting of the Senate on Friday November 8, 2013. A draft amendment to the Criminal Code

making piracy a criminal offence is due to be laid before Parliament on October 30, 2013. Given the above this recommendation is partially met.

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

48. As noted in Grenada's MER, there are no legislative provisions covering Articles 8, 10, 11 of the Vienna Convention and Articles 20 and 24 of the Palermo Convention. The authorities have advised that a legal consultant is being used to expedite the process to address this recommendation. Consequently this recommendation remains outstanding.

#### **Recommendation 40**

49. The Recommendation was rated LC with the recommendation that consideration be given to making amendments to the FIUA and the Exchange of Information Act to state specifically that requests should not be refused on the sole ground that the request pertains to fiscal matters. The authorities have advised that there is no restriction with regard to requests pertaining to fiscal matters. The authorities have cited section 21 of the FIUA which stipulates the circumstances governing the exchange of information and does not restrict requests pertaining to fiscal matters. While there are no specific restrictions the recommendation states that consideration be given to making amendments to specify that requests should not be refused on the sole ground that the request pertains to fiscal matters. As such, this recommendation remains outstanding.

#### **Special Recommendation I**

50. The recommendation requires the authorities to implement the UN Security Council Resolutions relating to the prevention and suppression of terrorist financing as set out in S/RES/1267(1999) and S/RES/1373(2001). The authorities have advised that regulations to implement S/RES/1267(1999) are still pending. With regard to S/RES/1373(2001) the authorities have cited amended section 27A of the TA which provides for the freezing of property of terrorists. The referenced provisions do not refer specifically to the requirement for countries to freeze without delay the funds or other assets of the persons and entities designated under S/RES/1373(2001) located in their jurisdiction. Consequently this recommendation is outstanding

#### **Special Recommendation III**

*Examiners' Rec – The TA should be amended to allow for the freezing of terrorist funds or other assets of persons designated by the United Nations Al-Qaida and Taliban Sanctions Committee in accordance with S/RES/1267(1999).*

51. The authorities have advised that regulations to satisfy the recommendation are still pending. Consequently this recommendation is outstanding.

*Examiners' Rec. – The TA should be amended to provide for the freezing of terrorist funds or other assets of persons designated in the context of S/RES/1373(2001).*

52. With regard to the above recommendation the authorities have cited amended section 27A of the TA which provides for the freezing of property of terrorists. The section specifically allows for the freezing of the property of persons who have been charged or are about to be charged or are reasonably suspected of having committed a terrorist act detailed in section 3 and 4 of the TA. However, the above recommendation refers specifically to the requirement for countries to freeze without delay the funds or other assets of the persons and entities designated under S/RES/1373(2001) located in their jurisdiction. The referenced provisions do not refer to

these designated persons or entities and requires persons to be charged or about to be charged or reasonably suspected of having committed a terrorist act before their property can be frozen. Consequently this recommendation remains outstanding.

***Examiners' Rec.*** – *The Taliban should be added as a proscribed organization under the TA.*

53. In accordance with the above recommendation the TA was amended by listing the Taliban in Part 1A of the Fifth Schedule of the TA. This recommendation has been met.

***Examiners' Rec.*** – *The authorities should issue clear guidance to financial institutions concerning their obligations in taking action for freezing accounts in relation to the circulated lists of terrorists..*

54. No information has been provided regarding this recommendation which therefore remains outstanding.

***Examiners' Rec.*** – *The TA should contain procedures for the de-listing of names of proscribed organizations and terrorists listed in the Schedule to the TA.*

55. The authorities have cited amended section 3A of the TA for the de-listing of names of proscribed organizations and terrorists. The procedures as outlined allows for the Attorney General if he believes that a terrorist organization is no longer engaged in committing terrorism he may remove the organization from Part 1A of the Fifth Schedule. The Attorney General may also exercise this power as a result of an application either by a proscribed organization or any person affected by the organization's listing. The above provisions are not in accordance with international obligations relating to S/RES/1373(2001). As such this recommendation remains outstanding.

***Examiners' Rec.*** – *The TA should be amended to provide for the authorizing of access to funds or other assets that were frozen via restraint orders, necessary for basic expenses and the payment of certain types of fees in accordance with S/RES/1452(2002).*

56. The authorities have cited new section 27A of the TA which provides for the Court in making a freezing order to give directions with regard to the disposal of the frozen property for the payments of debts and reasonable subsistence etc. The recommendation above is specific to funds or other assets frozen pursuant to S/RES/1267(1999) and providing access to such funds in accordance with the procedures of S/RES/1452(2002). As already noted there are no provisions regarding S/RES/1267, and the referenced measures are not relevant to this recommendation which therefore remains outstanding.

57. ***Examiners' Rec.*** - *The TA should be amended to provide for the confiscation of property used in connection with the commission of the terrorist financing offence of fund-raising under section 8 of the TA.* The authorities have cited amended section 27A of the TA which provides for the freezing of property of terrorists. The section specifically allows for the freezing of the property of persons who have been charged or are about to be charged or are reasonably suspected of having committed a terrorist act detailed in section 3 and 4 of the TA. Neither sections 3 or 4 refer to the commission of the terrorist financing offence of fund raising as required in the above recommendation. As such, this recommendation remains outstanding.

**Examiners' Rec.** – *The TA should be amended to provide a mechanism where victims of offences committed under the TA are compensated consistent with Article 8 of the Terrorist Financing Convention.*

58. While the authorities have cited section 27A of the TA with regard to this recommendation, there are no provisions in this section dealing with the requirements of the above recommendation. Consequently, the examiners' recommendations remain outstanding.

### **Special Recommendation V**

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

59. The TA has been amended in section 19 by the insertion of sub-section 3 which criminalizes the providing or collection of property for and on behalf of an individual terrorist or terrorist organization and intends that it should be used, or has reasonable cause to suspect that it may be used for the purposes of terrorism. The above provisions specifically only criminalize the provision/collection of funds intended or suspected to be used for terrorism and not all funds collected for or on behalf of an individual terrorist as required by the recommendation. This recommendation remains outstanding.

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

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

### **Other Recommendations**

#### **Recommendation 6**

**Examiner's Rec.** *Financial institutions should be required to have appropriate risk management systems to determine whether a potential customer, a customer or the beneficial owner is a PEP.*

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

**Examiners' Rec.** *Financial institutions should be required to take reasonable measures to establish the source of wealth and the source of funds of customers and beneficial owners identified as PEPs*

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

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

61. While all of the first four recommendations above have been included in section 24(1) of the POCAMLTF Guidelines it is noted that the requirement for monitoring refers to ensuring “a process of regular monitoring of the business relationship with a politically exposed person.” The recommendation as stated above refers to “enhanced ongoing monitoring” rather than “regular monitoring”. While Grenada is a member of the Organisation of American States Convention against Corruption it is considering signing the United Nations Convention against Corruption. Given the above, three of the recommendations have been met, one is partially met and one is outstanding.

### **Recommendations 7**

*Examiners’ Rec. – Financial institutions should be fully aware and document a respondent institution’s circumstances – this should include details of its business, management, regulated status and other information that may be publicly available upon request for the purposes of establishing a relationship.*

*Examiners’ Rec. - Financial institutions should be required to have written procedures to obtain and assess the anti-money laundering procedures and CDD procedures of a respondent institution.*

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

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

*Examiners’ Rec. - Financial institutions should be satisfied that respondent financial institutions have performed all the normal CDD obligations on customers who have access to” payable-through accounts” and can provide relevant customer identification data upon request*

62. The first four recommendations above have been incorporated in section 37 of the AMLTF Guidelines. Individual recommendations are addressed in subsections 37 (1) (b), (c), (d), (f), respectively. The last recommendation is set out in section 38 of the POCAMLTF Guidelines. Given the above, all recommendations have been met.

### **Recommendation 8**

*Examiners’ Rec. – Financial institutions should be required to have policies in place that mitigate the misuse of technological developments by money laundering and/or terrorist financing schemes.*

*Examiners’ Rec. - Financial institutions should be required to have written procedures and a suitably robust risk management framework that mitigates the risks associated with non-face to face transactions. Measures for mitigating risks should include specific and effective CDD procedures that apply to non-face to face customers.*

63. The first recommendation with regard to policies in place to mitigate the misuse of technological developments by money laundering and/or terrorist financing schemes is set out in section 13 of the POCAMLTF Guidelines. Requirements for dealing with non-face to face business relationships or transactions are set out in section 31 of the POCAMLTF Guidelines. There is no requirement for financial institutions to have policies to address specific risks associated with non-face to face business relationships and transactions. However, financial institutions are obliged to apply the provisions of the AMLTF Guidelines relating to identification

and verification to non-face to face business relationships. Additionally, where identity is verified electronically or copies of documents are relied on in relation to a non face to face application for business, an entity or a professional shall apply an additional verification check, including the enhanced CDD measures, to manage the potential risk of identity fraud. While the above measures should serve to mitigate some of the risks associated with non-face to face relationships they do not comply with the recommendation for financial institutions to have policies to address specific risks associated with non-face to face business relationships and transactions. Given the above, one of the recommendations has been met while the other is outstanding.

### **Recommendation 9**

***Examiners' Rec.** – Financial institutions should be required to immediately obtain from introducers the necessary information concerning certain elements of the CDD process (criteria 5.3 to 5.6).*

64. Regulation 7(1) of the AMLTFR requires the production by the introducer of satisfactory evidence of the identity of the applicant for business. While measures for introduced business are set out in section 33 of the POCAMLTF Guidelines, there are no requirements for a financial institution to immediately obtain from the introducer the elements of the CDD process as set out in criteria 5.3 to 5.6. While the requirement of regulation 7(1) of the AMLTFR would entail information as to the name, address and legal status in the case of legal persons and arrangement, there is no need to obtain information on beneficial owners, the ownership and control structure and the purpose and intended nature of the business relationship. The authorities have advised that an amendment to section 33 of the POCAMLTF Guidelines to require a financial institution to immediately obtain from the introducer the elements of the CDD process has been completed but not yet enacted by Parliament. This recommendation has only been partially met,

***Examiners' Rec** - Financial institutions should be required to test agreements with third parties to ensure that CDD held satisfies the provisions of Recommendations 5 and 10. This testing should also confirm whether information can be provided by the third party without delay.*

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

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

66. The authorities refer to section 33 (3)(b) of the POCAMLTF Guidelines which stipulates that financial institutions are exempted from verification of the identity of an applicant if the introducer is a regulated person, or a foreign regulated person within the meaning of the AMLTFR. A regulated person as defined in the AMLTFR is a person who is licensed or registered to carry on a relevant business in or from within Grenada. A foreign regulated person is defined in the AMLTFR as an authority outside of Grenada which exercises supervisory functions that substantially correspond to the supervisory functions of the Anti-Money

Laundering and Combating Terrorism Financing Commission. The above provision deals with exemption from verification of identity and does not require financial institutions to be satisfied that third parties are regulated in accordance with FATF Recommendations 23, 24 and 29. An appropriate amendment is being drafted. This recommendation remains outstanding.

*Examiners' Rec – Competent authorities should consider the issuance of a list of jurisdictions that adequately apply the FATF Recommendations for third parties that may operate in foreign jurisdictions.*

67. Schedule II of the AMLTF Guidelines is a list of recognized jurisdictions which apply or sufficiently apply the FATF Recommendations and whose anti-money laundering and terrorist financing laws are equivalent to the provisions of the AMLTFR and the AMLTF Guidelines. While section 54 of the POCAMLTF Guidelines outlines the circumstances under which the list may be used there is no indication that financial institutions should use the list for third parties operating in foreign jurisdictions. An appropriate amendment is being drafted. This recommendation is therefore partially met.

*Examiners' Rec. – Amendment to legislation or guidance to stipulate that the verification and identification of a client remains the responsibility of the financial institution, regardless of whether or otherwise it has relied on a third party to conduct the verification and identification of the client.*

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

### **Recommendation 11**

*Examiners' Rec. - Guidance and legislation should be amended to require financial institutions to examine the background and purpose of all complex, unusual large transactions or unusual patterns of transactions that have no apparent or visible economic or lawful purpose and to set forth their findings in writing.*

*Examiners' Rec. – Guidance and legislation should be amended to require financial institutions to retain written findings from the review of complex, unusually large or unusual patterns of transactions for no less than five years.*

69. The above recommendations have been set out in subsections 15(2)(h) and 15(2)(i) of the POCAMLTF Guidelines. Consequently, these recommendations have been met.

### **Recommendation 12**

*Examiners' Rec. - Deficiencies identified for financial institutions with regard to Recs. 5, 6, 8 to 11 are also applicable to DNFbps. Specific recommendations in the relevant sections of this report will also apply to DNFbps*

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

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

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

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

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

## **Recommendations 15**

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

73. Regulation 3 of the AMLTFR requires relevant persons i.e. financial institutions and DNFbps to maintain identification, record keeping and internal reporting procedures in accordance with regulations of the AMLTFR and internal controls and communication procedures which are appropriate for the purposes of forestalling and preventing money laundering. It is noted that the internal controls and communication procedures are limited to money laundering and do not include terrorist financing. This provision, therefore only partially complies with the examiners’ recommendations. This requirement is elaborated in section 12 of the POCAMLTF Guidelines where an entity or a professional is required to maintain a system of internal controls which provides appropriate policies, processes and procedures for forestalling, and preventing money laundering and terrorist financing. As stated this requirement includes terrorist financing, and given the enforceable status of the POCAMLTF Guidelines it meets the requirements for compliance with FATF standards. Consequently this recommendation has been met.

*Examiners’ Rec. - The requirement for financial institutions to develop appropriate compliance management arrangements which include at a minimum the designation of an AML/CFT compliance officer at management level should be enforceable.*

74. Regulation 13 of the AMLTFR requires relevant persons to appoint a Money Laundering Reporting Officer (MLRO) responsible for ensuring compliance by staff with legal AML/CFT requirements including guidelines. While there are provisions detailing qualifications for the appointment of a MLRO there is no requirement that the appointment should be at a management level. It is noted that subsection 12(3)(c) of the POCAMLTF Guidelines stipulates that an entity’s or professional’s written system of internal controls should include the designation of an individual or individuals at the level of the entity’s or professional’s senior management who is responsible for managing anti-money laundering and terrorist financing

compliance. This requirement complies with the examiners' recommendation. As such, this recommendation has been met.

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

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

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

76. Section 12(4) of the POCAMLTF Guidelines requires entities and professionals to establish and maintain an independent audit function that is adequately resourced to test compliance, including sample testing with the written system of internal controls and other provisions of the AMLTFR and the POCAMLTF Guidelines. This measure complies with the recommendation. Consequently this recommendation has been met.

***Examiners' Rec.*** - *All financial institutions should be required to train all staff on an ongoing and regular basis to ensure that employees are aware of money laundering and terrorist financing mechanisms, as well as the requirements of anti-money laundering and counter-terrorist financing laws and their obligations under these laws.*

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

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

78. Section 51 of the POCAMLTF Guidelines requires an entity or professional to assess the competence and probity of its or his employees at the time of their recruitment and at any subsequent change in role and subject their competence and probity to ongoing monitoring. This measure fully complies with the recommendation.

## **Recommendation 16**

***Examiners' Rec.*** - *Deficiencies identified for financial institutions with regard to Recs. 13 to 15 and 21 are also applicable to DNFBPs. Specific recommendations in the relevant sections of this report will also apply to DNFBPs*

79. It is noted that the requirements of the AMLTFR and the POCAMLTF Guidelines are applicable to all persons who conduct "relevant business" which has been defined in the AMLTFR to include all the DNFBPs and their activities in accordance with FATF standards. The analysis in relation to the provisions of the AMLTFR and the POCAMLTF Guidelines under

the relevant sections of this report dealing with Recs. 13, to 15, and 21 are also applicable to the DNFBPs.

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

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

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

### **Recommendation 18**

*Examiners' Rec. – Legislative amendments should be effected to prohibit the establishment and licensing of a shell bank. The amendment should also require an entity licensed under the Offshore Banking Act 2003 to have its mind and management within Grenada.*

81. There are no legislative amendments prohibiting the establishment and licensing of a shell bank or requiring an entity licensed under the Offshore Banking Act 2003 to have its mind and management in Grenada. An appropriate amendment has been drafted but not yet presented to Parliament.

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

82. Subsection 36(1)(a)(i) of the POCAMLTF Guidelines requires that an entity shall not enter into or maintain a correspondent relationship with a shell bank. This measure complies with the recommendation.

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

83. Subsection 37(1)(a) of the POCAMLTF Guidelines requires that a bank should not enter into or maintain a relationship with a respondent bank that provides correspondent banking services to a shell bank. It is noted that the requirement is only applicable to banks while the examiners' recommendation stipulates financial institution. This recommendation has been partially met.

### **Recommendations 19**

*Examiners' Rec. - Competent authorities should consider the feasibility and utility of implementing a system where financial institutions report transactions in currency above a prescribed threshold to a centralised national authority.*

84. On July 4 2011, Cabinet directed that the FIU be designated as the authority to which every financial institution will be required to report all currency transactions above the threshold of EC\$50,000. This requirement was inadvertently omitted from the POCAMLTF Guidelines. An amendment has been drafted but has not been presented to Parliament. This Recommendation remains outstanding.

**Recommendation 21**

*Examiners' Rec. – Mandatory requirements should be imposed on financial institutions to pay special attention to business relationships and transactions with persons from or in countries which do not or insufficiently apply the FATF Recommendations.*

85. Subsection 54(1) of the POCAMLTF Guidelines requires every entity and professional to pay special attention to a business relationship and transaction that relates to a person from a jurisdiction which the AMLTF Commission considers does not apply or insufficiently applies the FATF Recommendations with respect to money laundering and terrorist financing. The AMLTF Commission provides a list of countries which it recognizes as applying the FATF Recommendations in Schedule 2 of the POCAMLTF Guidelines. It is therefore assumed that countries not listed in Schedule 2 will be covered by the requirement of section 54(1) of the POCAMLTF Guidelines. Consequently, this recommendation has been met.

*Examiners' Rec. – Effective measures should be put in place to ensure that financial institutions are advised of concerns about the weaknesses in the AML/CFT systems of other countries.*

86. Subsection 54(5) of the POCAMLTF Guidelines provides for the AMLTF Commission to issue from time to time advisory warnings to entities and professionals advising about the weaknesses in the anti-money laundering and terrorist financing systems of other jurisdictions. The FATF Public Statements in February and June 2013 were forwarded to the Ministry of Finance and GARFIN. The statements were placed on the Ministry of Finance website and e-mailed to the banks and some other companies/institutions/professionals while GARFIN emailed the statements to all credit unions. As such, this recommendation has been met.

*Examiners' Rec. - Financial institutions should be required to examine transactions with no apparent economic or visible lawful purpose from countries which do not or insufficiently apply the FATF Recommendations and make written findings of such available to assist competent authorities.*

87. It is noted that in a previous report the authorities advised that section 48(2) of POCA, 2003 complied in requiring every financial institution to pay particular attention to all complex, unusual or large transactions whether completed or not and to all unusual patterns of transactions and to insignificant but periodic patterns of transactions which have no apparent economic or lawful purpose. As indicated, the above provision as referenced is limited to insignificant but periodic patterns of transactions and does not include all transactions which have no apparent economic or lawful purpose as required. However, the enactment of POCA 2012 has resulted in the repeal of POCA, 2003 so section 48(2) of POCA, 2003 no longer exists and the above recommendation is outstanding. The authorities advise that an amendment is being drafted to address this matter.

*Examiners' Rec. - Authorities in Grenada should be empowered to apply appropriate counter-measures where a country continues not to apply or insufficiently apply the FATF Recommendations.*

88. There are no provisions for the authorities in Grenada to apply appropriate counter-measures where a country continues not to apply or insufficiently apply the FATF Recommendations. . Consequently this recommendation remains outstanding.

**Recommendation 22**

**Examiners' Rec.** - *The requirement for financial institutions to ensure that their foreign branches and subsidiaries observe anti-money laundering and counter terrorist financing measures consistent with Grenada should be enforceable.*

89. Subsection 55(1) of the AMLTF Guidelines requires an entity regulated in Grenada to ensure that its branches, subsidiaries or representative offices operating in foreign jurisdictions observe standards at least equivalent to those of the AMLTFR and the POCAMLTF Guidelines. This measure complies with the recommendation.

**Examiners' Rec.** - *Financial institutions should be required to pay particular attention to foreign branches and subsidiaries in countries which do not or insufficiently apply the FATF Recommendation to ensure they observe measures consistent with home country requirements and the FATF Recommendations.*

90. Subsection 55(2) of the POCAMLTF Guidelines requires that an entity shall in particular, ensure that its branches, subsidiaries or representative offices operating in foreign jurisdictions which do not or which insufficiently apply anti-money laundering and terrorist financing standards equivalent to those of the AMLTFR and the POCAMLTF Guidelines observe the requirements of the AMLTFR and the POCAMLTF Guidelines. This requirement does not include the FATF Recommendations as set out in the examiners' recommendation. As such, this measure partially complies with the recommendation.

**Examiners' Rec.** - *Branches and subsidiaries of financial institutions in host countries should be required to apply the higher standard where minimum AML/CFT requirements of the home and host countries differ.*

91. Subsection 55(3) of the POCAMLTF Guidelines requires an entity to ensure that its branches, subsidiaries or representative offices observe the higher standards where the established standards of compliance under Grenada laws, rules or policies differ from those of the jurisdictions where the branches, subsidiaries or representative offices are located. This measure complies with the recommendation.

**Examiners' Rec.** - *Financial institutions should be required to inform their home supervisor of when a foreign branch or subsidiary is unable to observe appropriate anti-money laundering and counter-terrorist financing measures because it is prohibited by the host country's laws, regulations or other measures.*

92. Subsection 55(5) of the POCAMLTF Guidelines requires an entity to notify the FIU and the AMLTF Commission in writing if any of its branches, subsidiaries or representative offices operating in foreign jurisdictions is unable to observe appropriate anti-money laundering and terrorist financing measures because such observance is prohibited by the laws, policies or other measures of the foreign jurisdiction. This measure complies with the recommendation.

#### **Recommendation 24**

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

93. Section 9 of the AMLTF Guidelines imposes on the AMLTF Commission the duty to monitor compliance by its licensees and other persons who are subject to compliance measures, with the POCAMLTF Guidelines and any other enactments relating to money laundering and terrorist financing as may be prescribed by the POCAMLTF Guidelines. Additionally, the FIU is responsible for monitoring compliance of persons other than the licensees of the AMLTF

Commission. This section designates the Commissions as responsible for monitoring compliance of its licensees. However, available information about the functioning of the AMLTF Commission does not include a licensing function. Therefore the reference to the AMLTF Commission's licensees needs to be clarified as to which particular institutions are being designated. Given the absence of a licensing function of the AMLTF Commission, the FIU will be responsible for monitoring the compliance of all entities and professional under the AMLTF Guidelines.

94. However, the authorities advise that the AMLTF Commission and the FIU will be responsible for the supervision and monitoring of DNFBPs after the necessary assistance and training is sourced. The authorities need to clarify the situation with regard to the wording in section 9 of the POCAMLTF Guidelines and have advised that a draft amendment to section 9(1) has been completed but has not yet been presented to Parliament.. As such, this recommendation has been partially met.

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

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

### **Recommendation 31**

*Examiners' Rec. - The Supervisory Authority should be given the legal authority to bring together the various authorities on a regular basis to develop and implement policies and strategies to tackle ML and TF. The provision of public education on issues of ML and TF should be added to their responsibilities.*

96. Section 33 of POCA 2012 creates a Joint Anti-Money Laundering and Terrorist Financing Advisory Committee (the Committee) which shall have not less than seven persons and not more than fourteen who shall have the responsibility for making recommendations to the Anti-Money Laundering and Combating Terrorism Financing Commission (Formerly known as the Supervisory Authority in the previous act POCA 2003 now repealed), on initiatives for the prevention and detection of ML/TF activities. Section 63 of POCA 2012 creates the Anti-Money Laundering and Combating Terrorism Financing Commission (the Commission) whose members consist of:

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

## h) The National Security Advisor

97. In addition to the above the Commission will also include such other persons as the Minister may from time to time appoint. A chairman will be appointed by the Minister from any of the members of the Commission. The main functions of the Commission will comprise of advising the Minister of Finance in relation to the detection and prevention of money laundering in Grenada, issuing guidance as to compliance with the POCA 2012 and attendant regulations, advising the Minister of Finance as to the participation of Grenada in the international effort against money laundering. It is noted that while the activities of the Committee include terrorist financing, those of the Commission do not. The authorities have advised that an amendment to POCA 63(1) (a) and (c) has been drafted to rectify the inconsistency between the activities of the Joint Committee and the Commission. The amendment is due to be laid before Parliament on October 30, 2013. Section 63 (1) of POCA 2012 was amended by the Proceeds of Crime (Amendment) Act 2013 by the insertion of a new paragraph requiring the Commission to conduct public education on issues of money laundering and terrorism financing. As such, this recommendation is partially met. .

**Recommendation 32**

98. With regard to the Supervisory Authority establishing a secretariat to monitor the implementation of Grenada's AML/CFT regime, the authorities advised in the previous report that an Executive Director was appointed on January 2, 2013 within the Office of AML/CFT Commission. Plans to build capacity in terms of staffing were to be phased in as work intensified. No information on this matter was submitted for this report.

99. With regard to the maintenance of statistics on spontaneous referrals made by the FIU, the authorities advise that there were two spontaneous referrals since the last report, the first was sent to seven countries, all of which responded, the second was sent to twenty eight countries with only seven responses received. One request for information was received from an Egmont FIU and seven requests were sent to Egmont FIUs, of which two were provided and five are still outstanding. During the period April to June 2013 the FIU made seven requests for information from regional jurisdictions, three of which have been completed and four are pending, 53 suspicious activity reports were received by the FIU, sixteen production orders and ten restraint orders had been applied for and obtained.. No extradition requests have been received since the last report. This information complies with the recommendation for the maintenance of statistics which demonstrates implementation on the part of the FIU.

100. With regard to operations and seizures by Customs and Excise, the authorities advise that for the period January to August 2013 the following seizures were recorded:

- General merchandise/household appliances – EC\$150,530.88
- Cocaine 4lbs – no value assigned
- Cannabis/marijuana (2lbs. 2ozs – no value assigned
- Extra duty charged - \$1,283,084. (\$1,271,923 still pending)

101. The above complies with the examiners' recommendations

**Recommendation 33**

102. As noted in the previous follow-up report, all of the examiner's recommendations were outstanding. The recommendation that appropriate measures should be taken to ensure that bearer shares issued under the International Companies Act are not misused for money laundering is still to be addressed. With regard to the recommendation that there should be statutory requirements for the provision of information on the beneficial ownership of companies, the authorities advised in a previous follow-up report that section 27 of the POCAMLTF Guidelines addressed this requirement. However, this section is applicable to financial institutions and DNFBPs when establishing a business relationship with a legal person and not with the examiners' recommendation which deals with statutory requirements for company incorporation. The authorities have advised that the drafting of an appropriate amendment to deal with this issue is not yet completed.

103. The authorities advised in a previous follow-up report in relation to the recommendation that adequate resources should be delegated to the functions of the Registrar of Companies and Intellectual Property that the Registrar is adequately staffed with ten officers. This is a definite improvement from the time of the mutual evaluation when only one clerk was assigned to deal with company incorporations. Presently, the process of automation of companies' names is continuing to allow for the sharing of information with various government bodies. The Office of the Registrar of Companies and Intellectual Property also deals with trademarks, patents, registration of companies and business names. Amendments were made to the Company Regulations and enactments with regard to companies were made during 2011. The above measures should enhance the functions of the Registrar of Companies and Intellectual Property. The number of companies incorporated in 2011 and 2012 were one hundred and thirty-five (135) and one hundred and twenty-three (123) respectively and the length of time to incorporate a company was approximately three (3) days. These figures would suggest that the resources are adequate for the functions of the Registrar.

104. With respect to the recommendation that a mechanism be developed to ensure the timely filing of annual returns as well as the timely access by competent authorities and other relevant parties to the current information on companies' beneficial ownership, the authorities advised in a previous follow-up report that compliance Letters were sent to law firms from the Registrar of Companies (dated 2/12/11) pointing out the inefficiencies as regards to the filing of annual returns on behalf of companies which they represent and the risk of being struck off the register pursuant to SRO 5 of 2009.

105. The second step in the form of a notice to Company Directors on "Notice of Non-compliance with regard to filing of annual returns" was expected to be completed by the end of the first quarter of 2012. Following this, the Registrar of Companies was to act in accordance with the provisions. Information as to whether this resulted in increased filing of annual returns and the imposition of sanctions for non-filing has yet to be submitted to demonstrate effectiveness.

106. The last recommendation requiring legislative amendments to require the timely notification of any changes in the beneficial ownership of companies along with changes to other particulars is to be implemented with an amendment which is still being drafted. As a result of the above measures, one of the recommendations has been met, another has been partially met while the remaining three are still outstanding.

#### **Recommendation 34**

107. The situation remains unchanged from the follow-up report of May 2012. With regard to the recommendation for the authorities to put in place measures for the registration and

monitoring of local trusts in accordance with FATF requirements, the authorities had advised that a National Registry and a Registrar of Companies was appointed under the Companies Act. However, no information as to the exact functions of the National Registry or the Registrar of Companies in relation to local trusts under the Companies Act was provided. Additionally, the authorities advised that section 17 of the International Trusts Act 1996 provides for the registration and monitoring of local trusts. However, section 17 refers specifically to international trusts rather than local trusts.

108. With regard to the recommendation that the authorities should consider including adequate and accurate information on the beneficial ownership and control of trusts as part of the registration process for local trusts, the authorities advise that section 30 of the POCAMLTF Guidelines provides for the identification and verification of the trustee, settlor or protector of the trust. However, the above measure is applicable to financial institutions and DNFbps when establishing or providing trust services and do not address the requirement of the examiners' recommendation. Consequently the examiners' recommendations remain outstanding.

### **Special Recommendation VI**

109. As reported in a previous Follow-Up Report except for the recommendation requiring money value transfer service operators to maintain a current list of their agents which has to be verified, all recommendations have been complied with substantially.

### **Special Recommendation VII**

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

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

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

*Rating Def - No requirement for intermediary and beneficiary financial institutions in the payment chain to ensure that all originator information that accompanies a wire transfer is transmitted with the wire transfer.*

*Rating Def - No requirement for beneficiary financial institutions to adopt effective risk-based procedures for identifying and handling wire transfers that are not accompanied by complete originator information.*

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

112. Section 41 of the POCAMLTF Guidelines requires the payment service provider of a payer to ensure that every transfer of funds over EC \$1,000 (US\$370) is accompanied by the full originator information. Full originator information is defined with respect to a payee to mean the

name and account number of the payer, together with the payer's address, the payer's date and place of birth or the customer identification number or national identity number of the payer, or a unique identifier (where the payer does not have an account). The above requirement is not applicable to cross-border batch file transfer from a single payer where the batch file contains the complete information on the payer or the individual transfers in the batch file carry the account number of the payer or a unique identifier.

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

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

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

116. The above measures address completely three of the deficiencies listed above. While there is still no requirement for beneficiary financial institutions to adopt effective risk-based procedures for identifying and handling wire transfers that are not accompanied by complete originator information, specific measures are prescribed to deal with the situation. The above provisions significantly improve the level of compliance with this Recommendation. The main outstanding requirement is the establishment of a regime to effectively monitor the compliance of the financial institutions with the above measures. As such, this recommendation remains partially outstanding.

### **Special Recommendation VIII**

117. As indicated in a previous follow-up report the recommendation for the mandatory registration of non-profit organizations (NPOs) remains outstanding. While sections 326-327 of the CA allow for the incorporation of NPOs, it is not mandatory. Additionally, the approval of

the Attorney General is essential only to determine whether the company qualifies for the status of a non-profit company.

118. Other recommendations include a review of the adequacy of laws governing NPOs, outreach to the NPO sector, an effective NPO supervisory regime, record keeping and retention requirements and development of investigative expertise in NPOs. In relation to a review of the adequacy of the laws and outreach to the NPO sector, the authorities advise that under section 5 of the POCAMLTF Guidelines, provisions for the establishment of internal control systems, customer due diligence measures, maintaining record keeping requirements and providing employee training are also applicable to charities and NPOs. Furthermore, Schedule I of the POCAMLTF Guidelines details best practices which charities and NPOs are also required to implement. Additionally, educational sessions are due to be conducted by the AML/CFT Commission during the fourth quarter of 2013. The imposition of AML/CFT requirements on NPOs would suggest some review of the adequacy of the laws and therefore compliance with the examiners' recommendation. Details on the planned educational sessions scheduled for the last quarter of 2013 will have to be provided in future follow-up reports to demonstrate implementation of this recommendation.

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

120. With regard to record keeping and retention requirements, as already noted section 5 of the POCAMLTF Guidelines effectively requires NPOs to comply with the record keeping obligations of the Guidelines which are set out Part VI of the POCAMLTF Guidelines. These requirements comply with the FATF standards. The recommendation for the development of investigative expertise in NPOs remains outstanding.. Given the above two recommendations have been met, one has been partially met and three remain outstanding.

### **Special Recommendation IX**

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

### **III. Conclusion**

122. The authorization of the POCAMLTF Guidelines by the negative resolution of the House of Representatives has substantially enhanced Grenada's level of compliance with a number of Recommendations. These Recommendations include Recs. 5, 6, 7, 8, 11, 12, 15, 16, 18, 21, 22, 24, SR VII, and SR VIII. It is noted that with regard to certain recommendations that draft amendments are still to be presented to Parliament. Figures have been presented to demonstrate implementation on the part of the law enforcement authorities with regard to production and restraint orders, spontaneous referrals made by the FIU, excise operations including records of seizures and extradition requests.

123. With regard to the decision of the November 2012 Plenary concerning full compliance in all outstanding Key and Core Recommendations and substantial compliance with all outstanding recommendations by all jurisdictions in the ICRG process, while Grenada's level of compliance in the Key and Core Recommendations has improved with Rec. 10 being fully compliant, there are still major deficiencies in Recs. 5, 35, SR. I and SR. III and minor deficiencies in Recs. 1, 3, 13, 23, 26, 40, SR. II, SR. IV and SR. V. Additionally the level of compliance in other outstanding recommendations Recs. 6, 7, 8, 11, 12, 15, 16, 18, 21, 22, 24, SR VII, and SR VIII has substantially improved. While Grenada has not been able to achieve full compliance on its outstanding Key and Core Recommendations it has improved its level of compliance with only four Key and Core Recommendations having major shortcomings. There has also been substantial improvement in the other outstanding recommendation. As recommended in the last report Grenada was placed in the first stage of enhanced follow-up. Given the above, Grenada should remain in enhanced follow-up and be required to report to the next Plenary in May 2014 on measures to implement recommendations in the MER.

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

| Forty Recommendations | Rating | Summary of factors underlying rating  | Recommended Actions  | Undertaken Actions  |
|-----------------------|--------|---|--|---|
| <b>Legal systems</b>  |        |   |  |   |
| 1. ML offence         | PC     | <ul style="list-style-type: none"> <li>• The low number of ML convictions suggests ineffective use of ML provisions given the wide range of measures available under the legislation.</li> <li>• The list of psychotropic substances in DAPCA is not in accordance with the list under the Vienna Convention</li> <li>• The list of predicate offences for ML does not cover five (5) of the FATF’s designated category of offences, particularly trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy or terrorist financing offence of providing or receiving money or other</li> </ul> | <ul style="list-style-type: none"> <li>• The authorities should consider pursuing ML as a stand-alone offence.</li> <li>• Schedules I to III of DAPCA should be amended to include all narcotic drugs and psychotropic substances listed in Tables I and II of the Vienna Convention.</li> <li>• The authorities should extend the range of predicate offences for ML to include all the FATF designated categories of offences i.e. trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy and the terrorist financing</li> </ul> | <p>There were 8 Prosecutions for 2012</p> <p>1 ML charge with 2 convictions<br/>5 withdrawn<br/>2 pending<br/>Production Orders 3<br/>Restraint Orders 6<br/>Cash Detention Orders 4</p> <p>Addressed under Part V, Section 34 &amp;35 of POCA No. 6 of 2012</p> <p>Amendment to DAPCA 1992 made June 2011. Part III of Schedule I of DAPCA 1992 is repealed and replaced with DAPCA SRO 16 of 2011 – to include the entire list of substances under control as cited in the Vienna Convention (electronic copy of amendment provided).</p> <p>Schedule at p. 261 – Designated Categories of Offences - Section 2 of POCA Act 6 of 2012 includes the entire range of predicate offences.</p> <p>List of other offences and legal references :-</p> <ul style="list-style-type: none"> <li>- Participation in an organized criminal group and racketeering (no legislation available)</li> </ul> |

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|  |  | <p>property in support of terrorist acts.</p> | <p>offence of providing or receiving money or other property in support of terrorist acts.</p> | <ul style="list-style-type: none"> <li>- Trafficking in human beings and migrant smuggling (no legislation available)</li> <br/> <li>- Sexual exploitation, including sexual exploitation of children<br/>(Criminal Code 1990 Part VII)</li> <br/> <li>- Illicit trafficking in narcotics and psychotropic substances (Section 41 &amp;42 Customs Act No. 35 of 1960)<br/><br/>(Drug Abuse Prevention and control Act )<br/>Cap 84 (a), 7 of 1992</li> <br/> <li>- Illicit arms trafficking (Section 41 &amp;42 Customs Act No. 35 of 1960)<br/><br/>(Fire Arms Act Cap 105 sect. 54)</li> <br/> <li>- Illicit trafficking in stolen and other goods (Section 41 &amp; 42 Customs Act No. 35 of 1960)</li> <br/> <li>- Corruption and bribery<br/>(Criminal Code – pgs 405-416)</li> <br/> <li>- Fraud (Criminal Code pgs. 279-286)</li> <br/> <li>- Counterfeiting currency<br/>(pgs. 300-313 &amp; 315-321)</li> </ul> |
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|  |  |  |  | <ul style="list-style-type: none"> <li>- Counterfeiting and piracy of products (Copyright Act No. 16 of 2011)</li> <li>- Environmental crime (Criminal code 230)</li> <li>- Murder, grievous bodily injury (Criminal Code sec. 230 &amp; 205 -208)</li> <li>- Kidnapping, illegal restraint and hostage taking ( Criminal code Sec. 184)</li> <li>- Robbery or theft (Criminal Code sec. 274 &amp; 276)</li> <li>- Smuggling (Customs Act # 35 of 1960 - Section 210)</li> <li>- Extortion (Criminal Code Sec. 277 &amp; 417)</li> <li>- Forgery (Criminal Code Sec. 300 et al)</li> <li>- Piracy (no legislation available)</li> <li>- Insider trading and market manipulation (no legislation available)</li> </ul> <p>The service of a Legal Consultant is being utilized to expedite the drafting process. Legal References will</p> |
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| <p>2. ML offence – mental element and corporate liability</p> | <p>LC</p> | <p>The low number of money laundering convictions suggest ineffective use of ML provisions</p> | <p>The authorities should consider consolidating the three pieces of legislation governing money laundering. Having the MLPA, POCA 1992 and POCA 2003 in force with differing penalties for ML and definitions for certain key terms will give rise to confusion and has affected the ability of law enforcement and prosecutorial authorities to aggressively pursue ML offences.</p> | <p>be provided as soon as they become available.</p> <p>The Consolidation of the Poca /ML bill is in the process of finalization by the Consultant. It is expected before the end of September 2011. The new FIU Bill is in its final stages before the Houses of Parliament. It is expected to be passed by the next sitting.</p> <p>Consolidation of POCA/ML bills has been completed. POCA Act 6 of 2012 is now in effect and the following Acts have subsequently been repealed:-</p> <ul style="list-style-type: none"> <li>a) POCA No. 27 of 1992</li> <li>b) POCA No. 3 of 2003</li> <li>c) Money Laundering (Prevention) Act, No. 18 of 1999</li> </ul> <p>ML offences are now addressed under one act.</p> |
| <p>3. Confiscation and provisional measures</p>               | <p>LC</p> | <p>Ineffective implementation of the forfeiture and freezing regime.</p>                       | <p>Given the high rate of drug-related offences occurring in Grenada, authorities should place greater emphasis on the automatic confiscation mechanism following conviction available to the DPP in accordance with POCA 1992 and 2003</p>  | <p>To date 12 Production Orders have been served on Institutions and 10 restraint orders on properties in investigation, confiscation and forfeiture.</p> <p>Part II , Section 6 of POCA 2012 empowers magistrates to make confiscation and forfeiture orders Part IX, Section 49 also addresses this area of concern</p>   |

| Preventive measures       |    |   |   |  |
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| 5. Customer due diligence | NC | <p>CDD measures are required when there is suspicion of money laundering and only with one-off transactions</p> | <p>Competent authorities may consider carrying out a national risk assessment to determine the risk of money laundering and terrorist financing to enable the application of reduced or simplified anti-money laundering and counter terrorist financing measures. (Rec. 5 Para 9)</p> <p>Competent authorities should consider making the Guidelines mandatory and enforceable with effective, proportionate and dissuasive sanctions.</p> <p>(Rec. 5 Para.10)</p> | <p>Technical Assistance is required with regards to conducting a risk assessment for Grenada. This was stated in our Technical Assistance and Training needs matrix submitted to CFATF in 2011 and also in January 2012.</p> <p>Request for assistance in conducting risk assessment was again included in Grenada’s Technical Assistance and Training Needs matrix for 2013. Grenada awaits feedback from CFATF in relation to same.</p> <p>National Risk Assessment is scheduled in Action Plan to be undertaken during the 3<sup>rd</sup> Quarter of 2013.<br/>National Risk Assessment not yet conducted</p> <p>POCA AML/TF Guidelines SR&amp;O No 6 of 2012, Part III – 21 and 22, provides for effective CDD measures for steps required to an entity or a professional in dealing with an applicant for business or a customer in relation to a business relationship or one-off transaction in order to forestall and prevent money laundering, terrorist financing and other financial crimes. c</p> <p>POCA No, 6, 2012, is the enabling Act which allows for the provision of the Guidelines and Regulations. POCA 2012, Part V, Section 32, sub-sections (4-9), makes the Guidelines mandatory and enforceable and outlines penalties for non-compliance. Section 4 stipulates that “where a person fails to comply with or contravenes a provision of the Guidelines, he commits an offence, and is liable on summary conviction, to a fine not exceeding \$25,000 or to a term of imprisonment not exceeding two years, or both.</p> |

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|  |  | <p>CDD measures for wire transfers are for occasional transactions over US\$10,000 rather than over the FATF US\$1,000 limit.</p> <p>CDD measures are not required when there are doubts about the veracity of previously obtained due diligence</p> | <p>Regulations or legislative amendments should be introduced to require CDD measures when there is suspicion of money laundering or terrorist financing and for occasional transactions over US\$1,000 that are wire transfers. (Rec. 5 Para 14)</p> <p>Regulations or legislative amendments should be introduced for financial institutions to be required to undertake CDD measures</p> | <p>The AMLTF Guidelines were passed in Parliament (28.05.2013) by negative resolution.</p> <p>Amendment to subsection 21 (4) of the AMLTF Guidelines to include “professionals” has been requested and would be effected when Grenada Parliament reconvenes</p> <p>Drafting of amendment to Section 21 of the AMLTF Guidelines for adding the words ‘or professionals’ after the word “entity” everywhere the word "entity" appears without the words "or professionals" after it has been completed but has not yet been laid in Parliament.</p> <p>Poca AML Guidelines Part III addresses measures for dealing with suspicions of money laundering including wire transfers irrespective of any exemption or threshold.</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution. Inevitably, all requirements under this recommendation will be satisfied.</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>The Guidelines sufficiently addresses a number of the requirements under this recommendations as listed below :<br/>Guidelines at Part III , 21 (4) (e) directly addresses</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution</p> |
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|  | <ul style="list-style-type: none"> <li>• No provision to verify that any person purporting to act on behalf of the customer is so authorized, and identify and verify the identity of that person</li> <li>• No requirement in law or regulation for the verification of identification of customers</li> <li>• No provision to understand the ownership and control structure of customers that are legal persons or legal arrangement</li> <li>• No provision to determine the natural persons that ultimately own or control the customer</li> </ul> | <p>where there are doubts about the veracity or adequacy of previously obtained CDD. (Para 5.15)</p> <p>Regulations or legislative amendments should be introduced for financial institutions to be required to verify that any person purporting to act on behalf of the customer is so authorized, and identify and verify the identity of that person.(Rec. 5 Para. 16)</p> <p>Financial institutions should be legislatively required to verify the identification of customers.(Rec. 5 Para 17)</p> <p>Financial institutions should be required to understand the ownership and control structure of customers that are legal persons or legal arrangements (Rec. 5 Para 18)</p> | <p>Guidelines at Part III, 21 (3) (f) sufficiently addresses.</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>Guidelines at Part III - Section 21 Sub-section (3) refers<br/>Guidelines Part III Section 21 (3) (a)<br/>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>Guidelines Part III – 21(5) (d)<br/>Amendment to Section 21 (5) d to include “the ownership and control structure of legal persons and arrangements” would be made as soon as Grenada parliament reconvenes<br/>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>Drafting of amendment to Section 21(5) to include “the ownership and control structure of legal persons and legal arrangements” has been completed but has not yet been laid in Parliament</p> <p>Guidelines 21 3(a) refers<br/>The AMLTF Guidelines were passed in Parliament by negative resolution<br/>Drafting of amendment to Section 21(3)(a) to specify that entities and professionals determine who are the natural persons that ultimately own or control the customer has been completed but has not yet been laid</p> |
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|  |  | <ul style="list-style-type: none"> <li>• No requirement for financial institution to obtain information on the purpose and intended nature of the business relationship</li> <li>• No legislative provision for financial institutions to conduct ongoing due diligence to include scrutiny of transactions and ensuring that CDD documents and information are kept up-to-date</li> <li>• No requirement for financial institutions to perform enhanced due diligence for higher risk categories of customer</li> <li>• The exemptions for reduced or simplified CDD measures are not justified on the basis of low risk</li> <li>• No requirement for financial institutions to limit simplified or</li> </ul> | <ul style="list-style-type: none"> <li>• Financial institutions should be legislatively required to determine the natural persons that ultimately own or control the customer (Para 5.19)</li> <li>• Financial institutions should be required to obtain information on the purpose and intended nature of the business relationship. (Rec. 5 Para 20)</li> <li>• Legislative amendments should be introduced to require that financial institutions and other relevant persons apply ongoing due diligence measures to their client base. This should include scrutiny of transactions and ensuring that CDD documents and information are kept up-to-date.(Rec. 5. Para 21.</li> <li>• Financial institutions should be required to perform enhanced due diligence for higher risk categories</li> </ul> | <p>in Parliament</p> <p>Guidelines Part III – Section 21 (3) (b)<br/>The AMLTF Guidelines were passed in Parliament (date) by negative resolution<br/>Guidelines Section 23 (2) sufficiently addresses</p> <p>Guidelines Part III – Section 21 (3) (e)<br/>The AMLTF Guidelines were passed in Parliament by negative resolution.<br/>Drafting of amendment to insert new paragraph to sub-section 21(3)(g) to include the requirement for scrutiny of transactions and to ensure that CDD documents and information are kept up-to-date has been completed but has not yet been laid in Parliament</p> <p>Guidelines Part III – Section 21 (4) (d)</p> <p>Guidelines Section 22 (2) applies<br/>The AMLTF Guidelines were passed in Parliament by negative resolution.</p> <p>Guidelines Part III – 21 (6) (h) applies<br/>Drafting of amendment to Section 21 by adding a new sub-section to limit the application of simplified or reduced CDD to non-resident customers from countries that the authorities in Grenada are satisfied are in compliance with FATF recommendations has been completed but has not yet been laid in Parliament</p> |
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|  |  | <p>reduced CDD measures to non-resident customers from countries that the authorities are satisfied are in compliance with FATF Recommendations</p> <p>• No provisions prohibiting simplified CDD measures whenever there is suspicion of money laundering or terrorist financing</p> <p>• No requirement for financial institutions to apply CDD measures to existing customers on the basis of materiality and risk.</p> | <p>of customers. Rec. 5 Para 22</p> <p>• Financial institutions should be required to limit the application of simplified or reduced CDD measures to non-resident customers from countries that the authorities in Grenada are satisfied are in compliance with FATF Recommendations. Rec. 5. Para 23</p> <p>• Simplified CDD measures should be prohibited whenever there is suspicion of money laundering or terrorist financing. Rec.5 Para 24</p> <p>• Financial institutions should be required to terminate a business relationship if the verification of a customer cannot be completed. Rec. 5 Para 25</p> <p>• Financial institutions should be</p> | <p>Guidelines Section 22(2)<br/>Drafting of amendment to Section 21 by adding a new sub-section to prohibit the use of simplified CDD measures where there is suspicion of money laundering or terrorist financing has been completed but has not yet been laid in Parliament</p> <p>Guidelines Section 25 (5)<br/>The Guidelines were passed in Parliament by negative resolution</p> <p>Drafting of amendment to Section 25(5) for Financial Institutions to consider closing existing accounts where due diligence is inadequate against the requirements of Recommendation 5 has been completed but has not yet been laid in Parliament</p> <p>Proceeds of Crime (Anti-Money Laundering) Guidelines address the issue of 'Identification procedures'. Identification and verification procedures are also currently enforced by financial institutions. Presently financial institutions in Grenada require two to three pieces of identification; proof of address i.e. a utility bill to verify same; a reference letter from another financial institution or a job letter; A questionnaire is required to be filled out by the customer, with regard to proposed monthly or expected activities on the account. Background checks/ verification of information is done through a swift Alliance programme which is a secure network for transmitting wire transfer messages between them. This method is quick and reliable.</p> |
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|                                       |           |  | <p>required to perform CDD measures on existing clients and to conduct due diligence on existing relationships at appropriate times. Financial institutions should also be required to review and consider closing existing accounts where due diligence is inadequate against the requirements of Recommendation 5. Rec. 5 Para 26</p> | <p>Due diligence measures are undertaken by financial institutions. Compliance Officers are mandated to ensure that all documents submitted by customers are accurate and complete, this information is verified and kept.</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution.</p> <p>With respect to the Guidelines being confirmed by negative resolution, be advised that the Parliament has been dissolved and Grenada held general elections on 19<sup>th</sup> February, 2013 and there has been a change of Government.</p> <p>A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>This would invariably address a number of comments under this recommendation.</p> <p>Amendment to Part III – Section 21 (4) (b) &amp; (e) &amp; Sect. 6 of the Guidelines to include the words “entity or professional” instead of “entity” only would also be addressed.</p> |
| <p>6. Politically exposed persons</p> | <p>NC</p> | <ul style="list-style-type: none"> <li>No requirement for financial institutions to have appropriate risk management systems to determine whether a potential</li> </ul> | <ul style="list-style-type: none"> <li>Financial institutions should be required to have appropriate risk management systems to determine whether a potential customer, a</li> </ul>  | <p>Part III of the Proceeds of Crime (Anti-money laundering and Terrorist Financing Guidelines) 2012 address this Recommendation</p>   |

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|  | <p>customer, a customer or the beneficial owner is a PEP.</p> | <p>customer or the beneficial owner is a PEP. (Rec. 6 Para 50)</p> | <p>The Guidelines were passed in Parliament by negative resolution<br/> Section 24 (1) (a) stipulates that Financial Institutions should ensure that the necessary provisions are in place for the identification of PEPS.</p> <p>The Explanatory notes gives a guide as to what must be considered as indicators in establishing whether or not a customer is a PEP. They are as follows :-</p> <ul style="list-style-type: none"> <li>- Country of origin of the customer;</li> <li>- The stability of the country of origin and whether it is prone to corruption and other criminal activities such as abduction and kidnapping for ransom;</li> <li>- Whether the country of origin is cash based;</li> <li>- Whether the country of origin has in place adequate AML/CFT measures, including “know your customer” requirements;</li> <li>- Where large amounts are presented for establishing the business relationship, the form in which they are presented;</li> <li>- Whether the country of origin is under any established sanction, embargo or other</li> </ul> |
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|  |  | <ul style="list-style-type: none"> <li>• No requirement for financial institutions to obtain senior management approval for establishing a business relationship with a PEP or continuing one with a customer who becomes a PEP.</li> <li>• No requirement for financial institutions to take reasonable measures to establish the source of wealth and the source of funds of customers and beneficial owners identified as PEPs.</li> <li>• No requirement for financial institutions to conduct enhanced ongoing monitoring on relationships with PEPs</li> </ul> | <ul style="list-style-type: none"> <li>• Financial institutions should be required to obtain senior management approval for establishing a business relationship with a PEP or continuing one with a customer who becomes a PEP. (Rec. 6 Para 50)</li> <li>• Financial institutions should be required to take reasonable measures to establish the source of wealth and the source of funds of customers and beneficial owners identified as PEPs. (Rec 6. Para 50)</li> <li>• Financial institutions should be required to conduct enhanced ongoing monitoring on relationships with PEPs. Rec. 6 Para 50</li> </ul> | <p>restriction or whether any such sanction, embargo or other restriction is specifically imposed on the customer, (entities and professionals are encouraged to conduct regular checks of the Gazette to note any new lists on the UN and EU sanctions and embargo regimes, including modifications thereto).</p> <p>Guidelines - Section 24 (1)(c)(f) provides for this requirement</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>Guidelines - Section 24 (1) (b) address requirement</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>Guidelines - Section 24 (1) (d) addresses requirement</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution.</p> <p>Drafting of amendment to Section 24(1)(d) for financial institutions to conduct "enhanced ongoing monitoring" has been completed but has not yet been</p> |
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|                                 |           |   | <ul style="list-style-type: none"> <li>Grenada should undertake steps to sign the 2003 United Nations Convention against Corruption. (Rec. 6 Para 50)</li> </ul> | <p>presented to Parliament</p> <p>Financial Institutions have implemented additional internal guidelines and measures to strengthen their compliance in this area. For e.g. an account for a PEP will not be opened unless it is approved at a Senior Managerial Level. Clear guidelines are set to determine the persons who fall within this category and the treatment given to them by the financial institution.</p> <p>Grenada is a member of the OAS Convention against Corruption and also is presently Vice Chair of the Committee of Experts of the MESICIC.</p> <p>However, Grenada is contemplating the signing of the United Nations Convention against Corruption in order to fully comply with FATF’s requirements.</p> <p>With respect to the Guidelines being confirmed by negative resolution, be advised that the Parliament is now dissolved and general elections was held on 19<sup>th</sup> February, 2013 and there has been a change of Government.</p> <p>A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>This would invariably address a number of comments under this recommendation.</p> |
| <p>7. Correspondent banking</p> | <p>NC</p> | <ul style="list-style-type: none"> <li>No requirement for financial institutions to gather sufficient information about a respondent</li> </ul> | <ul style="list-style-type: none"> <li>Financial institutions should be fully aware and document a respondent institution’s circumstances: - this</li> </ul>     | <p>Proceeds of Crime (Anti-money laundering and Terrorism Financing) Guidelines SRO 6 of 2012. Gazetted on Friday 17<sup>th</sup> February, 2012 addresses all</p>   |

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|  | <p>institution to understand the nature of the respondent's business and to determine from publicly available information the reputation of the institution and the quality of supervision.</p> <ul style="list-style-type: none"> <li>• No requirement for financial institutions to have written procedures to obtain and assess the anti-money laundering procedures and CDD procedures of a respondent institution.</li> <li>• No requirement for financial institutions to obtain approval from senior management to establish new correspondent relationships in all cases.</li> <li>• No requirement for financial institutions to document the respective AML/CFT responsibilities of each institution in cross-border correspondent relationships</li> <li>• No requirement for financial institutions to be satisfied that</li> </ul> | <p>should include details of its business, management, regulated status and other information that may be publicly available or available upon request for the purposes of establishing a relationship. Rec. 7 Para 51</p> <ul style="list-style-type: none"> <li>• Financial institutions should be required to have written procedures to obtain and assess the anti-money laundering procedures and CDD procedures of a respondent institution. Rec. 7 Para 51</li> <li>• Financial institutions should be required to obtain approval from senior management to establish new correspondent relationships in all cases. Rec. 7 Para 51</li> <li>• Financial institutions should document the respective AML/CFT responsibilities of each institution in cross-border correspondent relationships (Rec. 7 Para 51</li> <li>• Financial institutions should be satisfied that respondent financial</li> </ul> | <p>requirements of this recommendation.</p> <p>Guidelines Section 37 (1) (b) sufficiently addresses The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>Proceeds of Crime (Anti-money Laundering and Terrorism Financing) Guidelines SRO 6 of 2012. Gazetted on Friday 17<sup>th</sup> February, 2012 applies Guideline Section 37 (1) (c)<br/>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>Proceeds of Crime (anti-money laundering Guidelines 2012, Section 37 (1)(d) requires that Banks ensure that senior management approval is obtained before entering into a new correspondent banking relationship<br/>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>Guidelines - Section 37 (1)(f) applies to this requirement<br/>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>Guidelines – Section 37 and 38 applies to this requirement<br/>The Guidelines has been passed in Parliament by negative resolution</p> |
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|  |           | <p>respondent financial institutions have performed all the normal CDD obligations on customers who have access to” payable-through accounts” and can provide relevant customer identification data upon request</p>                 | <p>institutions have performed all the normal CDD obligations on customers who have access to” payable-through accounts” and can provide relevant customer identification data upon request. (Rec. 7 Para 51</p>                                      | <p>With respect to the Guidelines being confirmed by negative resolution, be advised that the Parliament is now dissolved and Grenada will be holding general elections on 19<sup>th</sup> February, 2013 and there has been a change of Government.<br/>A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>This would address a number of the comments under this recommendation.</p>   |
| <p>8. New technologies &amp; non face-to-face business</p> | <p>NC</p> | <ul style="list-style-type: none"> <li>No requirement for financial institutions to have policies in place that mitigate the misuse of technological developments by money laundering and/or terrorist financing schemes.</li> </ul> | <ul style="list-style-type: none"> <li>Financial institutions should be required to have policies in place that mitigate the misuse of technological developments by money laundering and/or terrorist financing schemes. (Rec. 8 Para 52)</li> </ul> | <p>Proceeds of Crime (anti-money laundering and Terrorist Financing) Guidelines 2012 provides for non-face to face business relationships</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution<br/>Section 31 (4) states that where identity is verified electronically or copies of documents are relied on in relation to a non-face to face application for business, an entity or a professional shall, in the absence of the application of section 21(8) apply an additional verification check, including the enhanced customer due diligence measures, to manage the potential risk of identity fraud.</p> <p>Guidelines – Section 31 (2) &amp; (3) and Section 21 (8) applies with respect to non-face to face business relationships.</p> <p>Additionally Financial institutions also have their own internal procedure to govern this area. Documents relating to non face to face business must be original and must be notarized, and must emanate from the holder of an account at the Bank. A letter signed by the customer can be faxed to the financial institution</p> |

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|  |  | <ul style="list-style-type: none"> <li>No requirement for financial institutions to have written procedures and a suitably robust risk management framework that mitigates the risks associated with non-face to face transactions. Measures for mitigating risks should include specific and effective CDD procedures that apply to non-face to face customers</li> </ul> | <ul style="list-style-type: none"> <li>Financial institutions should be required to have written procedures and a suitably robust risk management framework that mitigates the risks associated with non-face to face transactions. Measures for mitigating risks should include specific and effective CDD procedures that apply to non-face to face customers. (Rec. 8. Para 52</li> </ul> | <p>requesting a particular transaction to be carried out; an officer at the financial institution must be able to identify the customer. However the financial institution must receive the original letter within two weeks of the receipt of the faxed letter.</p> <p>In addition some financial institutions have established their own 'risk assessment department' whose function to ensure that requirements of the Guidelines and the FATF 40 plus nine recommendations are adhered to. This department is headed by a Manager who is charged with the responsibility of ensuring the effective day to day operations of the department as it relates to AML/CFT.</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution.</p> <p>Drafting of amendment to Section 31 by adding new sub-section (5) to include measures for mitigating risks to include specific and effective CDD procedures that apply to non-face-to-face customers has been completed but has not yet been laid in Parliament</p> <p>With respect to the Guidelines being confirmed by negative resolution, be advised that the Parliament is now dissolved and Grenada held its general elections on 19<sup>th</sup> February, 2013. A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>This would invariably address a number of comments under this recommendation.</p> |
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| <p>9. Third parties and introducers</p> | <p>NC</p> | <ul style="list-style-type: none"> <li>• No requirement for financial institutions relying upon a third party to immediately obtain from the third party the necessary information concerning certain elements of the CDD process (criteria 5.3 to 5.6)</li> <li>• No requirement for financial institutions to take adequate steps to satisfy themselves that copies of identification data and other relevant documentation relating to CDD requirements will be made available from the third party upon request without delay</li> <li>• No requirement for financial institutions to satisfy themselves that the third party is regulated and supervised (in accordance with Recommendations 23, 24 and 29) and has measures in place to comply with the CDD requirements set out in R.5 and R.10</li> <li>• Unable to assess whether</li> </ul> | <ul style="list-style-type: none"> <li>• Financial institutions should be required to immediately obtain from introducers the necessary information concerning certain elements of the CDD process (criteria 5.3 to 5.6). Rec. 9 Para 53 – See Rec. 9. 53 and 5.18</li> <li>• Financial institutions should be required to test agreements with third parties to ensure that CDD held satisfies the provisions of Recommendations 5 and 10. This testing should also confirm whether information can be provided by the third party without delay. Rec. 9 Para 54</li> <li>• Financial institutions should be required to satisfy themselves that the third party is regulated and supervised in accordance with Recommendations 23, 24 and 29.<br/>Rec. 9 Para 55</li> </ul> | <p>Proceeds of Crime (anti-money laundering and Terrorist Financing) Guidelines 2012 and Proceeds of Crime (Anti-Money Laundering and Terrorist Financing) Regulations SRO 5 of 2012 addresses.</p> <p>Guidelines - Section 33 sufficiently applies. p. 93<br/>Drafting of amendment to Section 33 with the insertion of new sub-section (2a) to obtain from introducers the necessary information concerning certain elements of the CDD process has been completed but has not yet been passed in Parliament</p> <p>Regulations – Regulation 7, sub-regulation (4) and (5) applies to these recommendations - p.10</p> <p>Drafting of amendment is not yet completed, however, the service of a Legal Consultant is being utilized to expedite the process</p> <p>Guidelines - Section 33 (3) (b) applies - p.93</p> <p>Drafting of amendment with regard to FI satisfying themselves that the third party is regulated and supervised in accordance with Rec. 23, 24 and 29 is not yet completed, however, the service of a Legal Consultant is being utilized to expedite the process.</p> <p>Guidelines applies - Schedule II - Recognized jurisdictions at p. 152<br/>Drafting of amendment to Section 54 by insertion of</p> |
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|                           |           | <p>competent authorities in determining the list of countries that are recognized as having AML regimes equivalent to Grenada, used information as to whether these countries adequately applied FATF standards</p> <ul style="list-style-type: none"> <li>No specific provision that ultimate responsibility for customer identification and verification remain with the financial institution relying on the third party.</li> </ul> | <ul style="list-style-type: none"> <li>Competent authorities should consider the issuance of a list of jurisdictions that adequately apply the FATF Recommendations, for third parties that may operate in foreign jurisdictions. Rec. 9. Para 56</li> <li>Amendment to legislation or guidance to stipulate that the verification and identification of a client remains the responsibility of the financial institution, regardless of whether or otherwise it has relied on a third party to conduct the verification and identification of the client Rec. 9 Para 57</li> </ul> | <p>sub-section (4A) for requesting that financial institutions use the list for third parties operating in foreign jurisdictions has been completed but has not yet been laid in Parliament</p> <p>Drafting of amendment with regard to the requirement which was placed in the Explanation which is not considered to be legally enforceable has not yet been completed. However, the service of a legal consultant is being utilized to expedite the process.</p> <p>Guidelines - Section 33 - p.93</p> <p>With respect to the Guidelines being confirmed by negative resolution, be advised that the Parliament was dissolved and Grenada held general elections on 19<sup>th</sup> February, 2013. and there has been a change of Government.<br/>A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> |
| <p>10. Record keeping</p> | <p>LC</p> | <ul style="list-style-type: none"> <li>No legislation to require financial institutions to maintain records of account files and business correspondence for a period of at least five years after the completion of a business relationship.</li> </ul>  | <ul style="list-style-type: none"> <li>Amend legislation to require financial institutions to maintain records of account files and business correspondence for a period of at least five years after the completion of a business relationship.</li> </ul>   | <p>Proceeds of Crime (anti-money laundering ) Guidelines 2012<br/>Part VI Section 47 Sub-section (1)<br/>- requires that the minimum retention period of records to be five year after the transaction has been completed or deemed to have been completed. p. 117</p> <p>With respect to the Guidelines being confirmed by negative resolution, be advised that the Parliament was dissolved and Grenada held general elections on 19<sup>th</sup> February, 2013 and there has been a change of</p>   |

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|                                 |           |   |   | <p>Government.<br/>A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution</p>  |
| <p>11. Unusual transactions</p> | <p>NC</p> | <ul style="list-style-type: none"> <li>• No requirement for financial institutions to examine the background and purpose of large, complex and unusual transactions or unusual patterns of transactions that have no apparent or visible economic or lawful purpose and to set forth their findings in writing.</li> <li>• No requirement to maintain written records from the findings of reviews of complex, unusually large or unusual patterns of transactions for competent authorities for at least five years</li> </ul> | <ul style="list-style-type: none"> <li>• Guidance and legislation should be amended to require financial institutions to examine the background and purpose of all complex, unusual large transactions or unusual patterns of transactions that have no apparent or visible economic or lawful purpose and to set forth their findings in writing. (Rec. 11 Para 58)</li> <li>• Guidance and legislation should be amended to require financial institutions to retain written findings from the review of complex, unusually large or unusual patterns of transactions for no less than five years. (Rec. 11 Para 58)</li> </ul> | <p>Proceeds of Crime (anti-money laundering) Guidelines 2012<br/>Section 22, 23 and 47 (1) applies</p> <p>Proceeds of Crime (Anti-money laundering) Regulations 8,9 &amp; 10 also applies</p> <p>Section 15 (2) (h) applies</p> <p>Section 15 (2) (i) applies</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>With respect to the Guidelines being confirmed by negative resolution, be advised that the Parliament was dissolved and Grenada held general elections on 19<sup>th</sup> February, 2013 and there has been a change of Government.</p> <p>A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>This would address a number of the comments under this recommendation.</p> |

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| <p>12. DNFBP – R.5, 6, 8-11</p> | <p>NC</p> | <ul style="list-style-type: none"> <li>• Dealers in precious metals and precious stones are not included in the AML/CFT regime</li> <li>• Deficiencies identified for financial institutions with regard to Recs. 5, 6, 8 to 11 are also applicable to DNFBPs.</li> <li>• Lack of awareness of requirements by DNFBP resulting in ineffective implementation of AML/CFT obligations</li> </ul> | <ul style="list-style-type: none"> <li>• Deficiencies identified for financial institutions with regard to Recs. 5, 6, 8 to 11 are also applicable to DNFBPs. Specific recommendations in the relevant sections of this report will also apply to DNFBPs. Rec 12 Para 59, 60, 61)</li> <li>• Authorities should consider specific training and/or awareness programs to educate DNFBPs about AML/CFT requirements</li> <li>• Dealers in precious metals and precious stones should be subject to AML/CFT requirements in accordance with FATF standards Rec 12 Para 61</li> </ul> | <p>The Proceeds of Crime (Anti-money-laundering) Guidelines 2012 refers to DNFBP’s. DNFBP’s are construed in its definition as Entities. The meaning of “Entity” as outlined in the Guidelines is, a person in a relevant business within the meaning of regulations 2(1) of the Anti-money Laundering and Terrorism Financing Regulations 2012. It includes a person that is regulated by the Commission by virtue of the Proceeds of Crime Act and any other enactment; or a non-financial business designated by the Commission.</p> <p>Additionally, Section 4 of the Guidelines, under “General Application” seeks to address this recommendation. Regulated and non regulated entities are clearly defined. Further, the POCA empowers the Commission to designate other businesses which are considered vulnerable to activities of money laundering and terrorist financing and thus fall within the definition of entity.</p> <p>The Regulations captures the entire host of relevant businesses (as required by FATF Recommendations) under Regulation 1. Sub-regulation (k) specifically lists the business of dealing in jewelry, precious metals or precious stones when such transactions involves accepting a cash payment of fifteen thousand dollars or more or the equivalent in any other currency.</p> <p>Provision in the Regulations and Guidelines are also applicable to Recommendations 5,6,8-11</p> <p>The Authority is aware that specific training is required to plan and effectively administer education programs and as such, Grenada has submitted its list of training needs to the CFATF for consideration.</p> |
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|  |  |  |  | <p>The list also includes assistance in carrying out risk assessment of DNFBP's; and training workshops for DBFBP's and Inspectors.</p> <p>A workshop for DNFBPs was held on July 9 &amp; 10, 2012. There was also radio and television programmes and interviews on the importance of AML/CFT Compliance</p> <p>Training Workshop was also held on July 11-13, 2012, for prospective Supervisors on carrying out effective on-site examinations.</p> <p>The funding for both Workshops was provided by CFATF and the Economic Partnership Agreement (EPA), Ministry of Finance and European Development Fund (EDF).</p> <p>Legislative machinery is now in place through the Regulations and Guidelines which now includes Dealers in precious metals and precious stones. Thus subjecting them to AML/CFT requirements in accordance with FATF Standards.</p> <p>Parliament was dissolved and Grenada held general elections on 19<sup>th</sup> February, 2013. A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>This would address a number of the comments under this recommendation.</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution</p> |
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| <p>13. Suspicious transaction reporting</p> | <p>NC</p> | <ul style="list-style-type: none"> <li>• The obligation to submit suspicious transaction reports does not apply to the proceeds of all FATF predicate offences.</li> <br/> <li>• Requirement to report STRs relating to the financing of terrorism is discretionary and does not include funds used for terrorism or by terrorist organisations or those who finance terrorism</li> <br/> <li>• No requirement to report all suspicious transactions including attempted transactions regardless of the amount of the transaction.</li> <br/> <li>• No requirement to report suspicious transactions regardless</li> </ul> | <ul style="list-style-type: none"> <li>• The authorities should extend the range of predicate offences for ML to include all the FATF designated categories of offences by criminalising trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy and the terrorist financing offence of providing or receiving money or other property in support of terrorist acts. Rec. 13 Para 27</li> <br/> <li>• The TA should be amended to make the reporting of suspicious transactions relating to financing of terrorism mandatory and include funds used for terrorism or by terrorist organisations or those who finance terrorism Rec. 13 Para 28</li> <br/> <li>• All suspicious transactions, including attempted transactions should be legislatively required to be reported regardless of the amount of transaction Rec. 13 Para 28</li> <br/> <li>• The requirement to report suspicious</li> </ul> | <p>Section 38 of POCA No. 6 of 2012 addresses provides for Mandatory Reporting of Suspicious Transactions and POCA SCHEDULE lists the Designated categories of offences. The list also includes Terrorism and Terrorism Financing.</p> <p>See Recommendation 1 for information in reference to the criminalization of offences</p> <p><b>No legislation is available for some of the offences listed (Reference Rec. 1). The service of a Legal Consultant is being utilized to expedite the process.</b> New Section 22A added to cover the terrorist financing offence of providing or receiving money or other property in support of terrorist acts</p> <p>The Terrorism Bill has been passed in the Lower house of Parliament and is now awaiting passage in the Upper house. It anticipated that the Bill should be enacted before the end of the 1<sup>st</sup> Quarter 2012. Amendment made through insertion of new section 19 (3a)(a) to include funding of terrorist organizations or those who finance terrorism. Passed in the House of Representatives on 02.08.2013 and by the Senate on 21.08.2013</p> <p>Sect 19 &amp; 20 of the guidelines addresses this</p> <p><b>Section 20 (1) and 20(2) of the AMLTF Guidelines address this</b></p> <p><b>Drafting of amendment is not yet completed, however, the service of a Legal Consultant is being utilized to expedite the process</b></p> |
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|   |    | <p>of whether they are thought, among other things to involve tax matters.</p> <ul style="list-style-type: none"> <li>The reporting of suspicious transactions is ineffective.</li> </ul>  | <p>transactions should apply regardless of whether they are thought, among other things to involve tax matters. Rec. 13 Para 28</p>  |  |
| 14. Protection & no tipping-off           | PC | <p>Tipping off offence does not include disclosure of the fact that a STR concerning money laundering is being reported or provided to the FIU</p>   | <ul style="list-style-type: none"> <li>The POCA, 2003 should be amended to extend the tipping off offence to include disclosure of the fact that a STR concerning money laundering is being reported or provided to the FIU</li> </ul>   | <p>Section 39 of POCA No. 6 of 2012 sufficiently addresses tipping-off</p> <p>DOPCA also prohibits tipping-off</p>   |
| 15. Internal controls, compliance & audit | NC | <p>No requirement for financial institutions to establish and maintain internal procedures, policies and controls to prevent money laundering and financing of terrorism.</p> <p>No requirement for financial institutions to develop appropriate compliance management arrangements which include at a minimum the designation of an AML/CFT compliance officer at management level is not enforceable.</p> | <ul style="list-style-type: none"> <li>All financial institutions should be required to establish and maintain internal procedures, policies and controls to prevent money laundering and financing of terrorism. Rec. 15. Para 63</li> <li>The requirement for financial institutions to develop appropriate compliance management arrangements which include at a minimum the designation of an AML/CFT compliance officer at management level should be enforceable. Rec. 15 Para 64</li> </ul> | <p>The Regulations and Guidelines address internal control, compliance and audit. The General requirements of the Regulations 2012 provides for absolute compliance in conducting relevant business by a relevant person as stated in Regulation 3. The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>Regulation 13 speaks to the duty of the entity or professional to appoint a Money Laundering Reporting Officer or compliance officer of sufficient seniority to perform the functions reposed on a Money Laundering Reporting Officer under the AML Guidelines and Regulations</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>Drafting of amendment to POCA Regulation Section 13 to include the requirement for appointment to be at senior management level has been completed but has</p> |

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|  |  | <p>No requirement for AML/CFT compliance officer and other appropriate staff to have timely access to customer identification data and other CDD information, etc is not enforceable.</p> <p>No requirement for financial institutions to maintain an adequately resourced and independent audit function to test compliance with the procedures, policies and controls.</p> <p>No requirement for financial institutions to train all staff on an ongoing and regular basis to ensure that employees are aware of money laundering and terrorist financing mechanisms, as well as the requirements of anti-money laundering and counter-terrorist financing laws and their obligations under these laws.</p> | <ul style="list-style-type: none"> <li>○ The requirement for AML/CFT compliance officer and other appropriate staff to have timely access to customer identification data and other CDD information, etc should be enforceable. Rec. 15 Para 65</li> <li>○ Financial institutions should be required to maintain an adequately resourced and independent audit function to test compliance with the procedures, policies and controls. Rec. 15. Para 66</li> <li>○ All financial institutions should be required to train all staff on an ongoing and regular basis to ensure that employees are aware of money laundering and terrorist financing mechanisms, as well as the requirements of anti-money</li> </ul> | <p>not yet been laid in Parliament</p> <p>In accordance with the Regulations, the Compliance Officer shall have access to all relevant information and material of the relevant person to enable him to perform the functions given to him under the Guidelines and Regulations 2012<br/>Drafting of amendment has not been completed but the service of a Legal Consultant is being utilized to expedite the process</p> <p>Part II – Section 12 (4) of the Guidelines applies.</p> <p>Financial Institutions are required by law to establish and maintain internal procedures policies and controls to prevent ML/TF. Further all licenced financial institutions are also required by the ECCB and their individual head offices to institute their own policies and internal procedures and guidelines to govern and protect their institutions against ML/TF.<br/>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>Requirement to provide frequent training or at least once a year, for all staff and directors or partners, as the case may be, is addressed in Regulation 16 to ensure that they are aware of the provisions of the AML Regulations, Proceeds of Crime Act, the Terrorism Act, the Guidelines and any other enactment from time to time, relating to money laundering and terrorism financing; and all other requirements as stated in Regulation 16 . Failure to comply would result in offences and penalties as stipulated by Regulation 17.</p> <p>Training is provided for staff in this area which covers</p> |
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|                                     |           | <p>The requirement for financial institution to put in place screening procedures to ensure high standards when hiring employees is not enforceable.</p> | <p>laundering and counter-terrorist financing laws and their obligations under these laws.</p> <p>○ The requirement for financial institution to put in place screening procedures to ensure high standards when hiring employees should be enforceable. Rec. 15 Para 68</p> | <p>topics such as ‘a basic introduction to money laundering’, ‘money laundering legislation – The Proceeds of Crime Act 2003; The Proceeds of Crime (Anti-Money Laundering Regulations 2003 and The Anti-Money Laundering Guidelines 2003, ‘The risks associated with money laundering’ etc.....</p> <p>Staff receives ongoing training through local and regional workshops and seminars.</p> <p>Section 51 of The Guidelines addresses this requirement.</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>Parliament was dissolved and Grenada held general elections on 19<sup>th</sup> February, 2013 and there has been a change of Government.<br/>A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>This will address a number of the comments under this recommendation.</p> |
| <p>16. DNFBP – R.13-15 &amp; 21</p> | <p>NC</p> | <p>• Dealers in precious metals and precious stones are not included in the AML/CFT regime</p>   | <p>• Deficiencies identified for financial institutions with regard to Recs. 13 to 15 and 21 are also applicable to DNFBPs. Specific recommendations in the relevant sections of this report will also apply to DNFBPs.</p>  | <p>The Proceeds of Crime (Anti-money-laundering) Guidelines 2012 also refers to DNFBP’s.<br/>DNFBP’s are construed in its definition as Entities. The meaning of “Entity” as outlined in the Guidelines is, a person in a relevant business within the meaning of regulations 2(1) of the Anti-money Laundering and Terrorism Financing Regulations and for the</p>  |

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|  |  | <ul style="list-style-type: none"> <li>• Deficiencies identified for financial institutions with regard to Recs. 13 to 15 and 21 are also applicable to DNFBPs.</li> <li>• Lack of awareness of requirements by DNFBP resulting in ineffective implementation of AML/CFT obligations</li> </ul> | <ul style="list-style-type: none"> <li>• Authorities should consider specific training and/or awareness programs to educate DNFBPs about AML/CFT requirements</li> <li>• Dealers in precious metals and precious stones should be subject to</li> </ul> | <p>avoidance of doubt, it includes a person that is regulated by the Commission by virtue of the Proceeds of Crime Act and any other enactment; or a non-financial business designated by the Commission.</p> <p>The Regulations captures the entire host of relevant businesses (as required by FATF Recommendations) under Regulation 1, and sub-regulation (k) specifically lists the business of dealing in jewelry, precious metals or precious stones.</p> <p>With the enactment of POCA, Guidelines and Regulations. Awareness and Training has now become a high priority for the Commission. A request for assistance with training of DNFBP's and Inspectors has been made to CFATF. The Commission awaits a definite response. It is anticipated that this should be achieved before the end of the 2<sup>nd</sup> quarter, 2012.</p> <p>Grenada received Financial and Technical Assistance from Commonwealth Secretariat, Economic Partnership Agreement and European Development Fund for the staging of two workshops.</p> <ol style="list-style-type: none"> <li>1. AML/CFT awareness for DNFBP, July 9-10, 2012.</li> <li>2. AML/CFT Training for financial and DNFBP Supervisors</li> </ol> <p>This requirement awaits approval of the Guidelines through the parliamentary procedure.</p> |
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|                 |    |  | AML/CFT requirements in accordance with FATF standards  | <p>Moreover, Compliance with POCA Regulations and Guidelines is equally applicable to R. 13-15 &amp; 21</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution.<br/>The Guidelines were passed in Parliament by negative resolution</p>  |
| 17. sanctions   | PC | <ul style="list-style-type: none"> <li>Sanctions under the POCA and MLPA are inconsistent in severity. Additionally, the application of sanctions has to go through the courts and no broad range of sanctions are available for breaches of statute</li> </ul>  | <ul style="list-style-type: none"> <li>Authorities should amend the POCA and the MLPA to ensure that sanctions are consistent and broad in range</li> </ul>   | Schedule IV (p. 164) of the Guidelines and Regulations 17, addresses offences and penalties.   |
| 18. Shell banks | NC | <ul style="list-style-type: none"> <li>No provision to prevent the establishment of a shell bank.</li> <li>No provision applicable to financial institutions to prevent them from entering into or continuing correspondent relationships with shell banks.</li> <li>No requirement for financial</li> </ul> | <ul style="list-style-type: none"> <li>Legislative amendments should be effected to prohibit the establishment and licensing of a shell bank. The amendment should also require an entity licensed under the Offshore Banking Act, 2003 to have its mind and management within Grenada. Rec. 18 Para 72</li> <li>Amend legislative provisions to prevent financial institutions from entering into or continuing correspondent relationships with shell banks. Rec. 18 Para 73</li> </ul> | <p>Provision to prevent the establishment of Shell Bank is made under Section 36 (1)(a) of the Guidelines. Drafting of amendment has been completed, but not yet laid before Parliament</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>Guidelines Section 37 (1) (a) applies</p> <p>Drafting of amendment is not yet completed,</p> |

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|                                     |           | <p>institutions to satisfy themselves that respondent financial institutions in a foreign country do not permit their accounts to be used by shell banks.</p>   | <p>Amend legislation to require financial institutions to satisfy themselves that respondent financial institutions in a foreign country do not permit their accounts to be used by shell banks. Rec. 18 Para 74</p>  | <p>however, the service of a Legal Consultant is being utilized to expedite the process</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution.</p> <p>Parliament was dissolved and Grenada held general elections on 19<sup>th</sup> February, 2013 and there has been a change of Government. A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>This would address some of the comments under this recommendation.</p>  |
| <p>19. Other forms of reporting</p> | <p>NC</p> | <ul style="list-style-type: none"> <li>The authorities have not considered the feasibility and utility of implementing a system where financial institutions report all transactions in currency above a fixed threshold to a national central agency.</li> </ul> | <ul style="list-style-type: none"> <li>Competent authorities should consider the feasibility and utility of implementing a system where financial institutions report transactions in currency above a prescribed threshold to a centralised national authority. Rec. 19 Para 75</li> </ul> | <p>Guidelines 2012 applies - Cabinet directed that the FIU be designated as the authority under which every Financial Institutions report all transactions in currency above the threshold of EC\$50,000.</p> <p>The FIU will then be responsible for dealing with both SARs and LCTRs.</p> <p>An amendment will be made to the Guidelines to designate the FIU as the authority to which every financial institution will be required to report all transactions above the threshold of \$50,000. This was inadvertently left out of the POCA 2012 Guidelines.</p> <p><b>Drafting of amendment is completed but has not yet been laid before parliament</b></p> |

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| <p>20. Other NFBP &amp; secure transaction</p>         | <p>PC</p> | <ul style="list-style-type: none"> <li>Unable to assess whether consideration has been given to apply FATF recommendations to non-financial businesses and professions other than DNFBPs</li> </ul>   |  | <p>Guidelines 2012 applies to all entities and professional.</p> <p>Section 4 of the guidelines refers<br/>The AMLTF Guidelines were passed in Parliament by negative resolution</p>  |
| <p>21. Special attention for higher risk countries</p> | <p>NC</p> | <ul style="list-style-type: none"> <li>Requirement for financial institutions to pay special attention, to business relationships and transactions with persons from or in countries which do not or insufficiently apply the FATF Recommendations is not enforceable.</li> <li>No measures to ensure that financial institutions are advised of concerns about the weaknesses in the AML/CFT systems of other countries.</li> <li>No requirement for financial institutions to examine transactions with no apparent economic or visible lawful purpose from countries which do not or insufficiently apply the</li> </ul> | <ul style="list-style-type: none"> <li>Mandatory requirements should be imposed on financial institutions to pay special attention, to business relationships and transactions with persons from or in countries which do not or insufficiently apply the FATF Recommendations. Rec. 21 Para 77</li> <li>Effective measures should be put in place to ensure that financial institutions are advised of concerns about the weaknesses in the AML/CFT systems of other countries. Rec. 21 Para 78</li> <li>Financial institutions should be required to examine transactions with no apparent economic or visible lawful purpose from countries which do not or insufficiently apply the</li> </ul> | <p>The Guidelines 2012, Section 22 (3), (4) provides for additional measures which should be adopted by an entity or professional , with respect to higher risk business relationships or transactions as are necessary.</p> <p>Part VIII of the Guidelines also applies<br/>Drafting of amendment is not yet completed, however, the service of a Legal Consultant is being utilized to expedite the process</p> <p>Section 54 (5) of the Guidelines applies</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>Section 47 (2) of POCA No. 3 of 2003 requires <u>every</u> Financial Institution or persons engaged in business activity to pay particular attention to all complex, unusual or large transactions whether completed or not and to all unusual patterns of transactions, and to insignificant but periodic patterns of transactions, which have no apparent economic or lawful purpose.</p> |

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|  |           | <p>FATF Recommendations and make written findings of such available to assist competent authorities.</p> <ul style="list-style-type: none"> <li>• Authorities in Grenada are not able to apply appropriate counter-measures where a country continues not to apply or insufficiently applies the FATF Recommendations</li> </ul>  | <p>FATF Recommendations and make written findings of such available to assist competent authorities. Rec 21 Para 79</p> <ul style="list-style-type: none"> <li>• Authorities in Grenada should be empowered to apply appropriate counter-measures where a country continues not to apply or insufficiently applies the FATF Recommendations</li> </ul> <p>Rec. 21 Para 80</p>  | <p>Section 54(4) of the Guidelines applies<br/>Drafting of amendment is not yet completed, however, the service of a Legal Consultant is being utilized to expedite the process</p> <p>The AMLTF Guidelines were passed in Parliament (date) by negative resolution</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution. Parliament was dissolved and Grenada held general elections on 19<sup>th</sup> February, 2013 and there has been a change of Government. A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>This would address a number of the comments under this recommendation.</p> |
| <p>22. Foreign branches &amp; subsidiaries</p> | <p>NC</p> | <ul style="list-style-type: none"> <li>• The requirement for financial institutions to ensure that their foreign branches and subsidiaries observe anti-money laundering and counter terrorist financing measures consistent with Grenada is not enforceable.</li> <li>• No requirement for financial institutions to pay particular attention to foreign branches and</li> </ul> | <ul style="list-style-type: none"> <li>• The requirement for financial institutions to ensure that their foreign branches and subsidiaries observe anti-money laundering and counter terrorist financing measures consistent with Grenada should be enforceable. Rec. 22 Para 81</li> <li>• Financial institutions should be required to pay particular attention to foreign branches and subsidiaries in</li> </ul> | <p>Section 55 (1) of the Guidelines provides for this recommendation<br/>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>Section 55 (2) applies<br/>The AMLTF Guidelines were passed in Parliament by negative resolution<br/>Drafting of amendment with regard to the requirement that financial institutions ensure that foreign branches</p>   |

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|                        |           | <p>subsidiaries in countries which do not or insufficiently apply the FATF Recommendation to ensure they observe measures consistent with home country requirements and the FATF Recommendations.</p> <ul style="list-style-type: none"> <li>• No requirement for branches and subsidiaries of financial institutions in host countries to apply the higher standard where minimum AML/CFT requirements of the home and host countries differ.</li> <li>• No requirement for financial institutions to inform their home supervisor when a foreign branch or subsidiary is unable to observe appropriate anti-money laundering and counter-terrorist financing measures because it is prohibited by the host country's laws, regulations or other measures.</li> </ul> | <p>countries which do not or insufficiently apply the FATF Recommendation to ensure they observe measures consistent with home country requirements and the FATF Recommendations. Rec. 22 Para 82</p> <ul style="list-style-type: none"> <li>• Branches and subsidiaries of financial institutions in host countries should be required to apply the higher standard where minimum AML/CFT requirements of the home and host countries differ. Rec. 22 Para 83.</li> <li>• Financial institutions should be required to inform their home supervisor of when a foreign branch or subsidiary is unable to observe appropriate anti-money laundering and counter-terrorist financing measures because it is prohibited by the host country's laws, regulations or other measures. Rec. 22 Para 84</li> </ul> | <p>and subsidiaries in countries which do not or insufficiently apply the FATF Recommendation to ensure they observe measures consistent with home country requirements and the FATF Recommendations has not yet been completed. However, the service of a Legal Consultant is being utilized to expedite process</p> <p>Section 55 (3) applies<br/>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>Section 55(5) applies<br/>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution. Parliament was dissolved and Grenada held general elections on 19<sup>th</sup> February, 2013 and there has been a change of Government.<br/>A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>This would address some of the comments under this recommendation.</p> |
| <p>23. Regulation,</p> | <p>PC</p> | <ul style="list-style-type: none"> <li>• Limited number of inspections by</li> </ul>   | <ul style="list-style-type: none"> <li>• The ECCB should review its</li> </ul>   | <p>The ECCB's last Guidance Notes for Licensed</p>  |

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| <p>supervision and monitoring</p> |  | <p>ECCB in the last four years is ineffective to ensure compliance of its licensees.</p> <ul style="list-style-type: none"> <li>No indication in law that fitness and probity checks on directors, shareholders, management of licensees, is a requirement for the licensees of the ECSRC.</li> <li>No requirement in law for fitness and probity checks on directors, shareholders, management of licensees, is a requirement for the licensees of GARFIN</li> <li>No supervisory regime and by extension, no reporting obligations are in place for money service business.</li> </ul> | <p>inspection program to ensure effective compliance of its licensees with AML/CFT obligations. (Rec. 23 Para. 36)</p> <ul style="list-style-type: none"> <li>Legal provisions should be enacted for fitness and probity checks on directors, shareholders, and management of licensees of the ECSRC and GARFIN. (Rec. 23. Para. 37)</li> <li>Money value transfer service operators should be subject to effective systems for monitoring and ensuring compliance with national</li> </ul> | <p>Financial Institutions was issued May 1995.</p> <p>Letter dated 6<sup>th</sup> February was sent from the Ministry of Finance (on behalf of the Minister for Finance), to the Governor, ECCB, advising that the subject at recommendation 17, 23 and 29, would be placed on the agenda of the upcoming meeting of Attorneys General and Financial Secretaries and the Monetary Council since they were of particular concern to the ECCU region. The concern being that there was presently no mechanism in place to ensure that ECCB adheres to the AML/CFT legislation having regard to ECCB's level of monitoring and inspection of banks.</p> <p>Drafting of amendment has not yet been completed, however, the service of a Legal consultant is being utilized to expedite the process.</p> <p>While section 201 of the IA No. 5 of 2010 covers the requirements of fitness and probity checks on Insurance applicants, licencees including principal representatives of foreign companies, the Act also stipulates that shareholders are not required to have control of more than twenty percent of the voting rights of a local insurance company. Indeed this controls shareholders. According to Section 204, the company <u>shall</u> submit quarterly reports to the Supervisor of all the names and addresses of persons who owns five percent or more of the total voting rights.</p> <p>The section further states that it is therefore an offence to hold more than 20% voting rights and the shareholder is subject to a penalty upon summary conviction.</p> <p>Already in place by GARFIN (s.5(2)(3) and the Banking Act section 26</p> |
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|  |  |  | <p>AML/CFT requirements. (Rec. 23 Para 41)</p> | <p>Also in place is the Insurance Act No. 5 of 2010 section 201 and the Money Services Business Act Schedule II Form B.</p> <p>An amendment to the MSBA requiring fitness and probity checks on directors, shareholders and management of licensees of GARFIN has been submitted for drafting. The timeline for completion of drafting is the end of February, 2013. However, the timeline for parliamentary approval cannot be ascertained. Election was held on 19<sup>th</sup> February 2013 and there has been a change of Government.</p> <p>Money transfer operators are subject to the Money Services Business Act No. 10/2009 and therefore under the supervisory authority of GARFIN. All operators have been properly licensed.</p> <p>There are three (3) Money Transfer Operators in Grenada. GARFIN has conducted its first inspection of money services business during the 2<sup>nd</sup> quarter of 2011. Other scheduled visits will take place during the 3<sup>rd</sup> quarter 2011. The other two entities are scheduled between September and November 2011.</p> <p>Money Services Operators are monitored by GARFIN under the Money Services Business Act No. 10, 2009. Reporting is being established and training is also being conducted by GARFIN.</p> <p>GARFIN has conducted inspection on all but one Money Services Operators for 2011.</p> <p>During the month of February 2012, GARFIN</p> |
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|   |           |   |  | <p>received training provided by the World Bank in the regulation of Money Service Operators.</p> <p>GARFIN continues to undertake its supervisory role. Inspections of all MSB's including Money Gram and Western Union were conducted by GARFIN in 2011 on the following dates: Money Gram 30-31 May and Western Union 12-13 September. No major compliance issues were found. However, in the case of Money Gram, it was noted that ID's were not required by clients to conduct a business transactions. A recommendation to that effect was noted and was complied with within three months of the date of GARFIN's inspection report.</p> <p>Workshop for Insurance Companies was held on Pension Plans – December 2012.</p> <p>GARFIN conducted one inspection of Fastcash on January 9-13, 2012. The review noted that there were no major compliance issues. It also noted that adequate systems are being utilized to mitigate against ML/TF risks.</p> <p>Frequent telephone and email contacts are maintained especially with regard to the submission of annual audited financial statements.</p> |
| <p>24. DNFBP - regulation, supervision and monitoring</p> | <p>NC</p> | <ul style="list-style-type: none"> <li>• Dealers in precious metals and precious stones are not included in the AML/CFT regime</li> <li>• There is no designated competent authority with responsibility for</li> </ul> | <ul style="list-style-type: none"> <li>• The authorities should designate a competent authority with the responsibility for monitoring and ensuring compliance of DNFBPs with AML/CFT requirements. (Rec. 24 Para 85)</li> </ul> | <p>The Guidelines 2012 addresses this requirement. Drafting of amendment to Section 9(1) has been completed but has not yet been laid in Parliament.</p> <p>Supervision and monitoring of DNFBP's would be done by the FIU and Staff of the AML /CFT Commission formerly known as the (Supervisory Authority) after the necessary technical assistance and training is sourced. This is expected by the end of the</p>   |

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|                                      |           | <p>monitoring and ensuring compliance of the DNFBPs with the AML/CFT requirements.</p>  | <ul style="list-style-type: none"> <li>Dealers in precious metals and precious stones should be subject to AML/CFT requirements in accordance with FATF standards</li> </ul>  | <p>3rd Quarter of 2012.<br/>                 Training was obtained from CFATF and a Facilitator was sent to Grenada to administer training in two workshops which was held in July 2012 as follows :-</p> <ol style="list-style-type: none"> <li>1. AML/CFT Awareness for DNFBP's – July 9 &amp; 10, 2012.</li> <li>2. Training of Financial and DNFBP Supervisors – July 11-13, 2012.</li> </ol> <p>There were media coverage, news and reviews for the entire period on AML requirements in accordance with FATF Standards. All DNFBP sectors were represented. The Office of the AML Commission and the FIU is open to ongoing consultations/clarification from these entities and professionals as needs arise.</p> <p>Presently, Grenada's Parliament is dissolved. The AML/CTF Guidelines is awaiting the opening of Parliament to be confirmed by resolution. In addition other amendments are being finalized and are expected to be ready well ahead of the opening date. The AMLTF Guidelines were passed in Parliament by negative resolution</p> |
| <p>25. Guidelines &amp; Feedback</p> | <p>PC</p> | <ul style="list-style-type: none"> <li>The FIU has not provided consistent feedback on suspicious transaction reports filed by financial institutions.</li> </ul> | <ul style="list-style-type: none"> <li>The FIU should provide financial institutions and DNFBPs with consistent feedback on filed suspicious transaction reports.</li> <li>The Guidelines should include</li> </ul> | <p>The FIU holds meetings with Financial Institutions who would have reported SARS to the Unit on a monthly basis to give face to face feedback on the progress of its investigations.</p> <p>Section 8 of Guidelines 2012 applies</p> <p>The objectives of the Guidelines are to outline the relevant requirements of the laws of Grenada with</p>  |

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|   |    | <ul style="list-style-type: none"> <li>Guidelines do not include instructions covering terrorist financing</li> </ul> | <p>specific instructions relating to the requirements for combating the financing of terrorism</p>                      | <p>respect to the detection and prevention of money laundering; to ensure that every entity and professional puts in place appropriate systems and controls to detect and prevent money laundering and terrorist financing;; to provide guidance to every entity and professional in interpreting, understanding and appropriately applying the requirements of the Anti-money Laundering and Terrorist Financing Regulations and the Guidelines; to assist every entity and professional in developing necessary measures to ensure the adoption of adequate screening procedures and processes with respect to employees, the appropriate training of employees and fitness and appropriateness of the professionals and of the management of an entity. The guidelines also assist in promoting the use of an appropriate and proportionate risk-based approach to the detection and prevention of money laundering and terrorist financing, especially in relation to ensuring adequate customer due diligence,</p> <p>That measures adopted to effectively deal with such activities are commensurate with the risk identified and finally that more efficient and effective use of resources to minimize burdens on customers.</p> <p>Essentially the Guidelines supplement the provisions of the DAPCA 1992, POCA 2012, the FIU Act 2012, the Terrorism Act 2012 and the Anti-money Laundering and Terrorist Financing Regulations (AML/TFR) 2012.</p> |
| <b>Institutional and other measures</b> |    |   |   |   |
| 26. The FIU                             | LC | <ul style="list-style-type: none"> <li>Annual reports do not include analysis of typologies and trends</li> </ul>     | <ul style="list-style-type: none"> <li>The authorities should act promptly in appointing a FIU Director. The</li> </ul> | <p>Section 15 of draft FIU Bill<br/>Cabinet have since approved the appointment of a</p>  |

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|  |  | <ul style="list-style-type: none"> <li>The increasing number of ongoing investigations suggests that the FIU is not performing effectively</li> </ul> | <p>absence of a director significantly hampers the functioning of the Unit.</p> <ul style="list-style-type: none"> <li>There should be specified grounds for the removal of the director.</li> <li>The annual report of the FIU should include an analysis of trends and AML/CFT typologies.</li> <li>The FIU along with the Supervisory Authority should consider undertaking an education drive in order to inform reporting parties and the general public on various typologies and trends and other matters related to AML/CFT.</li> <li>The FIU should consider reviewing its work processes so that there are unambiguous roles between analysts and investigators and in doing so consideration should be given to sourcing additional specialized training for financial intelligence analysts.</li> <li></li> </ul> | <p>Director of FIU with effect from 1<sup>st</sup> June, 2009. The Officer has since been functioning in the capacity.</p> <p>The FIU Bill has passed all stages in the Lower houses of Parliament and is awaiting passage in the Upper house. It is proposed that the Bill will be enacted by March 2012. The Bill sufficiently applies to all requirements of this recommendation.</p> <p>Section 16 of new drafted FIU Bill</p> <p>Clause 18 of new drafted FIU Bill</p> <p>A slot is secured on Government Information Service (GIS) Television and “Wee FM” Radio where live weekly programming is aired; Section 6 of draft FIU Bill</p> <p>Regular weekly programming/interviews continues hosted by different FIU Officers each week (2009-present)</p> <p>The second Schedule of the FIU Report deals with analysis of trends and Typologies</p> <p>Section 9 of draft FIU Bill.</p> <p>Presently there is one analyst and one other person is being groomed.</p> <p>This is ongoing. Programmes are aired every Wednesdays on GIS TV.</p> <p>Whenever the FIU observes certain new trends and typologies the Institutions are informed by way of letters and in some cases during monthly meetings.</p> |
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|  |           |   |  | <p>Training has been sought through the US and the FIU has one person involved in analytic work.</p> <p>The FIU continues to conduct vigorous training .</p> <p>One day training workshops were held on 26-30 November, 2012 in Identification of Counterfeit Currency and Fraud.</p> <p>A total of 250 persons received training from all Financial Institutions in Grenada. There is a heightened level of alertness towards the detection of Counterfeit Currency in Grenada.</p> <p>AML/CTF Compliance workshop for Money Services Business -Western Union held 16-17 July, 2012</p> <p>Anti-money Laundering workshop for the general staff of Money Gram was held on 16<sup>th</sup> May, 2012.</p> <p>AML/CTF Compliance training - Staff Superfund 29-30 May, 2012</p> |
| <p>27. Law enforcement authorities</p> | <p>LC</p> | <ul style="list-style-type: none"> <li>The decision to postpone or waive the arrest of suspected persons and/or the seizure of money is taken on a case by case basis and is not laid down in any law or procedure</li> </ul> | <ul style="list-style-type: none"> <li>Competent authorities should consider developing a standard operating procedure, delineating the parameters within which they should operate when the decision is made to postpone or waive the arrest of suspected persons and/or the seizure</li> </ul> | <p>Further discussions were planned to determine specific measures in these areas</p>  |

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|  |           | <p>of money or to use special investigative techniques.</p> <ul style="list-style-type: none"> <li>• Greater priority should be given to the investigation of ML / TF cases by the Police and the DPP's Office.</li> </ul> | <p>Already in place. There is one person specifically appointed at the DPP's Office to deal with ML/TF cases. She is presently being trained by a UK expert in that field from UKSAT (United Kingdom Security Advisory Team)</p> <p>Officers attached to the FIU have received specific training by UKSAT in this area and have also worked closely with them on related investigations. During 2009- 2010 officers also received training in financial investigation at the Regional Police Training Centre in Jamaica. Other workshops attended were :</p> <ul style="list-style-type: none"> <li>▪ Sub-regional workshop for Caribbean on Counter Terrorism Financing, - June 2010 – Bahamas;</li> <li>▪ Combating Counterfeit products – Trinidad – Sept. 2010.</li> </ul> <p>Between February and March 2011, two officers will receive training in Financial Investigation and suspect interview.</p> <p>During 2011 one Officer was seconded on a 2-months attachment programme (October-December) to St. Vincent FIU. Area of concentration was techniques and procedures in financial investigation.</p> |
| <p>28. Powers of competent authorities</p> | <p>LC</p> | <ul style="list-style-type: none"> <li>• Unable to assess whether the RGPF has specific legislative</li> </ul>   | <p>The Police Act Cap. 244 of the 1990 laws of Grenada, and Section 22 (3) and <u>Judges Rules of 1989</u> gives the</p>  |

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|                                       |    | power to take witness statements.   |   | RGPF general powers to investigate crime including the power to take witness statements.<br><br>Copy of Royal Grenada Police Force – Judges’ Rule and Other Administrative Directions (Grenada) 1989 is attached   |
| 29. Supervisors                       | LC | <ul style="list-style-type: none"> <li>GARFIN’s powers of enforcement and sanctions are inadequate since there are no ladder of enforcement powers</li> </ul> | <ul style="list-style-type: none"> <li>The GARFIN Act should be amended to provide for ladder of enforcement powers</li> </ul>  | The GARFIN Act only creates or establishes the GARFIN Authority. It’s enforcement powers comes from each individual piece of legislation for which it is responsible. The enforcement powers in each piece of legislation are satisfactory.  |
| 30. Resources, integrity and training | PC | <ul style="list-style-type: none"> <li>The RGPF does not have adequate technical, financial and human resources</li> </ul>                                    | <ul style="list-style-type: none"> <li>Grenadian authorities should consider providing additional financial and technical resources to law enforcement agencies.</li> </ul> | <p>The Vision of the RGPF is to maintain a professional force, emphasizing modernization through training and development of personnel by making use of science and technology while working with the community and regional and international organizations, to meet the needs of a changing society. The Government of Grenada endorses this vision and is endeavoring to provide adequate support both technically and financially to facilitate successful operations of the RGPF.</p> <p>It is important to note that there are always newer and more modern technology evolving. Through its own resources, that of Financial and Technical Assistance from donor countries (FATF), US Embassy and counterpart funding, the Government of Grenada and RGPF endeavors to keep abreast with the technological advancement in its effort to combat ML/TF.</p> |
|                                       |    | <ul style="list-style-type: none"> <li>Members of the RGPF and Office</li> </ul>  |   |  |

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|  |  | <p>of the DPP involved in AML and CFT are not adequately trained.</p> <ul style="list-style-type: none"> <li>Integrity of RGPF is of concern due to number of officers involved in breaches of discipline and criminal activity</li> </ul> | <ul style="list-style-type: none"> <li>Authorities should consider reviewing the measures in place for ensuring that persons of high integrity and good moral character are recruited into the RGPF and that there is continuous monitoring of officers professionalism, integrity and lifestyle.</li> </ul> | <p>Units of the RGPF directly involved in combating ML/TF i.e. Drug Squad Unit, Special Branch, the Coast Guard, Immigration Unit and the FIU, all receive ongoing training and attend local, regional and international training in AML/CFT organized by SAUTT based in Trinidad &amp; Tobago, REDTRAC based in Jamaica and UKSAT, USDOJ, OAS, UNDOC, just to name a few.</p> <p>Opportunities for regional attachment programmes are also utilized by the RGPF.</p> <p>The ODPP recently received training in ML/TF by UKSAT.</p> <p>Recruitment Selection of the RGPF is done at two levels. Vetting is done along with an interview, there is also careful screening of criminal records and community interviews, to assess moral standing before selection process is completed.</p> <p>The officers of the RGPF is guided by a Code of Conduct and the Police Act which measures the conduct of its officers. If an officer is found to be in breach, a formal disciplinary procedure is administered. Because of the size of the country it is relatively easy to investigate any criminal activity of an officer.</p> <p>Additionally, there is a Community Relation Department which is operational; one of its purpose is receiving complaints on Police Officers. If necessary the complaints are investigated and appropriate action taken. With respect to Senior Officers of the RGPF, i.e Inspectors upwards, they are governed both under the Police Act and the Public Service Commission</p> |
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|  |  | <ul style="list-style-type: none"> <li>Attorney General's office is understaffed and under-resourced</li> </ul> | <ul style="list-style-type: none"> <li>Authorities should consider reviewing the training needs of the ODPF as well as RGPF. The CID which is primarily responsible for investigating financial crime is inadequately trained in that area.</li> <li>The authorities should consider</li> </ul> | <p>Rules and Regulations. Any disciplinary action is taken by the Public Service Commission through the same process administered for all Public Servants.</p> <p>There is also the constant monitoring of actions. Moreover the integrity of the RGPF is not one of grave concern since there is zero tolerance for breaches of discipline and criminal activity. Because of the size of the force there is not much room for breaches of discipline to go unnoticed.</p> <p>The specialized units such as the Drug squad, Special Branch and Coast Guard undergo polygraph tests once every 3 years; they are chosen because they are more susceptible to corruption given that they assist in undercover investigation in ML/TF.</p> <p>The ODPF continues to receive Technical Assistance from UKSAT during 2011.</p> <p>Grenada has submitted its list of training needs to the CFATF for consideration. The list included CFT training for financial and law enforcement authorities. We await information from CFATF as regards to the general Technical Assistance and Training Matrix which should have been considered by the Donor's Forum, on any assistance offered to member countries in this specific area.</p> <p>The RGPF Drug Squad division receives ongoing external training in this area.</p> <p>The Attorney General's Office now has its full allocation of staff. Current staffing as follows :</p> |
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|                                  |           |  | <p>providing additional staff and resources to the Attorney General's office.</p>   | <ul style="list-style-type: none"> <li>- 11 staff members - Administration</li> <li>- Permanent Secretary</li> <li>- Attorney General</li> <li>- Solicitor General</li> <li>- 1 Senior Crown Counsel</li> <li>- 1 Senior Legal Counsel</li> <li>- 4 Crown Counsels</li> <li>- 3 Legal Drafters</li> <li>- 1 Senior Commercial Council</li> </ul> <p>Apart from Legal Staff there is adequate administrative support staff, the total Staffing at the Department is 24.</p>  |
| <p>31. National co-operation</p> | <p>PC</p> | <ul style="list-style-type: none"> <li>• There are no effective mechanisms in place to allow policy makers to cooperate with each other</li> </ul> | <ul style="list-style-type: none"> <li>• The Supervisory Authority should be given the legal authority to bring together the various authorities on a regular basis to develop and implement policies and strategies to tackle ML and TF. The provision of public education on issues of ML and TF should be added to their responsibilities. (Rec. 31 Para 89/90)</li> </ul> | <p>POCA 2012 Act pursuant to Section 33 , provides for the establishing of a Committee called the Joint Anti-money Laundering and Terrorist Financing Advisory Committee which shall have not less than seven persons and not more than fourteen who shall have the responsibility for making recommendations to the Anti-Money Laundering and Combating Terrorism Financing Commission (Formerly known as the Supervisory Authority in the previous act now repealed) , on initiatives for the prevention and detection of ML/TF activities .</p> <p>The Commission is established under Section 63 of POCA 2012 and its members remain unchanged however it is now entrusted with additional responsibilities. Pursuant to Section 64. The Commission is now the regulator for certain business entities and professionals.</p> <p>Section 63(1) of POCA 2012 was amended by the insertion of new paragraph "(ea) conducting public education on issues of money laundering and</p> |

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|                |    |   |  | terrorism financing.” Passed by the House of Representatives on 28 <sup>th</sup> May, 2013 and by the Senate on 14 <sup>th</sup> June, 2013. Royal Assent on 26 <sup>th</sup> July, 2013;  |
| 32. Statistics | PC | <ul style="list-style-type: none"> <li>No established mechanism for the review of the effectiveness of Grenada’s AML/CFT systems</li> </ul> | <ul style="list-style-type: none"> <li>The Supervisory Authority may wish to consider setting up a secretariat to monitor the implementation of Grenada’s AML/CFT Regime.</li> </ul> | <p>Provision is made in the Guidelines 2012 for the active monitoring and implementation of Grenada’s AML/CFT Regime by the Anti-money Laundering and Terrorist Financing Commission and its staff.</p> <p>This recommendation has been met. An administrative Officer has been assigned to the Secretariat. The Authority is now seeking the approval for the appointment of an Executive Director for the Secretariat (terms of reference are in place).</p> <p>Cabinet approved the appointment of an Executive Director for the Supervisory Authority Secretariat on 4 July, 2011. Final arrangements are now being made for the employment of the Executive Director.</p> <p>The Executive Director would take up employment before the end of the first quarter, 2012.</p> <p>As at 2nd January, 2013, an Executive Director was appointed within the Office of AML/CTF Commission. Plans to build capacity in terms of staffing will be phased in as work intensifies. During the month of July 2012, specified Government Officers received compliance training in AML/CTF supervision for Financial Institutions and DNFBP’s.</p> <p>Comprehensive stats. are maintained on spontaneous referrals made by the FIU to foreign authorities.</p> |
|                |    | <ul style="list-style-type: none"> <li>No information about spontaneous referrals made by</li> </ul>  | <ul style="list-style-type: none"> <li>The authorities should maintain statistics on spontaneous referral made by the FIU to foreign</li> </ul>                                      |  |

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|  |  | <p>the FIU to foreign authorities</p> <ul style="list-style-type: none"> <li>Statistics on the total number of cross-border disclosures or the amount of currency involved were not available.</li> <li>Statistics submitted do not contain sufficient information on mutual legal assistance requests</li> </ul> | <p>authorities</p> <ul style="list-style-type: none"> <li>Comprehensive statistics should be maintained on all aspects of Customs and Excise operations including records of seizures; these statistics should be readily available for use by Customs and other LEAs.</li> <li>It is recommended that additional technical resources be dedicated to the compilation of statistical data to provide more comprehensive and timely presentation of statistics</li> <li>The authorities should maintain comprehensive statistics on MLA and extradition request received, made and granted.</li> </ul> | <p><u>Regional request</u> –<br/>                 2010 - 21 request made :-<br/>                 ( 15 received, 6 pending)</p> <p>2011 – 4 request made<br/>                 (3 completed 1 pending)</p> <p><u>International Request</u> -<br/>                 2010 -6 request made :-<br/>                 (2 received, 4 pending)</p> <p>2011 – 2 request made<br/>                 (1 received, 1 pending)</p> <p>The FIU continues to document all requests</p> <p>Spontaneous referrals made by the FIU to other jurisdictions : January 2012 to August 2012 =01</p> <p><u>Regional requests</u> -</p> <p>No. of requests made to other jurisdictions –18<br/>                 No. Completed = 09<br/>                 No. pending = 09</p> <p>No. of requests received from other jurisdictions - 03<br/>                 No. completed - 02<br/>                 No of request pending –01</p> <p><u>International requests:-</u></p> <p>No. of requests received from other jurisdictions = 01</p> |
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|  |  |  |  | <p>No. completed = 01<br/>         No of request pending =0</p> <p><u>Suspicious Activity Reports :-</u></p> <p>No. of SARS for the period January –Aug 2012 =105</p> <p>No. closed = 16<br/>         No. pending = 89<br/>         No. of convictions arising out of sars –01<br/>         Arrests = 02</p> <p><u>Extradition requests Jan-Aug 2012</u></p> <p>Granted =1<br/>         Countries =United Kingdom</p> <p><u>MLATS January – Jan-August 2012</u></p> <p>Received -2<br/>         Pending -1</p> <p>Countries received from and quantity<br/>         - St. Vincent 1- complete<br/>         - United Kingdom - 01</p> <p><u>Egmont Received</u></p> <p>Countries &amp; Number of requests<br/>         - Sri Lanka - 1<br/>         -Argentina - 1<br/>         - Kazakhstan - 1</p> <p><u>Egmont Sent</u></p> <p>Outgoing - 13</p> |
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|  |  |  |  | <p>Complete - 02<br/> Pending - 11</p> <p><u>Countries</u></p> <p>Russia<br/> Estonia<br/> Tortola<br/> Curacao<br/> USA<br/> Canada<br/> UK<br/> Nigeria<br/> Lebanon<br/> Morocco<br/> Dominica</p> <p><u>Orders Applied for and Obtained - 09</u></p> <p>Production - 03<br/> Restraint - 06</p> <p>As at 18<sup>th</sup> January, 2013, there were :</p> <p>Production Order - 3</p> <p>Restraint Orders - 6</p> <p>Cash Detention Order 3</p> <p>The FIU continues to forge ahead in acquiring new technologies to enhance its operations. The office is in position of an Audio Interview Recorder.</p> <p>Two officers have been trained by the US Government in the area of digital recording with a</p> |
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|  |  |  |  | <p>view to enhance the interview process. So far the office has been making use of the equipment.</p> <p>Plans for training personnel from the CID and Drug Squad in the use of this new technology would be undertaken by the FIU. Since these offices also received equipments.</p> <p>Approximately 15 Officers from the Criminal Investigations Department, the Drug Squad and the Prosecution Departments were trained in the use of the digital recording device during the last quarter of 2012.</p> <p><u>CUSTOMS &amp; EXCISE DEPT.</u></p> <p>No. of Seizures –There were 14 seizures made between January and August 2012.</p> <p>Type of seizures : Mainly General Merchandise, Boats</p> <p>Dates : Occurrences between January 6 and August 21, 2012</p> <p>Location: 9 different entry points within Grenada and 2 entry points within Carriacou.</p> <p>Mechanisms are already in place as it relates to the compilation of statistical records on seizures. During the year 2009 there was one Seizure and in 2010 there were 4 seizures carried out by customs. The Enforcement Unit has the responsibility of information gathering from the various units within customs. Additionally, mechanism are also being put in place to capture information relative to false declarations regarding currency operations and this is schedule to commence February 2011.</p> |
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|  |  |  |  | <p>A comprehensive data base is available at the FIU on MLA and extradition request received made and granted.<br/>         The following stats. are available :-</p> <p>MLAT – 2010 – 6 requests received ( all completed)<br/>         Spain- 1<br/>         UK - 4<br/>         USA - 1</p> <p>MLAT – 2011 - 5 request received (all completed)</p> <p>Egmont - 2009 - 8 received (all completed )</p> <p>Egmont -2010 – 9 received (all completed)<br/>         Croatia - 1<br/>         Bahrain - 1<br/>         Slovakia - 2<br/>         UK - 1<br/>         Cyprus - 1<br/>         Venezuela - 1<br/>         Cayman Islands - 1</p> <p>Egmont – 2011 - 17 received (15 completed, 2 pending)</p> <p>Extradition – 2011 – 1 request from UK - matter is before the Court</p> <p><b>Statistical Data for period April to June 2013</b></p> <p><b>Regional requests made by FIU</b><br/>         Pending 4<br/>         Completed 3</p> |
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|  |           |   |  | <p>Total 7</p> <p>Suspicious Activity Reports Received 53</p> <p>Requests Received from Egmont Group 1</p> <p>Requests Sent to Egmont Group 7</p> <p><b>Production Order applied for and obtained 16</b></p> <p>Restrained Orders applied for and obtained 10</p> <p><b>Customs and Excise</b><br/>         Seizures for period January 2013 – August 2013</p> <ul style="list-style-type: none"> <li>• General Merchandise/Household appliances (St. George’s Port) EC\$150,530.88</li> </ul> <p>Case pending EC\$1,265,207.78</p> <p><b>Training (Customs) conducted by CARTAC</b></p> <ul style="list-style-type: none"> <li>• <b>Four (4) persons attended – Ag. Senior</b></li> </ul> |
| <p>33. Legal persons – beneficial owners</p> | <p>NC</p> | <ul style="list-style-type: none"> <li>• No measures in place to ensure that bearer shares issued under the International Companies Act are not misused for money laundering</li> </ul> | <ul style="list-style-type: none"> <li>• Appropriate measures should be taken to ensure that bearer shares issued under the ICA are not misused for money laundering.</li> </ul> | <p>Further discussions were planned to determine specific measures in these areas.</p> <p>The Corporate Affairs and Intellectual Property Act No. 19 of 2009 has been established to deal specifically with intellectual property which has the meaning assigned to it under the Convention establishing the World Intellectual Property Organization signed in 1967. The office is staffed with various personnel trained in this field and is headed by a newly appointed Registrar of Companies</p>   |

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|  |  | <ul style="list-style-type: none"> <li>No legislative requirement for the disclosure of beneficial ownership of companies</li> <li>Insufficient resources delegated to the functions of the Registrar of Companies.</li> </ul> | <ul style="list-style-type: none"> <li>There should be statutory requirements for the provision of information on the beneficial ownership of companies. (Rec. 33 Para 92)</li> <li>Adequate resources should be delegated to the functions of the Registrar of Companies and Intellectual Property. (Rec. 33 Para 93)</li> </ul> | <p>who has the functions of the Registrar under the Companies Act.. The Companies Act (s.149-156) addresses the issue of ‘financial disclosure’</p> <p>Section 27 of the Guidelines 2012 applies<br/>The Companies Regulations No. 2 of 1995 provides for a notice of change of address of directors, registered office etc. any change in particulars must be filed at the CAIP Office.</p> <p>Section 195 to 200 speaks to the time frame with which you should give before effecting transfer of shares and debentures in relation to company changes, section 213 – 237 applies.<br/>Section 27 (2) of the Guidelines 2012 applies<br/>Drafting of amendment not yet completed, however, the service of a Legal consultant is being utilized to expedite the process</p> <p>The office of the Registrar of Companies and Intellectual Property is adequately staffed with ten officers.<br/>The Office deals with Trademark, Patent, Registration of Companies and Business Names, facilitate workshops on Intellectual Property.</p> <p>Amendment was made to the Company Regulations through SRO 36 of 2011<br/>The following enactments with regard to companies were made during 2011.</p> <ul style="list-style-type: none"> <li>- Patent Act 16 of 2011</li> <li>- Copyright Act 21 of 2011</li> <li>- Trademark No. 1 of 2012</li> </ul> |
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|  |  | <ul style="list-style-type: none"> <li>• No mechanism to ensure the timely filing of annual returns.</li> <li>• No access to current information on companies' beneficial ownership to competent authorities due to the failure of companies to file annual returns.</li> <li>• No legislation requires the filing or notification of changes to the</li> </ul> | <ul style="list-style-type: none"> <li>• A mechanism should be developed to ensure the timely filing of annual returns as well as the timely access by competent authorities and other relevant parties to the current information on companies' beneficial ownership. (Rec. 33 Para 94)</li> </ul> | <p>Presently the process of automation of Companies names is in process. Automation caters for information sharing between NIS, IRD and CAIPO.</p> <p>The office is adequately equipped to carry out its functions.</p> <p>Number of Companies incorporated in 2011 was One Hundred and Thirty Five (135).; there were One Hundred and Twenty Three (123) Companies were incorporated for the year 2012.</p> <p>The Length of time it takes to incorporate a Company is approximately three (3) days.</p> <p>As a first step to ensuring compliance Letters were sent to Law Firms from the Registrar of Companies (dated 2/12/11) pointing out the inefficiencies as regards to the filing of annual returns on behalf of companies which they represent and the risk of being struck of the register pursuant to SRO 5 of 2009. The second step will be in the form of a notice to Company Directors on "Notice of Non-compliance with regard to filing of annual returns" . This is expected to be done by the end of the first quarter of 2012. After which the Registrar of Companies will act in accordance with the provisions.</p> <p>Amendment to the Companies Act will subsequently address this requirement by 2<sup>nd</sup> Quarter of 2012. Drafting of the amendment is not yet completed, however, the service of a Legal Consultant is being utilized to expedite the process</p> <p>Drafting of the amendment is not yet completed, however, the service of Legal Consultant is being</p> |
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|   |           | <p>particulars, including beneficial ownership, of companies.</p>   | <ul style="list-style-type: none"> <li>Legislative amendments should be introduced to require the timely notification of any changes in the beneficial ownership of companies, along with changes to other particulars. (Rec. 33 Para 96)</li> </ul>  | <p>utilized to expedite the process</p>  |
| <p>34. Legal arrangements – beneficial owners</p> | <p>NC</p> | <ul style="list-style-type: none"> <li>No system of central registration or national registry where records of local trust are kept</li> <li>No requirement for the filing/keeping of adequate and accurate information on the beneficial ownership and control of local trusts</li> <li>The requirement for trust service providers to obtain, verify and retain records of the details of trusts or other similar legal arrangements in the Guidelines is not enforceable.</li> </ul> | <ul style="list-style-type: none"> <li>Authorities should put in place measures for the registration and monitoring of local trusts in accordance with FATF requirements. Rec. 34 Para 97)</li> <li>Authorities should consider including adequate and accurate information on the beneficial ownership and control of trusts as part of the registration process for local trusts</li> </ul> | <p>There is National Registry and a Registrar of Companies, appointed under the Companies Act.</p> <p>Section 17 of the International Trust Act No. 40 of 1996 provides for registration and monitoring of local trusts, however no trust companies exist in Grenada.</p> <p>Although no trusts exist in Grenada, Section 30 of the Guidelines 2012 provides for the verification and identification of trust.</p> <p>In light of the section 30, this rating of NC should be improved; however no mention was made in the conclusion of the examiner’s assessment.</p> <p>No further action except approval of Guidelines by Parliamentary Process.</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>The service of a Legal Consultant is being utilized to expedite the process</p> |
| <p><b>International Co-operation</b></p>          |           |   |   |  |

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

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|                                     |    |  | <ul style="list-style-type: none"> <li>The authorities should consider making arrangements with other countries for the sharing of funds forfeited and seized.</li> </ul>   | <p>21, 2010</p> <ul style="list-style-type: none"> <li>- St. Vincent - July 26<sup>th</sup>, 2010</li> <li>- St. Maarten - May 2011</li> </ul> <p>Regional legislation is on its way for the establishment of such by jurisdictions from a CARICOM level, this is spearheaded by UKSAT (United Kingdom Security Advisory Team) .</p> <p>The Commission is considering developing an Asset Sharing Protocol between countries requiring assistance in Criminal matters</p> |
| 40. Other forms of cooperation      | LC | <ul style="list-style-type: none"> <li>The EIA and the FIUA do not address whether requests are refused on the sole ground that it is considered to involve fiscal matters.</li> </ul> | <ul style="list-style-type: none"> <li>Consideration should be given to making amendments to FIUA and the EIA to state specifically that requests should not be refused on the sole ground that the request pertains to fiscal matters</li> </ul> | New FIU Bill clause 29 (1) deals with Disclosure to foreign Financial Intelligence Units  |
| <b>Nine Special Recommendations</b> |    | <b>Summary of factors underlying rating</b>  |   |   |

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| <p>SR.I Implement UN instruments</p>          | <p>PC</p> | <ul style="list-style-type: none"> <li>No requirement to freeze terrorist funds or other assets of person in accordance with UN Resolutions (S/RES/1267(1999) and (S/RES/1373(2001)).</li> </ul> | <ul style="list-style-type: none"> <li>The authorities should implement the United Nations Security Council Resolutions relating to the prevention and suppression of terrorist financing and (S/RES/1267(1999) and S/RES/1373(2001).</li> </ul>                                   | <p>Grenada acceded to the International Convention for the Suppression of the Financing of Terrorism on 13<sup>th</sup> December 2001</p> <p>The Terrorism Act has been amended to include the Freezing of property through the insertion of new section 27(A)</p>   |
| <p>SR. II Criminalise terrorist financing</p> | <p>NC</p> | <ul style="list-style-type: none"> <li>Criminalisation of terrorist financing does not include all offences in the Annex to the Terrorist Financing Convention.</li> </ul>                       | <ul style="list-style-type: none"> <li>Schedule 2 of the TA should be amended to include the treaties on the Convention on the Physical Protection of Nuclear Material and the International Convention for the Suppression of Terrorist Bombing.</li> </ul> <p>SR.II. Para 30</p> | <p>The Terrorism Bill 2012 has passed all stages in the lower House and is awaiting passage in the Senate by the end of February-March 2012.</p> <p>Schedule 2 of the TA 2003 – which is the list of conventions to which the act applies have been inadvertently omitted in the TA of 2012. Amendment to be completed before the opening of Parliament. Date unknown, election carded for 19<sup>th</sup> February 2013</p> <p>The Terrorism Act Section 2 has been amended by inserting after paragraph (a) (iii) a new paragraph (iiia) to amend the definition of terrorism</p> <p>The Terrorism Act has been amended by insertion of a new Part 1A in the Fifth Schedule to include the treaties on the Physical Protection of Nuclear Material and the International convention for the suppression of Terrorist bombing</p> <p>The above amendments have been passed in the House of Representatives on 28<sup>th</sup> May.2013 and by the Senate on 14<sup>th</sup> June.2013</p> <p>Clause 18-24 respectively defines terrorist property</p> |

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|  |  | <ul style="list-style-type: none"> <li>• The terrorist financing offences do not cover the provision/collection of funds for an individual terrorist.</li> <br/> <li>• The terrorist financing offence of fund-raising is not subject to any sanctions and therefore is not a predicate offence for money laundering.</li> <br/> <li>• The terrorist financing offence of fund-raising does not apply regardless of whether the person alleged to have committed the offence is in the same country or a different country from the one in which the terrorist/terrorist organization is or the terrorist act occurred/will occur.</li> </ul> | <ul style="list-style-type: none"> <li>• The TA should be amended to include the terrorist financing offences of the provision/collection of funds for an individual terrorist (SR II Para 31)</li> <br/> <li>• The TA should be amended to provide sanctions for the terrorist financing offence of providing or receiving money or other property in support of terrorist acts. SR II Para 32)</li> <br/> <li>• The TA should be amended to provide for the terrorist financing offence of fund-raising to apply regardless of whether the person alleged to have committed the offence is in the same country or a different country from the one in which the terrorist/terrorist organization is or the terrorist act occurred/or will occur (SR II Para</li> </ul> | <p>for the purpose of the Bill, the criminalization of the solicitation and receipt of terrorist property, use and possession of such property, arranging for property to be used for terrorist purposes, along with money laundering and Disclosure.</p> <p>The Terrorism Act Section 19 has been amended by insertion of new sub-section (3a) after sub-section (3) to include terrorist financing offences of provision/collection of funds for an individual terrorist. Passed in the House of Representatives on 28<sup>th</sup> May.2013 and by the Senate on 14<sup>th</sup> June.2013</p><br><p>The Terrorism Act has been amended by the insertion of new Section (22A). Passed in the House of Representatives on 28<sup>th</sup> May 2013 and by the Senate on 14<sup>th</sup> June 2013</p> |
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|   |    | <ul style="list-style-type: none"> <li>Effectiveness of terrorist financing regime is difficult to assess in light of the absence of investigations, prosecutions and convictions for FT</li> </ul>   | 33)   |   |
| SR.III Freeze and confiscate terrorist assets | NC | <ul style="list-style-type: none"> <li>No provision in TA for the freezing of property other than restraint orders</li> <li>No provision for freezing of terrorist funds or other assets of designated persons in accordance with S/RES/1267(1999) and S/RES/1373(2001).</li> <li>No provision in TA to provide for the confiscation of property used in connection with the commission of the terrorist financing offence of fund-raising under section 8 of TA.</li> <li>No mechanism available where victims of offences committed under the TA are compensated</li> </ul> | <ul style="list-style-type: none"> <li>The TA should be amended to allow for the freezing of terrorist funds or other assets of persons designated by the United Nations Al-Quaida and Taliban Sanctions Committee in accordance with S/RES/1267(1999). (SR III Para 47)</li> <li>The TA should be amended to provide for the freezing of terrorist funds or other assets of person designated in the context of S/RES/1373(2001). (SR III Para 47)</li> <li>The Taliban should be added as a proscribed organisation under the TA. (SR III Para 47)</li> </ul> | <p>Regulations to satisfy this recommendation have not been address due to an oversight. This will be undertaken after the passage of the Terrorism Bill, or by the end of April, 2012. Amendment to the TA to satisfy this requirement is awaiting parliamentary approval.</p> <p>The Terrorism Act has been amended by the insertion of new Section 27A for the freezing the property of terrorists. Passed in the House of Representatives on 28<sup>th</sup> May 2013 and by the Senate on 14<sup>th</sup> June 2013</p> <p>The Terrorism Act has been amended by the insertion of new Part 1A in the Fifth Schedule after Part I to include "Taliban" in the list. Passed in the House of Representatives on 28<sup>th</sup> May 2013 and by the Senate on 14<sup>th</sup> June 2013</p> |

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|  |  | <p>consistent with Article 8 of the Terrorist Financing Convention.</p> <ul style="list-style-type: none"> <li>• No clear guidance issued to financial institutions concerning their obligations in taking action for freezing accounts in relation to the circulated lists of terrorists and/or terrorist organisations.</li> <li>• No publicly-known procedure for the de-listing of names of proscribed organisations and terrorists listed in the Schedule to the TA</li> <li>• No procedures for authorising access to funds or other assets that were frozen via restraint orders, necessary for basic expenses and the payment of certain types of fees in accordance with S/RES/1452(2002).</li> <li>• Difficult to assess effectiveness of mechanism for ensuring compliance with TA due to lack of statistics</li> </ul> | <ul style="list-style-type: none"> <li>▪ The authorities should issue clear guidance to financial institutions concerning their obligations in taking action for freezing accounts in relation to the circulated lists of terrorists.</li> <li>▪ The TA should contain procedures for the de-listing of names of proscribed organisations and terrorists listed in the Schedule to the TA.</li> <li>▪ The TA should be amended to provide for the authorising of access to funds or other assets that were frozen via restraint orders, necessary for basic expenses and the payment of certain types of fees in accordance with S/RES/1452(2002).</li> <li>▪ The TA should be amended to provide for the confiscation of property used in connection with the</li> </ul> | <p>The Terrorism Act has been amended by the insertion of Section (3A) for delisting of names of proscribed organisations and terrorists listed in the Schedule to the TA. Passed in the House of Representatives on 28<sup>th</sup> May 2013 and by the Senate on 14<sup>th</sup> June 2013</p> <p>The Terrorism Act has been amended by new Section 27A sub-section 5. Passed in the House of Representatives on 28<sup>th</sup> May 2013 and by the Senate on 14<sup>th</sup> June 2013</p> <p>The Terrorism Act has been amended by insertion of new Section 27A</p> <p>The Terrorism Act has been amended by the insertion of new Section 27A</p> |
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|  |    |   | <p>commission of the terrorist financing offence of fund-raising under section 8 of TA.</p> <ul style="list-style-type: none"> <li>▪ The TA should be amended to provide a mechanism where victims of offences committed under the TA are compensated consistent with Article 8 of the Terrorist Financing Convention.</li> </ul>  |  |
| SR.IV Suspicious transaction reporting | NC | <ul style="list-style-type: none"> <li>• Requirement to report STRs relating to the financing of terrorism is discretionary and does not include funds used for terrorism or by terrorist organisations or those who finance terrorism</li> <li>• No requirement to report all suspicious transactions including attempted transactions regardless of the amount of the transaction.</li> <li>• No requirement to report suspicious transactions regardless of whether they are thought, among other things to involve tax</li> </ul> | <ul style="list-style-type: none"> <li>• The TA should be amended to make the reporting of suspicious transactions relating to financing of terrorism mandatory and include funds used for terrorism or by terrorist organization or those who finance terrorism.(SR IV Para 34)</li> <li>• All suspicious transactions, including attempted transactions should be legislatively required to be reported regardless of the amount of transaction (SR IV Para 35)</li> <li>• The requirement to report suspicious transactions should apply regardless of whether they are thought, among other things to involve tax matters</li> </ul> | <p>The Terrorism Bill 2012 has passed all stages in the lower House and is awaiting passage in the Senate by the end of February-March 2012.</p> <p>The Terrorism Act has been amended by the insertion of new Section 19(3a)(a). Passed in the House of Representatives on Passed in the House of Representatives on 28<sup>th</sup> May 2013 and by the Senate on 14<sup>th</sup> June</p> <p>Guidelines Section 20 (2) requires an entity or professional to report a suspicious activity or transaction which includes any attempted activity or transaction that the entity or professional has turned away.</p> <p>TA 16 of 2012, Part III sect 19-25 applies<br/> <b>Drafting of amendment is not yet completed, however, the service of a Legal Consultant is being utilized to expedite the process</b></p> |

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|  |    | matters.  | (SR IV Para 35)  |   |
| SR.V International co-operation                          | PC | <ul style="list-style-type: none"> <li>Not all FT offences are covered by mutual legal assistance mechanisms</li> <li>The terrorist financing offence of fund-raising is not an extraditable offence</li> <li></li> </ul> | <ul style="list-style-type: none"> <li>The provision/collection of funds for an individual terrorist should be criminalized under the TA. (SR. V Para 48)</li> <li></li> <li>The TA should be amended to include penalties that are proportionate and dissuasive for the terrorist financing offence of fund-raising.</li> <li>The provision/collection of funds for an individual terrorist should be criminalized under TA.</li> </ul> | <p>The Terrorism Bill 2012 has passed all stages in the lower House and is awaiting passage in the Senate by the end of February-March 2012.</p> <p>Part III Clause 27 and Part V of the Terrorism Bill applies<br/>The Terrorism Act has been amended by insertion of a new sub-section (3a) in Section 19 to include the provision/collection of funds for an individual terrorist</p> <p><b>Passed in the House of Representatives on 28<sup>th</sup> May 2013 and by the Senate on 14<sup>th</sup> June 2013</b></p> <p>Sections 19 and 22 of the TA Act #16 of 2012 refers</p> |
| SR VI AML requirements for money/value Transfer services | NC | <ul style="list-style-type: none"> <li>No systems in place for monitoring MVT service operators and ensuring that they comply with the FATF</li> </ul>  | <ul style="list-style-type: none"> <li>Legislation for money services providers that meets the FATF requirements should be enacted.</li> </ul>   | <p>Money Services Business Act No. 10 of 2009 (electronic copy provided)</p> <p>A System of off-site and on-site supervision has been effectively implemented. GARFIN has conducted its</p>   |

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|                                   |           | <p>Recommendations</p> <ul style="list-style-type: none"> <li>• Deficiencies noted with regard to Recs. 4-11, 13-15 and 21-23 are also applicable to MVT service operators</li> <li>• No requirement for licensed or registered MVT operators to maintain a current list of their agents to be made available to the designated competent authority</li> <li>• Sanctions applicable with regard to GARFIN’s supervisory function are not proportionate or dissuasive.</li> </ul> | <ul style="list-style-type: none"> <li>• Introduce systems for monitoring MVT service operators and ensuring that they comply with the FATF Recommendations.</li> <li>• Licensed MVT service operators should be required to maintain a current list of their agents to be made available to the designated competent authority.</li> </ul> <p>GARFIN’s supervisory sanctions should be made proportionate and dissuasive</p> | <p>first inspection of money services business during the 2<sup>nd</sup> quarter of 2011. Other scheduled visits will take place during the 3<sup>rd</sup> quarter 2011. The other two entities are scheduled between September and November 2011.</p> <p>MVT operators fall under the Money Services Business Act No.10/2009. GARFIN has introduced quarterly reporting, submission of audited financial statement and site inspection as a means of monitoring MVT service operators.</p> <p>Pursuant to Money Service Business Act</p> <p>GARFIN carried out inspections to the following – Money Services Operators:-</p> <p>Money Gram - May 30-31<sup>st</sup> 2011</p> <p>Western Union - September 12-13, 2011</p> <p>Joint workshop (on MSBA and ML/CFT) to be conducted by GARFIN and FIU is scheduled for 2<sup>nd</sup> quarter of 2012.</p> <p>Already in place.</p> <p>Supervisory sanctions are considered proportionate and dissuasive - refer section 46 Money Services Business Act which lists penalties as \$50,000 or two years in prison or both.</p> |
| <p>SR VII Wire transfer rules</p> | <p>NC</p> | <ul style="list-style-type: none"> <li>• No requirement for ordering financial institutions to obtain</li> </ul>   | <ul style="list-style-type: none"> <li>• The authorities should institute enforceable measures in accordance</li> </ul>   | <p>The AML/CTF Commission and Supervisors, 30 in number, received training in July 2012 funded</p>  |

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|   |           | <p>and maintain full originator information for all wire transfers of US\$1,000 and above</p> <ul style="list-style-type: none"> <li>• No requirement for ordering financial institutions to include full originator information along with cross-border and domestic wire transfers</li> <li>• No requirement for intermediary and beneficiary financial institutions in the payment chain to ensure that all originator information that accompanies a wire transfer is transmitted with the wire transfer</li> <li>• No requirement for beneficiary financial institutions to adopt effective risk-based procedures for identifying and handling wire transfers that are not accompanied by complete originator information.</li> </ul> | <p>with all the requirements of SRVII and establish a regime to effectively monitor the compliance of the financial institutions with said enforceable measures.</p> | <p>partially by CFATF/ EPA/ EDF respectively, to carry out the functions of effectively monitoring Financial Institutions and DNFBP's for AML/CFT compliance.</p> <p>Proceeds of Crime (Anti-money Laundering) Guidelines 2012, Part V sufficiently addresses the requirement in this recommendation.</p> <p>Guidelines - Part V - Section 41 (1) applies</p> <p>Guidelines – Part V Section 43 (2) applies</p> <p>With respect to the Guidelines being confirmed by negative resolution, be advised that the Parliament was dissolved and Grenada held general elections on 19<sup>th</sup> February, 2013. A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>This would address comments under this recommendation.</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution</p> |
| <p>SR.VIII Non-profit organisations</p> | <p>NC</p> | <ul style="list-style-type: none"> <li>• Registering of NPOs is not mandatory.</li> <li>• No review has been undertaken</li> </ul>   | <ul style="list-style-type: none"> <li>• The authorities should make the registering of NPOs mandatory.</li> <li>• The authorities should undertake a</li> </ul>     | <p>Non profits companies must be registered in Grenada under the Companies Act No. 35 of 1994 (section 326-327) which deals specifically with non-profit companies. Applications for the setting up of non-profit organizations are sent to the Attorney General's</p>  |

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|  | <p>of the adequacy of domestic laws in relation to non-profit organisations (NPOs) to determine whether they are (i) susceptible to being used by terrorist organisations or (ii) particularly vulnerable to terrorist activities.</p> <ul style="list-style-type: none"> <li>• No outreach to NPOs to protect the sector from terrorist financing abuse.</li> <li>• No effective supervisory regime to monitor non-compliance and sanction violations of oversight measures.</li> <li>• No record keeping and retention requirements for NPOs.</li> <li>• No investigative expertise with regard to examining NPOs suspected of either being exploited by or actively supporting terrorist activity.</li> </ul> | <p>review of the adequacy of domestic laws in relation to non-profit organisations (NPOs) to determine whether they are (i) susceptible to being used by terrorist organisations or (ii) particularly vulnerable to terrorist activities.</p> <ul style="list-style-type: none"> <li>• The authorities should undertake outreach to the NPO sector with a view to protecting the sector from terrorist financing abuse.</li> <li>• An effective supervisory regime should be established to monitor non-compliance and sanction violations of oversight measures.</li> <li>• Record keeping and retention requirements should extend to NPOs.</li> </ul> <p>Authorities should develop investigative expertise with regard to examining NPOs suspected of either being exploited by or actively supporting terrorist activity.</p> | <p>Office for approval in accordance with the above act. All documents relating to Non profits organizations are filed at the Corporate and Intellectual Property Office</p> <p>Section 326 of the Companies Act Addresses companies without share capital additionally Section 4 &amp; 5 of the Proceeds of Crime (Anti-money Laundering) Guidelines 2012 applies to Charities or other association not for profit, the relevant provisions shall be applied with such modifications as are necessary to ensure compliance with the requirements of the Provisions.</p> <p>Schedule I provides best practices for Charities and other associations not for profit who shall govern its activities in accordance with those best practices in addition to complying with the other requirements of the Guidelines.</p> <p>The anti-money Laundering and Financing Terrorist Financing Commission is the regulatory authority for NPO's pursuant to Section 10(2) of the Guidelines</p> <p>Public awareness/ education outreach and workshops would address the issue during the latter part of 2012.</p> <p>It is proposed that the target date to set the basis for AML/CTF education and training of NPO is during the 2<sup>nd</sup> quarter of 2013. NPO's should be fully regulated by end of 4<sup>th</sup> Quarter 2013.</p> <p>During the year 2008 one such investigation was carried out</p> <p>With respect to the Guidelines being confirmed by negative resolution, be advised that Parliament was</p> |
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|  |           |  |   | <p>dissolved and Grenada held general elections on 19<sup>th</sup> February, 2013. A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution.</p> <p>Preliminary work has begun with regard to developing a register of DNFBPs and NPOs operating in Grenada. A questionnaire is being developed to collect information. Educational sessions will be conducted by the AML/CTF Commission during the 4<sup>th</sup> Quarter of 2013.</p> |
| <p>SR.IX Cross Border Declaration &amp; Disclosure</p> | <p>NC</p> | <ul style="list-style-type: none"> <li>• Penalty for false disclosure/declaration is not dissuasive</li> <li>• Domestic cooperation between customs and other agencies is insufficient</li> <li>• Information-sharing among Customs and other law</li> </ul> | <ul style="list-style-type: none"> <li>• Customs should consider implementing a declaration system to be used in conjunction with the disclosure system for incoming and outgoing passengers. The threshold should not be higher than EUR/US15,000.00</li> <li>• Consideration should be given to the increased use of specific technical expertise such as canine units (that can sniff for concealed currency), x-rays and scanners. These activities should be well funded.</li> <li>• Customs should explore the</li> </ul> | <p>A high level of co-operation exist between the Customs, FIU, Immigration Department, the Drug Squad and the ODPP in ML/TF matters.</p> <p>Plans are already in place for Customs to engage the airlines in a series of meeting to put policy in place. This is expected to be effected by the end of the first quarter 2011.</p> <p>Customs officials are trained as part of their standard operating procedure in this area. Approximately 30 Customs Officers received training in passenger profiling during 2010. Please note that the relevant sections of Customs</p>                    |

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|  |  | <p>enforcement authorities is inadequate.</p> <ul style="list-style-type: none"> <li>• Customs' participation in AML/CFT is not sufficient</li> <li>• Unable to assess whether systems for reporting cross-border transactions are subject to strict safeguards.</li> <li>• Unable to assess effective of disclosure system due to insufficient statistics</li> </ul> | <p>involvement of airline and vessel senior management in currency interdiction operations.</p> <ul style="list-style-type: none"> <li>• Customs officials should be trained in the use passenger screening systems to analyse behaviour, appearance and communication style of potential currency carriers. In so doing baseline questions should be identified to identify red flags.</li> <li>•</li> <li>• Authorities should review legislation concerning the making of false disclosures/declarations to ensure that these are strict liability offences.</li> <li>• Penalties under the Customs Ordinance should be amended with the aim of making them dissuasive</li> <li>• Consideration should be given for the provision of training in counterfeit currency identification to</li> </ul> | <p>Department now have the responsibility to record in detail all breaches of the Customs Act since implementing the recommended measures.</p> <p>During 2011 a cross-section of Customs officers continue to receive training in AML/CFT.</p> <p>2 officers - Intelligence Gathering – Jamaica</p> <p>1 officer - Early Warning Systems</p> <p>Wide Cross-section of staff – Institutional Strengthening - Fraud Detection and Control - PriceWaterHouseCoopers</p> <p>One officer is scheduled to attend a Maritime Intellectual Conference in St. Lucia from 2nd-4<sup>th</sup> October, 2012, organized by SOCA.</p> <p>We have been advised that making false declaration/disclosures, strict liability offences may be unconstitutional and therefore the customs department is not pursuing that recommendation at this time.</p> <p>This recommendation has been adopted and implemented in the draft Customs Bill 2010 which is submitted to the Attorney General's Office and should be passed during the first quarter of 2011.</p> <p>Training has been provided to customs officials in this area by the Royal Grenada Police Force, and additional training will soon be provided by the FIU during the first quarter of 2011 in Counterfeit</p> |
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|  |  |  | <p>Customs Personnel, especially those working the ports.</p> <ul style="list-style-type: none"> <li>• Customs should consider fostering closer relationships with the FIU, the RGPF and ODPP</li> <li>• There is a need for increased participation by the Customs Department in combating money laundering and terrorist financing.</li> <li>• Customs Authorities should also give consideration to reporting all incidences of currency interdictions where untrue disclosures/declarations are made to the FIU, whether or not administrative or criminal proceedings are being considered.</li> </ul> | <p>Currency Identification.</p> <p>These organizations have a close working relationship and do meet from time to time. Two Customs Officers are presently assigned to the FIU. The customs are also presently involved in joint investigations with the FIU.</p> <p>Customs officials receive ongoing training in this area.</p> <p>The Enforcement Unit of the Customs Department has the responsibility for record keeping and reporting on a case by case basis.</p> <p>It must be noted that in 2010 the Customs has been included as a member of the National Security Committee.</p> |
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