



Tenth Follow-Up Report

Grenada

December 3rd, 2014

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MUTUAL EVALUATION OF GRENADA: TENTH FOLLOW-UP REPORT
Request to move from regular follow-up to biennial updates (exit follow-up process)

Key decision: Would the Plenary agree that Grenada has taken adequate measures to exit the follow-up process?

I. INTRODUCTION

1. The third round Mutual Evaluation Report (MER) 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, and May and November in 2011, 2012 and 2013. Grenada has submitted information in the attached matrix on measures taken, particularly, since the Ninth Follow-Up Report to comply with the examiners’ recommendations. Grenada was rated partially compliant or non-compliant on ten (10) Core and Key Recommendations¹ and twenty six (26) other Recommendations. The Core and Key Recommendations ratings are indicated in italics in the table below.

Table 1; Ratings of Core and Key Recommendations

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

1. With regard to the remaining Recommendations, Grenada was rated partially compliant or non-compliant on twenty-seven (27) as indicated below:

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

Partially Compliant (PC)	Non-Compliant (NC)
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)

¹ Core Recommendations are Recommendation 1, Special Recommendation II, and Recommendations 5, 10, 13 and Special Recommendation IV. Key Recommendations are Recommendations 3, 4, 23, 26, 35, 36, 40 and Special Recommendations I, III and V.

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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)

2. 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 November, 2014**

		Banks	Other Credit Institutions*	Securities	Insurance*	TOTAL
Number of institutions	Total #	5	11		24	44
Assets	US\$	1,038.1m	180.5m.		120.26m*	1,338.86mm
Deposits	Total: US\$	942.1mm	148.8m.		n.a+	1,090.9m
	% Non-resident	18.2% of deposits			n.a	
International Links	% Foreign-owned:	% of assets	% of assets	% of assets	% of assets	% of assets
	#Subsidiaries abroad	77.3%	0		0	2,428.95m

* Estimate – Amalgamation of four smaller credit unions reduced the total to 11. Three insurance companies are 100% locally owns, two are minority locally owned and the rest are foreign.

+ Not applicable

3. In accordance with the provisions of paragraphs 67 and 68 of the CFATF Mutual Evaluation Procedures of 2007, amended in 2012 (through Communication dated August 30, 2013), and a communication from the CFATF Secretariat on June 10th, 2014, regarding “Exiting the follow-up Process”, Grenada indicated its interest in exiting the follow-up process, for which it presented a detailed matrix on September 1st, 2014, outlining the actions undertaken to resolve the deficiencies identified in the Mutual Evaluation Report (MER).

4. The Secretariat prepared a detailed analysis of the progress made in Recommendations 1, 3 (for the purposes of continued implementation), 5, 10 (for the purposes of continued

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implementation), 13, 23, 26 (for the purposes of continued implementation), 35, 40 (for the purposes of continued implementation), Special Recommendations I, II, III, IV and V, based on such matrix.

II. SCOPE OF THE REPORT

5. Based on the decision by the May 2014 ICRG and Plenary² it was agreed that once a Member satisfied the following criteria, they may apply for exiting the Follow-Up Process: a) countries who have achieved the level of C/LC in all of their Core and Key Recommendations that were rated PC/NC in their MERs to apply to exit the follow-up process; or b) Countries that have achieved the level of C/LC in all their Core Recommendations, but have one or more Key Recommendations that were rated PC/NC and still have not achieved the level of C/LC in those Recommendations to apply to exit, once they have achieved substantial compliance (the large majority of non-Core and Key Recommendations have been addressed) in their non-Core or Key Recommendations that were rated PC/NC in their MER. A process for the above, was also defined.

6. In this regard Grenada is compliant with all the Core and Key Recommendations which will be the sole object of the Report. Grenada has also made relevant progress in other Recommendations, which details can be found in the matrix attached and in a summary below.

III. MAIN CONCLUSIONS AND RECOMMENDATIONS TO PLENARY

7. **Core and Key Recommendations (classified as NC or PC):** Grenada has substantially improved the level of compliance with Core and Key Recommendations 1, 5, 13, 23, 35, and Special Recommendations I, II, III, IV and V, through the implementation of measures that effectively address all deficiencies identified in the Mutual Evaluation Report. **In addition, it raised the level of compliance with Recommendations 3, 10, 26 and 40, previously rated as LC.**

8. **Recommendation 1:** With respect to this Recommendation, the major deficiency was to ensure all predicate offenses were adequately criminalized and to ensure effectiveness in money laundering cases and convictions. Pertinent modifications to the criminal code were made and additional legislation enacted as needed to criminalize human trafficking, migrant smuggling, piracy of products, among other offenses, and number of cases and convictions grew. Therefore, there is compliance with this Recommendation, at a level essentially equivalent to at least an LC.

9. **Recommendation 5:** there were several deficiencies regarding this Recommendation, including the need to include specific provisions to apply enhanced due diligence to high risk clients. All deficiencies were cured primarily through a variety of modifications to the POCAMLTF Guidelines and there is now compliance with these Recommendations at a level essentially equivalent to at least an LC.

10. **Special Recommendation 35:** This Recommendation rated as PC, is now compliant in a level equivalent to at least an LC. In most cases, special Legislation was promoted to ensure full implementation of Vienna and Palermo Convention articles, such as the “Interception of Communications Act No. 22 of 2013” and “Protection of Witnesses Bill No. 17 of 2014”, and in the case of for instance, those referring to special investigative techniques, it was clarified that these can be dealt with administratively.

² See cfatf-plen-xxxix-icrg-co-chair-report and cfatf-plen-xxix-2014-sr.

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11. **Recommendation 13 and Special Recommendation IV:** With respect to these Recommendations, the main deficiency was related to limitation in reporting obligations (i.e. subjected to an amount, or because of involving fiscal matters. This was resolved primarily through amendments to the POCAMLTF Regulations. There is now compliance with these Recommendations at a level equivalent essentially to at least an LC.

12. **Recommendation 23:** With respect to this Recommendation, the main deficiencies referred to the absence of supervision in Money Services Businesses and the lack of fit and proper requirements for entities regulated by ESRC (Caribbean Securities Regulatory Commission) and the Grenada Authority for the Regulation of Financial Institutions (GARFIN), which were solved through legislation and structural changes; despite no on-site visits being planned for 2014 with regard to Money Service Businesses, it should be noted that only three (3) companies operate in Grenada and off-site supervision is performed by GARFIN and the FIU on a permanent basis. There is now compliance with this Recommendation at a level equivalent essentially to an LC.

13. **Special Recommendations I, II, III, and V:** The deficiencies in these Recommendations were connected to each other and referred mainly to potential problems in the criminalization of the terrorist financing offence and the absence of a mechanism to implement the Resolutions issued by the United Nations Security Council (UNSC). They were mostly resolved through amendments to the Terrorist Act (TA), and a freezing mechanism was also included in the TA. These Recommendations are met in a level equivalent to an LC, with only some minor deficiencies remaining in Special Recommendations I and III, which should be addressed over time. Special Recommendations I, II, III and V are now complied with, in a level comparable to an LC. Amendments were made to the Terrorist Act to ensure the terrorism financing offence was adequately criminalized and therefore covered by Mutual Legal Assistance Mechanisms. There is a general obligation for financial institutions to freeze, seize and confiscate funds in agreement with UNSC Resolutions 1267 and 1373 immediately which can be considered as “without a delay”, and can only grant access to funds or other assets under conditions set by UNSC Resolution 1452. The country has the ability to designate individuals under UNSC Resolution 1373 and has legal provisions to give effect to, if appropriate, to freezing actions initiated under the freezing mechanisms of other jurisdictions under article 27 A of the Terrorist Amendment Act (Act No. 11, 2013).

14. **Other Recommendations:** Though this report will focus on compliance with Core and Key Recommendations, it is relevant to mention that Grenada advanced in resolving virtually all the deficiencies in R. 7, R.8, R. 11, R.14, R.15, R.17, R.18, R. 19, R.20, R.21, R. 22, R. 25, and R.30, as well as Special Recommendations VI and VII. Moreover, advancements were made regarding compliance with R.6, R.9, R.12, R.16, R. 24, R. 31, R. 32, R. 33 and R. 34, and Special Recommendations VIII and IX. A summary (not a detailed analysis) is presented in this report for information purposes.

15. **Conclusion:** Grenada received the rating of C in Recommendations 4 and 36. It also obtained an LC rating in Recommendations 3, 10, 26, and 40 and pursued further amendments to continue improving the level of compliance with these Recommendations (summary of increased compliance was also included in this report). Subsequently, through various regulatory, administrative measures, among others, Grenada achieved a satisfactory level of compliance, essentially equivalent to at least an LC in Core and Key Recommendations 1, 5, 13, 23, 35, Special Recommendations I, II, III, IV and V. In addition, progress has been made in the implementation of other Recommendations such as Recommendations: 6, 7, 8, 9, 11, 12, 14, 15, 16, 17, 18, 19, 20, 21, 22, 24, 25, 30, 31, 32, 33, 34, and Special Recommendations VI, VII, VIII

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and IX. Therefore, it is recommended that the Plenary agrees to remove Grenada from the follow-up process.

IV. SUMMARY OF PROGRESS ACHIEVED BY GRENADA SINCE LAST MUTUAL EVALUATION (NEW REGULATIONS, MEASURES TAKEN)

16. 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 following were enacted: Money Services Business Act 2009 (MSBA), 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. Grenada also enacted, among others:

- The Criminal Code (Amendment) Act, 2013 (CCAA, 2013)
- Proceeds of Crime (Amendment) (No 2) Act, 2013 (POCAA No 2 2013)
- The Proceeds of Crime Anti-Money Laundering and Terrorist Financing (Amendment) Guidelines, 2013 (POCAMLTF Guidelines 2013)
- Terrorism (Amendment) (No 2) Act, 2013 (TAA No 2, 2013)
- Proceeds of Crime (Anti-Money Laundering and Terrorist Financing)(Amendment) Regulations (POCAMLTFAR)
- Banking (Amendment) Act 2013
- Offshore Banking (Amendment) Act 2013
- International Companies (Amendment)(No 2) Act 2013
- Companies (Amendment) Act, 2014
- Interception of Communications Act No. 22 of 2013
- Protection of Witnesses Bill No. 17 of 2014
- Section 15 (A) of GARFIN (Amendment) Act No. 27, 2014
- Securities (Amendment) Act No. 26, 2014
- Insurance (Amendment) Act No. 25 of 2014
- FIU (Amendment) Act, No. 27 of 2013
- Exchange of Information (Amendment) Act, No. 30 of 2014

17. Authorities also focused on resources and in this sense, increased resources and training provided to the FIU, Registrar's Office and Customs.

V. DETAILED ANALYSIS OF COMPLIANCE WITH CORE AND KEY RECOMMENDATIONS

Recommendation 1

- i. **Deficiency 1** - *The low number of ML convictions suggests ineffective use of ML provisions given the wide range of measures available under legislation.* In connection with this deficiency, examiners suggested that the authorities consider pursuing ML as a stand-alone offence. As explained in the 9th Follow-Up Report for Grenada, this was met through revisions to the POCA sections 34 and 35, which allow for the prosecution of ML without a need for conviction on the predicate offense. Authorities also submitted updated statistics on prosecutions and convictions which greatly surpass the three (3) convictions and six (6) cases before the Magistrate Court, that were presented at the time of the MER (see paragraph 87). From August 2013 to January 2014, Authorities had twenty eight (28) ML cases altogether with nineteen (19) convictions, six (6) cases were withdrawn and 3 were pending. During February to July 2014, there was one (1) additional case ongoing. **This R.1 / Deficiency 1, was rectified.**

- ii. **Deficiency 2** – *The list of psychotropic substances in the Drug Abuse (Prevention and Control) Act (DAPCA) is not in accordance with the list under the Vienna Convention.* This deficiency was solved under the Drug Abuse (Prevention and Control) Order, 2011, which repealed Part III of the Schedule I of the DAPCA, replacing it with Tables I and II, which were compliant with the Vienna Convention. **This R.1 / Deficiency 2, was rectified.** Additionally, the Minister has the power under section 3 (2) to amend the First Schedule for the purpose of adding any drug, substance or product to, or removing any drug substance or product from any of Parts I to III of that schedule.

- iii. **Deficiency 3** – *List of predicate offenses for ML does not cover five (5) of the designated category of offenses, particularly trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy or terrorist financing offense of providing or receiving money or other property in support of terrorist acts.* As explained in the 9th Follow-Up Report, the entire list of predicate offenses for ML was included in the list of predicate offenses contained in Grenada's POCA, however, as it was indicated in the MER, there was no legislation for criminalizing the offenses of human trafficking, migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy or terrorist financing offense of providing or receiving money or other property in support of terrorist acts. The terrorist financing offense and in particular, the offense of receiving money or property in support of terrorist acts is now criminalized in section 19 of the TA 2012. Counterfeiting and piracy of products are criminalized in the Copyright Act no. 16 of 2011. Finally, the Criminal Code (Amendment) Act, 2013 (CCAA, 2013) was enacted in November 2013 to criminalize all other offenses listed above. It is worth noticing that all offenses have penalties of at least one (1) year and some have over five (5) years. **This R. 1 / Deficiency 3, was rectified.**

18. **General Conclusion for Recommendation 1:** This Recommendation rated as PC, has now been complied at a level equivalent to at least an LC. The number of ML cases and convictions have increased; list of controlled substances included in the Vienna Convention was fully incorporated through the Drug Abuse (Prevention and Control) Order, 2011 and all categories of predicate offenses are now criminalized.

Recommendation 5

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- i. **Deficiency 1 – CDD measures are required when there is suspicion of money laundering and only with one-off transactions.** In connection with this deficiency, examiners suggested that the authorities 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 terrorist financing measures (see paragraph 361 of the MER in particular). To this effect, as explained in the 9th follow-up report, authorities indicate that sections 21 and 22 of Part III of the POCAMLTF Guidelines provide for customer due diligence (CDD) measures including enhanced CDD which are broader than those existing at the time of the MER (see paragraphs 325 and 326). There were some cases where enhanced CDD was required regarding credit unions, PEPs, and specific type of accounts. However this did not adequately cover all high risk categories. Section 21 of the POCAMLTF Guidelines now provides guidance on the applicability of the risk based CDD approach by financial institutions, entities or professionals. There is no indication in the POCAMLTF Guidelines, however, 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. This recommendation would then be considered outstanding. However, as an element that mitigates the fact that the recommendation is outstanding, 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. Grenada also sent representatives to the CFATF/World Bank National Risk Assessment Workshop held in Barbados in March 2014 and authorities indicated that a meeting with persons who received training and the AML/CFT Commission would take place, to determine the way forward with regards to conducting the assessment. **R. 5 / Deficiency 2 was sufficiently addressed.**

- ii. **Deficiency 2- CDD measures for wire transfers are for occasional transactions over US\$10,000 rather than over the FATF US \$1,000 limit.** As described in the 9th Follow-Up Report, 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 was therefore incorporated in the POCAMLTF Guidelines, subsection 21(4)(c), which 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. These Guidelines were issued by the Commission and subject to negative resolution by the House of Representatives on May 28, 2013. Requirement however, was applicable only to entities and did not include professionals. 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 was included as subsection 6(a) of the Proceeds of Crime (Anti-Money Laundering and Terrorist Financing) (Amendment) Guidelines, 2013 Statutory Rules and Order (SRO) 24 of 2013 (POCAMLTF Guidelines 2013). The amendment was given effect on November 15, 2013 by a resolution passed by the House of Representatives. **Consequently R. 5 / Deficiency 2 was solved.**

- iii. **Deficiency 3) - CDD measures are not required when there are doubts about the veracity of previously obtained due diligence.** With regard to this deficiency, as also discussed in the 9th Follow-Up Report, subsection 21 (4) (e) of the POCAMLTF Guidelines requires entities to undertake customer due diligence when the entity has doubts about the veracity and adequacy of previously obtained customer identification data. An amendment similar

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- to the explained for deficiency 2) was also done, for this provision to apply for both entities and professionals. As in the previous deficiency, the requirement is an asterisked obligation to be in law, decree or regulations and was established as such. **This R. 5 / Deficiency 3, was addressed.**
- iv. **Deficiency 4)** - *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.* On this matter, section 21 (3) of the cited POCAMLTF Guidelines requires that entities and professionals verify that a person who purports to act on behalf of the customer or an applicant of business, which is a legal person, partnership, trust or other legal arrangement is so authorized and its identity is verified. Same clarification made for deficiency 3) above, in the sense of obligations being applicable to both entities and professionals and Guidelines being in law or regulations, for the purposes of asterisked obligations within FATF Recommendations. **This R. 5 / Deficiency 4, was solved.**
- v. **Deficiency 5)** – *No requirement in law or regulation for the verification of identification of customers.* As also discussed under the 9th Follow-Up Report, this deficiency was solved through section 21 (3) of POCAMLTF Guidelines which refers to customer identification and verification. **This R.5 / Deficiency 5, was addressed.**
- vi. **Deficiency 6)** - *No provision to understand the ownership and control structure of customers that are legal persons or legal arrangement.* As also discussed under the 9th Follow-Up Report, provisions to understand the ownership of customers that are legal persons or legal arrangements were introduced in section 21 (5) of the POCAMLTF Guidelines. Reference to the need of understanding the control structure was later included in subsection 6 (e) of the POCAMLTF Guidelines 2013. **This R. 5 / Deficiency 6, was addressed.**
- vii. **Deficiency 7)** – *No requirement for financial institution to obtain information on the purpose and intended nature of the business relationship.* As also discussed under the 9th Follow-Up Report, this was met through subsection 21 (3) (b) of POCAMLTF Guidelines. Clarifications made as for other customer due diligence obligations described above, to apply to both entities and professionals are also applicable here. **This R. 5 / Deficiency 7, was addressed.**
- viii. **Deficiency 8)** – *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.* As also discussed under the 9th Follow-Up Report, this was met through subsection 21 (3) (e) of POCAMLTF Guidelines and through a modification to the said guidelines, contained in section 6 (c) of the POCAMLTF Guidelines 2013. This last amendment included a requirement for entities and professionals to include scrutiny of transactions and ensure CDD information is kept up to date. **This R.5 / Deficiency 8, was solved.**
- ix. **Deficiency 9)** – *No requirement for financial institutions to perform enhanced due diligence for high risk categories of customers.* As also discussed in the 9th Follow-Up Report, subsection 22 (2) of the POCAMLTF Guidelines requires every entity or professional to engage in enhanced customer due diligence in its or his dealing with an applicant for business or a customer who, or in respect of a transaction which, is determined to be a higher risk for business, customer or transaction, irrespective of the nature or form of the relationship or transaction. **This R.5 / Deficiency 9, was solved.**

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- x. **Deficiency 10** – *The exemptions for reduced or simplified CDD measures are not justified on the basis of low risk.* On this matter, examiners noted in several sections of the MER, that the country did not conduct a national risk assessment and that risk based approach measures were applied based on a perceived level of risk rather than a result of a structured risk framework. Provisions such as those included in subsection 21 (6) (h) of the POCAMLTF Guidelines, now stipulate that an entity and professional, in adopting a risk-based approach, may determine customers or transactions that it considers carry low risk in terms of a business relationship, and to make such a determination, the entity or professional may take into account that the applicant for business or customers are resident in foreign jurisdictions that the Commission is satisfied are in compliance with and effectively implement the FATF Recommendations. A further modification introduced in 2013 Guidelines (section 6, paragraph 6 (f)), restricts the use of simplified or reduced CDD measures to the cases where the customer risk level qualifies for this treatment (low risk) and conditions for this treatment are laid out in section 21 (8), also it expressly prohibits applying reduced CDD in the case of suspicion of money laundering or terrorist financing. **This R. 5 / Deficiency 10, was addressed.** As in cases above cited, inclusion of the words “or professionals” for subsection 21 was done by POCA (Amendment) Regs. SRO 24 of 2013 at section 6(a) (amendment of section 21 of principal guidelines).

- xi. **Deficiency 11** – *No requirement for financial institutions to limit simplified or reduced CDD measures to non-resident customers from countries that the authorities are satisfied are in compliance with FATF Recommendations.* As explained above, **this R. 5 / Deficiency 11, was also solved.**

- xii. **Deficiency 12** – *No provisions prohibition simplified CDD measures whenever there is suspicion of money laundering or terrorist financing.* Limitations on reduced CDD explained under deficiency 10 above, are also applicable here. **R. 5/ Deficiency 12 was addressed.**

- xiii. **Deficiency 13** – *No requirement for financial institutions to apply CDD measures to existing customers on the basis of materiality and risk.* With regard to this deficiency, as also explained in the 9th Follow-Up Report, the authorities cited an amendment to subsection 21(4) of the POCAMLTF Guidelines in subsection 6(d) of POCAMLTFA Guidelines 2013 which requires an entity or professional to undertake CDD where there is an existing client or business relationship at appropriate times. Additionally subsection 25(5) of the POCAMLTF Guidelines was amended in section 8 of POCAMLTFA Guidelines 2013 to require an entity or professional which establishes a business relationship and is unable to carry out required or enhanced CDD to terminate the business relationship and close all existing accounts. **R.5 / Deficiency 13 was addressed.**

19. **General Conclusion for Recommendation 5:** This Recommendation rated as NC, is now complied at a level equivalent to at least an LC. Examiners made fourteen (14) recommendations to cure the thirteen (13) deficiencies stated above, **all** which were addressed as explained, with the exemption of the need for conducting a national risk assessment which is in progress. Among others, authorities ensured that the POCAMLTF Guidelines captured all relevant CDD, enhanced CDD and risk analysis. Authorities were also called upon ensuring Guidelines met the requirements of enforceability applicable to asterisked obligations under FATF Recommendations, since Guidelines were not taken as “other enforceable means” at the time of Grenada’s Mutual Evaluation (see paragraph 292). This has changed, since Guidelines are now issued by a Competent Authority, are mandatory and have sanctions for non-compliance. As

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explained in the 9th Follow-Up Report, Section 32(2) of POCA indicates that 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:

- The buying and selling of real estate;
- managing client monies, securities or other assets;
- management of bank, savings or securities accounts;
- organization of contributions for the creation, operation or management of companies;
- The creation, operation or management of legal persons or arrangements;
- The buying and selling of business entities, and
- any other activity relating or incidental to any of the matters outlined above.

20. 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. With regard to sanctions for breaches of the POCAMLTF, as described in the 9th Follow-Up Report and further in this report, Guidelines section 32(4) of POCA was amended by the Proceeds of Crime (Amendment) (No.2) Act, 2013 in December 2013 to increase the penalty on summary conviction of a fine not exceeding EC \$50,000 (US \$18,500) or a term of imprisonment not exceeding four years or both. Additionally, section 17 of the POCAMLTF Guidelines 2013 amends administrative penalties for specific breaches listed in Schedule IV of the POCAMLTF Guidelines. These penalties are fines ranging from EC \$10,000 (US \$3,700) to EC \$40,000 (US\$14,814) for corporate entities and EC \$7,000 (US\$2,600) to EC \$25,000 (US\$9,250) for individuals. These measures allowed for a range of penalties provides for proportional application, however while the amounts for individuals were considered dissuasive in the context of the a per capita gross domestic product of US\$7, 868 for 2011, the penalties for corporate entities are not, 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. In this regard, authorities advised of a draft amendment to POCA Guidelines which adjusts administrative penalties for corporate entities, raising them to a range between EC \$ 70,000 - EC \$250,000, and which could be considered as dissuasive, as it brings them closer to those established in the POCA. . Amendments were tabled in the House of Representatives on November 13, 2014. The amended Guidelines will be signed by the Chairman of the AML/CTF Commission for publication in the Government Gazette.

Recommendation 13

- i. **Deficiency 1)** – *The obligation to submit suspicious transaction reports does not apply to the proceeds of all FATF predicate offenses. As noted under Recommendation 1 in the 9th*

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- Follow-Up Report and in this report, the list of designated offences as set out in the Schedule attached to POCA consists 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. However, the recommendation required 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 CCAA, 2013 was enacted in November 2013 to criminalize the offences of trafficking in human beings, migrant smuggling, environmental crimes and piracy. Section 4 of the CCAA, 2013 inserts section 176B after section 176A of the Criminal Code Cap 72A (CC). Section 176B criminalizes migrant smuggling with a penalty on conviction on indictment of a term of imprisonment for ten years. Section 5 of the CCAA, 2013 inserts section 176C after section 176B. Section 176C criminalizes human trafficking with a penalty on conviction on indictment of a term of imprisonment for ten years. Section 6 of the CCAA, 2013 inserts section 271A after section 271 of the CC. Section 271A criminalizes environmental pollution with a penalty on conviction on indictment of a fine of two hundred thousand dollars or a term of imprisonment for fifteen years. Finally, section 7 of the CCAA, 2013 replaces former section 335 with section 355 criminalizing piracy on the sea and in the air with a penalty on conviction on indictment of life imprisonment. **R.13 / Deficiency 1 was addressed.**
- ii. **Deficiency 2)** - *Requirement to report STRs relating to the financing of terrorism is discretionary and does not include funds used for terrorism or by terrorist organizations or those who finance terrorism.* With regard to this item, as explained in the 9th Follow-Up Report, 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. Section 9 of the TAA No. 2 of 2013 enacted in November 2013 criminalizes the collecting, providing or attempts to collect or provide or make available any property whether directly or indirectly to any terrorist organization or any person who is concerned or connected with the financing of terrorism. **R 13 / Deficiency 2, was addressed.**
- iii. **Deficiency 3)** - *No requirement to report suspicious transactions regardless of the amount of transaction.* With regard to this deficiency, section 20(2) of the POCAMLTF Guidelines requires employees of an entity or a professional to report any attempted

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activity or transactions without limiting it to a specific amount. **R. 13 / Deficiency 3, was addressed.**

- iv. **Deficiency 4) - No requirement to report suspicious transactions regardless of whether they are thought among other things to involve tax matters.** With regard to this deficiency, as indicated in the 9th Follow-Up Report, section 8 of POCAMLTF Guidelines 2013 amends subsection 25(5) of the POCAMLTF Guidelines which requires an entity or professional to report suspicious transactions to the FIU regardless of the amount or whether they are thought to involve tax matters. **This provision addressed R. 13 / Deficiency 4.**
- v. **Deficiency 5) – The reporting of suspicious transactions is ineffective.** With regard to this deficiency, it is important to note that as explained above, suspicious transaction reporting obligations were limited and this in turn made reporting ineffective. **Once these were addressed, this deficiency in turn, was closed.** Also, authorities indicated that the number of STRs received has been increasing and see comparative table including “Actions by the Judicial System in cases of Money Laundering. See tables below (Source: FIU).

STRs Reported	Year
65	2009
100	2010
205	2011
155	2012
215	2013
130	2014 (as of October 2014)

Status of STRs	2004-2007 (MER page 55)	2009-2014 (sample post Mutual Evaluation)
Received	141	870
Closed	43 (1 prosecution derived from all STRs reported according to Paragraph 216 MER)	According to the National Drug Avoidance Secretariat statistics, 25 criminal procedures initiated (2 convictions) derived from a STR in 2013, 3 in 2014, see specific table below.

Action	Number Of Persons Arrested Based On Investigations		Number Of Criminal Procedures Initiated		Number Of Persons Tried		Number Of Persons Convicted		Value Of Confiscated Property	Investigation Of Cases Of Laundering Of Money Derived From Illegal Drug Trafficking	Amount Of Cash Seized
	M	F	M	F	M	F	M	F			
Investigations undertaken based on reports of	2	0	19	0	2	0	2	0	0	0	0

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suspicious transactions											
Other investigations of cases relating to money laundering	1	0	3	0	0	0	0	0	0	0	0
TOTAL	3		22		2		2		0	0	0

M (Money Laundering), F (Terrorism Financing)

Action	Number Of Persons Arrested Based On Investigations		Number Of Criminal Procedures Initiated		Number Of Persons Tried		Number Of Persons Convicted		Value Of Confiscated Property	Investigation Of Cases Of Laundering Of Money Derived From Illegal Drug Trafficking	Amount Of Cash Seized
	M	F	M	F	M	F	M	F			
Investigations undertaken based on reports of suspicious transactions	0	1	0	1	0	1	0	0	\$200,000	0	0
Other investigations of cases relating to money laundering	0	0	0	0	0	0	0	0	0	0	0
TOTAL	1		1		1		0		\$200,000	0	0

21. **General Conclusion for Recommendation 13:** This Recommendation rated as NC, is now complied at a level equivalent of at least, LC. As explained for Recommendation 1, all the designated categories of predicate offenses were covered by legislation but not all were criminalized and this had an impact on suspicious transaction reporting obligations being applicable to all predicate offenses. Changing this, together with the fact of all suspicious transactions should be reported regardless of the amount, or of them involving among others, fiscal matters, derived in fairly effective reporting. It has also resulted in an increase in investigations and seizures as shown in tables above.

Special Recommendation II

- i. **Deficiency 1)** –*Criminalization of terrorist financing does not include all offences in the Annex to the Terrorist Financing Convention.* With regard to this deficiency, as explained in the 9th Follow-Up Report, examiners recommended that Schedule 2 of the TA was 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. This 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

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Bombing as required by Article 2 of the Terrorist Financing Convention. It is noted that the TA which replaced the previous Act not only did it fail to include offences from the recommended Conventions but also appeared 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 (iii a)) 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, which among others, included the Terrorist Financing Convention to ensure all treaties were covered. This Fifth Schedule to the TA was amended by the TAA 2013 to include the Conventions required by Article 2 (a) of the Terrorist Financing Convention. **Consequently the SR. II / Deficiency 1, was addressed.**

- ii. **Deficiency 2** - *The terrorist financing offences do not cover the provision/ collection of funds for an individual terrorist.* With regard to this matter, 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. The authorities later 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 subsection 3(a) 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. Section 9 of the TAA No. 2 of 2013 amends subsection (3a) of section 19 of the TA by inserting paragraph (aa) which criminalizes the collecting, providing or attempts to collect or provide or make available any property whether directly or indirectly to any terrorist organization or any person who is concerned or connected with the financing of terrorism. This provision refers to terrorist organization and persons concerned or connected with the financing of terrorism and does not include individual terrorists. However, authorities advised of a further amendment to the TA, approved on November 13th 2014, which would amend section 19 to also include the collection of any funds or on behalf of an individual terrorist, with this, **the deficiency (SR. II / Deficiency 2), was addressed.**
- iii. **Deficiency 3)** – *The terrorist financing offense of fund-raising is not subject to any sanctions and therefore is not a predicate offence for money laundering.* As discussed in the 9th Follow-Up Report, 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. **This SR. II / Deficiency 3, was addressed.**
- iv. **Deficiency 4)** *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 which the terrorist/ terrorist organization is or the terrorist act*

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occurred / will occur. As discussed on the 9th Follow-Up Report, 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 SR. II / Deficiency 4, was solved.**

- v. **Deficiency 5) – Effectiveness of terrorist financing regime is difficult to assess in light of the absence of investigations, prosecutions and convictions for FT.** With regard to this deficiency, authorities indicated that legislation is in place but there has not been to date, any suspicion of TF or cause for investigations, prosecutions or convictions. This deficiency is however palliated by the fact of amendments made to the TF offense to bring it in compliance with Special Recommendation II, and mechanisms in place under Special Recommendation III. Also, it must be mentioned that Grenada is an island country and sovereign state in the Caribbean with an area of 344 square km (133 square miles), and a small financial sector (see Table 3 above), with an estimated population of 110,000. There are no known reports of Terrorist Organizations operating in or from Grenada and it is therefore possible to ascertain that there is a low risk of TF. **Hence, this deficiency is considered addressed.**

22. **General Conclusion for Special Recommendation II:** This Recommendation rated as NC, is now complied at a level essentially equivalent to, at least an LC. The Terrorism Financing offense was amended to fully include offenses established in the Annex to the Convention for the Suppression of the Financing of Terrorism and includes, among others, the provision/collection of funds for or on behalf of an individual terrorist.

Special Recommendation IV

- i. **Deficiency 1) - No 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.** As discussed in previous follow-up reports with regard to this matter, 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 detail 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, the funding of terrorist organizations or those who finance terrorism was not criminalized and therefore are not part of the suspicious transaction reporting.

The authorities advised that an amendment was made under the TAA 2013 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

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criminalization of any funding of terrorist organizations or those who finance terrorism. Finally, section 9 of the TAA No. 2 of 2013 amends subsection (3a) of section 19 of the TA by inserting paragraph (aa) which criminalizes the collecting, providing or attempts to collect or provide or make available any property whether directly or indirectly to any terrorist organization or any person who is concerned or connected with the financing of terrorism. This provision addressed this deficiency. **SR. IV / Deficiency 1 was addressed.**

- ii. **Deficiency 2-** *No requirement to report all suspicious transactions including attempted transactions, regardless of the amount of transaction.* As also explained in the 9th Follow-Up Report, this was addressed through section 20(2) of the POCAMLTF Guidelines requiring employees of an entity or a professional to report any attempted activity or transactions. **SR. IV / Deficiency 2 was addressed.**
- iii. **Deficiency 3 –** *There is no requirement to report suspicious transactions regardless of whether they are thought among other things to involve tax matters.* As explained in the 9th Follow-Up Report, section 8 of POCAMLTF Guidelines 2013 amends subsection 25(5) of the POCAMLTF Guidelines requiring an entity or professional to report suspicious transactions to the FIU regardless of the amount or whether they are thought to involve tax matters. **SR. IV / Deficiency 3 was addressed.**

23. **General Conclusion for Special Recommendation IV:** This Recommendation rated as NC, is now complied at a level essentially equivalent to, at least, LC. Limitations on suspicious transaction reporting were eliminated and the obligation to report attempted transactions was included, among other improvements, which raised the overall level of compliance with this Recommendation.

Recommendation 23

- i. **Deficiency 1 –** *There is a limited number of inspections by the Eastern Caribbean Central Bank (ECCB) in the last four years, is ineffective to ensure compliance of its licensees.* With regard to this matter, for the 9th Follow-Up Report, authorities advised that the ECCB conducted on-site examinations of three (3) banks during the last three (3) years, the most recent of which occurred as at March 31, 2013. These examinations included checks to ensure compliance with AML/CFT obligations. Information submitted for that report states that comprehensive inspection/supervision was carried out by the ECCB during the period June 24 to July 5, 2013 to ensure that the banks policies, programmes and the country's AML/CFT legislations are adhered to. The ECCB assured that inspection of countries are done randomly before scheduling an inspection within the region. The records of the bank are taken in to consideration in assessing its vulnerability to ML/TF. Authorities indicated that sanctions were not needed for any AML/CFT breaches, since area of breach was very minor. No inspections reported for 2014, however authorities further indicated that though there are no inspections planned for 2014, off-site monitoring is done on a consistent basis by the ECCB, the banks are in constant contact and are required to submit weekly, monthly, quarterly and annual reports. If there is an issue with any of the reports more than usual communication would be necessary to rectify deficiency. **This deficiency (R.23 / deficiency 1) was sufficiently addressed.** Authorities also made reference to recent training administered by the FIU and the Commission in the area of Compliance Audit, on 23rd and 24th September, 2014. Reference was also made to a follow-up workshop held November 17th 2014 and another upcoming on 1st December, 2014, in preparation for the first on-site inspection of a Credit Union scheduled for 3rd and 4th December, 2014. Six (6) supervisors attended the session geared at

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developing a questionnaire/checklist among other things. Inspection of other Financial Institutions will take place during the first quarter of 2015.

- ii. **Deficiencies 2) and 3)** – *No indication in law that fitness and probity checks on directors, shareholders, and management of licensees is a requirement for the licensees of the ECSRC or GARFIN.* As noted in the 9th Follow-Up Report and 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 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). To further address this deficiency, authorities issued the Section 15 (A) of Garfin (Amendment) Act No. 27, 2014 which contains fit and proper requirements for shareholders and directors or who performs senior management functions in licensees by GARFIN. Authorities also presented a Securities (amendment) No. 26, 2014 which broadens application of fit and proper requirements to ensure that they are applicable to directors, officers and whoever performs corporate management functions in the licensee. **Therefore, these deficiencies (R. 23 / Deficiencies 2 and 3) were addressed.**

- iii. **Deficiency 4)** - *No supervisory regime and by extension, no reporting obligations are in place for money service business (MSB's).* As indicated for the 9th Follow-Up Report, 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 (3) 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 (3) months of the date of GARFIN's inspection report. No inspections of money service operators occurred during 2012. One (1) inspection was completed in January 2013. There were no major compliance issues arising from the inspection. GARFIN maintained constant contact with the institution to ensure submission of annual audited financial statements and follow-ups. GARFIN has also been conducting off-site supervision of all money service operators during 2013. There were no on-site inspections conducted by GARFIN on Money Services Businesses during the 2014. However as a result of the FIU's constant training conducted with the MSB's and the sharing of emerging trends and typologies the MSBs have developed a close relationship with the Financial intelligence Unit and as such a significant number of SARs have been reported for the year. Number of SARs reported by MSB's as at 4th November 2014 is 75 while previously in the entire year 2013 was 118, and in 2012 it was 113. It is also important to note, that the size of sector is relatively small, only three (3) MSB businesses, two (2) (Money Gram and Western Union) of them are actually agents of and part of a wider Caribbean and out the Caribbean company with global AML/CFT policies and procedures (this comment is not meant to prejudge effectiveness of such programs, but to state that as a minimum basic procedures and policies would be in place). **The above measures suggest that the R 23 / Deficiency 4 was solved.**

24. **General Conclusion for Recommendation 23:** This Recommendation rated as PC, is now complied at a level essentially equivalent of at least an LC. This considering that supervision for Money Services Businesses is in place and that fit and proper requirements are in place for directors, officers, shareholders and any individual who exercises corporate management functions for both GARFIN and ECSRC Licensees.

Recommendation 35

- i. **Deficiency 1)** – *All designated categories of offences are not adequately addressed in the range of predicate offences.* As described for Recommendation 1 in this report, and in the previous follow-up report, the list of designated offences as set out in the Schedule attached to POCA consist of all FATF designated categories of offences, though some of the offences lacked criminalization. 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 CCAA, 2013 was enacted in November 2013 to criminalize the offences of trafficking in human beings, migrant smuggling, environmental crimes and piracy. Section 4 of the CCAA, 2013 inserts section 176B after section 176A of the Criminal Code Cap 72A (CC). Section 176B criminalizes migrant smuggling with a penalty on conviction on indictment of a term of imprisonment for ten years. Section 5 of the CCAA, 2013 inserts section 176C after section 176B. Section 176C criminalizes human trafficking with a penalty on conviction on indictment of a term of imprisonment for ten years. Section 6 of the CCAA, 2013 inserts section 271A after section 271 of the CC. Section 271A criminalizes environmental pollution with a penalty on conviction on indictment of a fine of two hundred thousand dollars or a term of imprisonment for fifteen years. Finally, section 7 of the CCAA, 2013 replaces former section 335 with section 355 criminalizing piracy on the sea and in the air with a penalty on conviction on indictment of life imprisonment. **This R.35 / Deficiency 1) was addressed.**

- ii. **Deficiency 2)** – *Not all relevant articles of the Conventions have been fully implemented.* As noted in the 9th Follow-Up Report, in Grenada’s MER, there were no legislative provisions covering Articles 8, 10, 11 of the Vienna Convention and Articles 20 and 24 of the Palermo Convention. In this regard, article 8 was incorporated with regard to transfer of proceedings, however, it remains outstanding. This because authorities cited sections 24 and 25 of the Mutual Assistance in Criminal Matters Act Cap 202B which cover other aspects of the Palermo Convention, such as “assistance in transferring of prisoners” for the purposes of providing, for instance, evidence in a process, but not the “transfer of proceedings” as such. This would include the possibility of transferring documentation to foreign authorities, to secure conviction / higher sentence. If offender is not already in the country, there may be a transfer through an extradition or similar agreement. With regard to Article 10, authorities cited the Mutual Assistance in Criminal Matters Act and the Financial Intelligence Act No. 14 of 2012 (section 21) which addresses agreements and arrangements between, for instance, the FIU and other foreign intelligence units, and this covers in a way, what is required by article 10 of the Convention. The FIU has the ability to celebrate agreements and expand the prevention network available to a country like Grenada. In the case of article 11, which refers to controlled delivery, authorities indicate that this can be dealt administratively and through bilateral and multilateral agreements. For example the (RRU) Rapid Response Unit is a unit of the Royal Grenada Police Force and they have bilateral agreements with other OECS countries, as St. Vincent. They combine forces and conduct successful sting operations especially in drug related matters. Finally with regard to articles 20 and 24 of the Palermo Convention, which cover Special Investigative Techniques and the Protection of Witnesses, they were both covered separately by the “Interception of Communications Act No. 22 of 2013” and the “Protection of Witnesses Bill No. 17 of 2014. The Interception of Communications Act contains provisions that would allow authorities, once a warrant is issued, to intervene communications within a network, for

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the purposes of obtaining evidence in a process, among others. Section 30 of the Act establishes there is certain information, that once is protected by law (and examples of banking and financial secrecy are provided) will remain a privilege, however this should not be deemed as hindering application of article 20, in accordance to domestic law. Particularly, since as described in its MER, there are no secrecy laws in Grenada (Recommendation 4 was rated C) and authorities have the ability to share information. The Protection of Witnesses Bill does allow for witnesses' protection, provides forms to that effect, and even contains the possibility for a witness to provide evidence via remote or virtual presence. **This R. 35 / Deficiency 2, was addressed.**

25. **General Conclusion for Special Recommendation 35:** This Recommendation rated as PC, has still elements outstanding. Special Legislation was promoted to ensure full implementation of Vienna and Palermo Convention articles but was found to still have a minor deficiency to address with regard to the transferring of proceedings, therefore making it possible to conclude that this Recommendation is now complied at a level essentially equivalent to LC.

Special Recommendation I

- iii. **Deficiency 1) (unique deficiency)** – *No requirement to freeze terrorist funds or other assets of persons in accordance with UN Resolutions (S/RES/1267(1999) and (S/RES/1373(2001)).* As explained in the 9th Follow-Up Report, the examiners recommendation proposed to cure this deficiency, that the authorities 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 both UN Security Council resolutions have been implemented in the TAA (No. 2) Act 35 of 2013 and the TAA (No. 11) 2014. The specific provisions of the TAA (No. 2) Act 35 of 2013 addressing this matter are discussed in this report in the section under Special Recommendation III, though with some deficiencies noted. **Therefore SR. I / Deficiency 1, was addressed.**

26. **General Conclusion for Special Recommendation I:** This Recommendation is still outstanding.

Special Recommendation III

- i. **Deficiency 1)** – *No provision in the TA for the freezing of property other than restraint orders (Examiner's recommendation: 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)).* With respect to this matter, as explained in the 9th Follow-Up Report, the authorities have advised that the TAA (No. 2) Act 35 of 2013 amends section 14 of the TA by inserting freezing provisions for designated entities in accordance with the requirements of S/RES/1267(1999). With regard to the examiners' recommendation it is noted that it reflects the requirements of the first criterion of SR. III in the FATF methodology. The criterion requires the freezing of funds including funds derived from funds or other assets owned or controlled directly or indirectly or other assets of entities designated by the United Nations Al-Qaida and Taliban Sanctions Committee without delay. In order to assess compliance, the provisions of the TAA (No. 2) Act 35 of 2013 had to be analyzed against the requirements of the criterion. With regard to the freezing of funds of designated entities, section 5 of the TAA (No. 2) Act 35 of 2013 amends section 14 of the

TA by inserting subsection 14A. Subsection 14A(1) defines designated entities for section 14AB and 14C, to mean individuals or entities and their associates designated as terrorist entities by the Security Council of the United Nations. Section 14A requires the FIU to maintain a list of designated entities to be circulated to financial institutions which are required to report **immediately** to the FIU whether any designated entity has funds with the institution. Section 14B provides for the Attorney General to submit on the basis of information supplied by the FIU from a financial institution, an ex-parte application to a judge for an order to freeze without delay the funds of any designated entity. Additionally and very importantly, section 14AB of the TAA (No. 2) Act 35 of 2013 was repealed in Act No. 28, 2014, which sets a requirement for all Financial Institutions to **immediately** freeze assets and at the same point in time immediately inform the FIU and the Attorney General, as well as the designated entity, that funds have been frozen. While this process is in general accordance with the requirements of the criterion there are some specifics which need further clarification. There is no definition of funds in the Act to compare against the requirement of the criterion. However, section 27A (TAA 11 of 2013), for example, though related to a separate process, as well as other sections of the TA (Principal Act of 2012), define “property” to freeze as follows: “includes money or property where situated and whether real or personal, heritage or movable, and things in action and other intangible or incorporeal property”, and this is close to the definition of funds or other assets, though not as descriptive as required.³ It is also relevant to argue that given that Grenada acceded to the UN Convention on the Suppression of the Financing of Terrorism since December 13th, 2001; has taken action to implement articles as described along in this report, and in the same act, the cited Convention is included among treaties listed for the definition of offence and processes derived therein, it is possible to imply that the definition of funds as per the Convention, in the absence of a specific definition for funds, could be invoked by a court (though preferably to be included expressly over time, since this has not been tested). Additionally, the length of time taken to implement any freezing order from the moment a financial institution has identified funds held by a designated entity to the enforcement of a freezing order is limited if any, since financial institutions have an obligation to **immediately** freeze and this is relevant while assessing compliance with the requirement to freeze “without delay”. It should be noted that the requirement “without delay” has been consistently defined in these circumstances as a period of hours from the moment of first identification by the financial institution to the enforcement of the freezing order. In this regard, authorities explained that the amendment to the Terrorism Act (Act No. 28, 2014), requires Financial Institutions to freeze **immediately** regardless of the process to follow under 14B. Requests under 14B, would also be dealt with in a relatively immediate manner. The court in its normal course of functioning facilitates the granting of Orders within a day or two, depending on the time of day in which it is made or even within the same day (i.e. case of detention orders). Grenada has seized (as described under Recommendation 3 and other sections of this Report) funds and other property and have made several applications to the court for Detention Orders in order to apply for forfeiture in various instances. The process is a fairly simple one, the application is taken

³ According to FATF Special Recommendation III, the term *funds or other assets* mean financial assets, property of every kind, whether tangible or intangible, movable or immovable, however, acquired, and legal documents or instruments in any form, including electronic or digital, evidencing title to, or interest in, such funds or other assets, including but not limited to, bank credits, travellers cheques, bank cheques, money orders, shares, securities, bonds, drafts or letters of credit, and any interest, dividends or other income or value accruing from or generated by such funds or other assets.

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- to the Court along with an affidavit. The Applicant then signs the affidavit, (done in triplicate) in front of the Registrar, he then takes it to the Court Clerk for filing. That same document is then taken to the Magistrate who once satisfied with the grounds for the application grants the Order. A copy is served on the Respondent and an Acknowledgement of Service is signed by the parties. This contributes to the fact of freezing being done within a reasonable amount of time. **In conclusion, SR. III / Deficiency 1) was addressed.**
- ii. **Deficiency 2)** – *No provisions for freezing of terrorist funds or other assets of designated persons in accordance with S/RES/1267 (1999) and S/RES/1373 (2001) (Examiners recommendation: 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)).* As for the prior follow-up report, the authorities have also advised that the TAA (No. 2) Act 35 of 2013 also includes the requirements of S/RES/1373(2001) since persons designated under S/RES/1373(2001) are covered in the definition of designated entities in subsection 14A(1). As such, the process outlined above for S/RES/1267(1999) will also be applicable for S/RES/1373(2001) and as explained above, was almost sufficient. Additionally, there were doubts on the publicity of listing which would enable individuals designated under 14B, since provisions indicate that a list “may” be published and it does not make it mandatory. A further amendment reflecting a change to replace the word “may” with the word “shall” which makes it mandatory would have been approved in November 2014. **This SR. III / Deficiency 2, was addressed.**
- iii. **Deficiency 3)** – *No provision in TA to provide for confiscation of property used in connection with the commission of the terrorist financing offence of fund-raising under section 8 of the of TA.* As indicated in the 9th Follow-Up Report, authorities have cited amended section 27A of the TA which provides for the freezing of property of terrorists, however this does not refer to the terrorist financing offence of fund-raising as required by examiners recommendation related to this deficiency. Further Amendment seemed to address outstanding issue and was approved on November 13th, 2014. Country needs to explain why items (words) 3 and 4 were deleted and replaced with 22A solely, since it seems this would imply provisions with regard to 3) Terrorism and 4) Weapons training of the Principal Act (16, 2012) are being deleted. This minor matter would be addressed on an already scheduled amendment. Authorities also continue to work to ensure adequacy and integrity of the TA, which has been amendment in several occasions. **SR. III / Deficiency 3 was sufficiently addressed.**
- iv. **Deficiency 4)** – *No mechanism available where victims of offense committed under the TA are compensated consistent with Article 8 of the Terrorist Convention.* This SR. III / Deficiency 4, was addressed. As explained in the 9th Follow-Up Report, section 12 of the TAA (No 2) Act 35 of 2013 amends section 55 of the TA by inserting subsection (55A) which allows for the sharing of property derived from forfeiture pursuant to the TA and the compensation of victims of offences under the Act from forfeited property. The above provision should allow for the establishment of a mechanism for compensation of victims. **This deficiency (SR. III / Deficiency 4) was addressed.**
- v. **Deficiency 5)** – *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.* As indicated in the 9th Follow-Up Report, no information has been provided regarding this deficiency which therefore remains outstanding. Currently, authorities explained that the FIU receives the list from the Ministry of Foreign Affairs and sends it to all Financial Institutions under section 14AB

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- of TAA 2014, with an enclosed *letter* that serves as guidance, requesting them to update their asset freeze list and if they observe any names on the list that hold accounts with them, they should immediately bring to the attention of the Financial Intelligence Unit who would act immediately. The last communication was sent out in November 2013. The country also monitors for any updates in a proactive basis. **SR. III / Deficiency 5 was sufficiently addressed.**
- vi. **Deficiency 6)** –*No publicly-known procedure for de-listing of names of proscribed organizations and terrorists listed in the Schedule to the TA.* With regard to this deficiency, as explained in the 9th Follow-Up Report, section 7 of the TAA (No 2) Act 35 of 2013 amends section 14 of the TA by inserting section 14B which provides for the Attorney General to submit on the basis of information supplied by the FIU from a financial institution an ex parte application to a judge for an order to freeze without delay, the funds of any designated entity. Additionally, subsections (8) to (12) establish procedures for entities which include designated entities affected by freezing orders under subsections (3) and (4) of section 14B of the TA to challenge such freezing orders. The Attorney General under subsection (11) of section 14B is required to review all freezing orders implemented under subsection (3) every six (6) months to determine whether the circumstances continue to exist in respect of the listed entity. One of the circumstances for consideration is whether the individual or entity is still designated as a terrorist entity by the Security Council. Consequently once the Security Council has delisted a name, an application to revoke any relevant freezing order will be made. **SR. III / Deficiency 6 was solved.**
- Deficiency 7)** – *No procedures for authorizing 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).* The authorities have cited subsection (4) of new section 14B of the TA which allows the Court in an order to freeze the funds of a designated entity to make provisions for living and legal expenses of the individual or legal entity as the case may be. While the provision does provide for the payment of basic expenses there is no reference to the requirements of S/RES/1452(2002) which specifically list basic expenses: payment for foodstuffs, rent, mortgage, medicine and medical treatment, taxes, insurance premiums etc. Additionally access for the payment of such expenses can only be granted after notification of the Committee established pursuant to 1267(1999) of the intention to authorize access to such funds and in the absence of a negative decision by the Committee within 48 hours of such notification. Given the above, this recommendation deficiency had only been solved partially. Section 14B of the principal Act was further amended in November 13th, 2014, to include precise references to items listed in S/RES/1452(2002) and to the need of prior authorization. **SR. III / Deficiency 7 was addressed.**
- iv. **Deficiency 8)** – *Difficult to assess effectiveness of mechanism for ensuring compliance with TA due to lack of statistics.* SR. III / Deficiency 8 was outstanding as there have not been TF cases, though measures are in place, as indicated by authorities and described throughout this report. The deficiency is however palliated by the fact of amendments made to the TF offense to bring it in compliance with Special Recommendation II, and mechanisms in place under Special Recommendation III (though with some items that require improvement). Also, it must be mentioned that Grenada is an island country and sovereign state in the Caribbean with an area of 344 square km (133 square miles), and a small financial sector (see Table 3 above), with an estimated population of 110,000. There are no known reports of Terrorist Organizations operating in or from Grenada and

it is therefore possible to ascertain that there is a low risk of TF. **Hence, this deficiency (SR. III / Deficiency 8) is considered addressed.**

27. **General Conclusion for Special Recommendation III:** This Recommendation is now compliant on a level comparable to an LC, level of compliance was increased through a number of amendments to the Terrorism Act which developed the legal mechanisms that would enable financial institutions to immediately freeze terrorist funds or other assets and provide access to funds or other assets only for certain expenses as required by UNSC Resolution 1452. The country also has the authority to designate the persons and entities that should have their funds or assets frozen, as well as to examine and give effect to, as appropriate, to actions initiated under the freezing mechanisms of other countries.

Special Recommendation V

- i. **Deficiency 1) – *Not of all TF offences are covered by mutual legal assistance mechanisms.*** As explained under several Recommendations above, including Special Recommendation II above and under deficiency 2) below, fundraising mechanisms as well as other offenses previously missing are now criminalized under the TA and amendment Acts, and therefore covered by the Mutual Assistance in Criminal Matters Act, which definition of a “criminal matter” refers to (a) an investigation into a matter certified by the Central Authority of the country to be a matter in respect of which there is reasonable cause to believe that an offence under the laws of that country has been committed and in respect of which criminal or forfeiture proceedings could be instituted in that country; or (b) proceedings certified by the Central Authority of the country to be criminal or forfeiture proceedings instituted in respect of an offence committed, or suspected on reasonable rounds to have been committed, against the laws of that country. **This matter (SR. V / Deficiency 1) that derives from the expressed in paragraph 670 of the MER, was addressed.**
- ii. **Deficiency 2) - *The terrorist financing offence of fund-raising is not an extraditable offence.*** With regard to this deficiency, as explained in the 9th Follow-Up Report, 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. Section 9 of the TAA (No. 2) Act 35 of 2013 then amended subsection (3a) of section 19 of the TA by inserting paragraph (aa) which criminalizes the collecting, providing or attempts to collect or provide or make available any property whether directly or indirectly to any terrorist organization or any person who is concerned or connected with the financing of terrorism. This provision refers to terrorist organization and persons concerned or connected with the financing of terrorism and does not include individual terrorists. As such the recommendation was outstanding. However, authorities informed of a further amendment to the TA approved in November 2014, which would cover in section 19, the collection, provision of any property for or on behalf of an individual terrorist. **This deficiency (SR. V / Deficiency 2) was addressed.**

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28. **General Conclusion for Special Recommendation V:** This Recommendation was solved since deficiencies in extradition primarily related to deficiencies under the TF Offense which were solved.

VI. OVERVIEW OF COMPLIANCE WITH OTHER RECOMMENDATIONS

Recommendation 6

29. This Recommendation was rated as NC. To cure deficiencies found, as discussed in the 9th Follow-Up Report, authorities included several provisions with regard to identification, due diligence and monitoring of PEPs in section 24(1) of the POCAMLTF Guidelines. This provisions referred to ensuring “a process of regular monitoring of the business relationship with a politically exposed person” and the examiner’s recommendation referred to “enhanced ongoing monitoring” rather than “regular monitoring”. Section 7 of POCAMLTF Guidelines 2013 further amended paragraph (d) of subsection (1) of section 24 of the POCAMLTF Guidelines by replacing “regular monitoring” with “enhanced ongoing monitoring” thereby closing most of the gaps on this Recommendation. Grenada is a member of the Organisation of American States Convention against Corruption. Cabinet in October 2013 approved Grenada’s accession to the UN Convention against Corruption and authorities indicated that administrative preparations were being made through the Ministry of Foreign Affairs for the ratification of the Convention. Ratification is still underway. Based on examiner’s recommendation for Grenada to become a Member of the UN Convention against Corruption, this Recommendation is still outstanding.

Recommendation 7

30. This Recommendation was also rated NC and compliance was improved through the POCAMLTF Guidelines as described in the 9th Follow-Up Report, specifically sections 37 and 38 which speak to the need of managerial approval for new correspondent banking relationships, among other measures.

Recommendation 8

31. This Recommendation was also rated as NC and the country met all the outstanding requirements for this Recommendation, based on what is requested by section 13 and 21 of the POCAMLTF Guidelines. Section 13 of the POCAMLTF Guidelines includes a requirement to have policies and procedures in place to prevent the misuse of technological developments for money laundering or terrorist financing. 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. The above measures already helped mitigate some of the risks associated with non-face to face relationships, though they did not comply with the examiners recommendation for financial institutions to have policies to address specific risks associated with non-face to face business relationships and transactions.

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32. Section 9 of POCAMLTF Guidelines 2013 amends section 31 of the POCAMLTF Guidelines by inserting after subsection (4) a subsection (5), a requirement for entities and professionals to have specific written policies and procedures, including effective customer due diligence procedures, to address risks associated with non-face to face transactions.

Recommendation 9

33. This Recommendation was also rated as NC. Examiners made five (5) recommendations to aid in curing deficiencies identified. The first one had to do with the financial institutions being required to immediately obtain from introducers the necessary information concerning certain elements of the CDD Process (Criteria 5.3 to 5.6). In this sense, as described in the 9th Follow-Up Report, Regulation 7(1) of the AMLTFR requires the production by the introducer, of satisfactory evidence of the identity of the applicant for business. Measures for introduced business are set out in section 33 of the POCAMLTF Guidelines, however 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. Section 10 of POCAMLTF Guidelines 2013 however, amended section 33 of the POCAMLTF Guidelines by inserting after subsection (2) a new subsection (2a) which requires an entity or professional to immediately obtain from an introducer elements of the CDD or enhanced CDD process undertaken for the introduced applicant. This measure was unfortunately not specific as to the elements of the CDD process that should be obtained which includes information on any beneficial owners, the ownership and control structure and the purpose and intended nature of the business relationship. Authorities indicated for this report that they are preparing a further amendment to section 33 of the POCAMLTF Guidelines to ensure specific elements of CDD are set out.

34. Examiners also recommended that financial institutions 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. Authorities referred 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 did not have a requirement to test whether the written assurance is valid. Regulation 4 of the POCAMLTFAR amended regulation 7 of the POCAMLTFAR by inserting a sub-regulation (6) stating that nothing in the regulation limits the duty of the person carrying on the relevant business from testing the validity of the written assurance and satisfying himself that the CDD held by the introducer is in accordance with measures of the AMLTFR and the POCAMLTF Guidelines and that such information can be provided without delay. This measure complied with the examiners' recommendation.

35. In a separate recommendation by examiners, financial institutions should be required to satisfy themselves that the third party is regulated and supervised in accordance with Recommendations 23, 24 and 29. Authorities referred 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

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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, but did not require financial institutions to be satisfied that third parties are regulated in accordance with FATF Recommendations 23, 24 and 29. Section 10 of POCAMLTF Guidelines 2013 amends section 33 of the POCAMLTF Guidelines by inserting after subsection (5) a new subsection (6) which stipulates that an entity or professional has the ultimate responsibility to be satisfied that third parties are regulated in accordance with FATF recommendations. This provision complied with the examiners' recommendation.

36. Examiners also requested that the competent authorities considered issuing a list of jurisdictions that adequately apply FATF Recommendations for third parties which may operate in foreign jurisdictions. Authorities embraced this recommendation and included Schedule II in the POCAMLTF Guidelines, to list 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. Section 54 of the POCAMLTF Guidelines outlined the circumstances under which the list may be used, but had no indication that financial institutions should use the list for third parties operating in foreign jurisdictions. Section 14 of POCAMLTF Guidelines 2013 amended section 54 of the POCAMLTF Guidelines by inserting subsection (4a) which stipulates that entities and professionals should use the list of jurisdictions listed in Schedule "2" to evaluate third parties operating in foreign jurisdictions. Consequently this recommendation was met (though Schedule was listed as "II" and not "2").

37. Finally, examiners recommended an 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 is still outstanding. To that effect, 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 did not comply with the examiners' recommendations.

Recommendation 10

38. This Recommendation was rated as LC and as described in the 8th Follow-Up Report, the only deficiency to do with the need 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, was cured through a modification to section 47 (1) and (2) of the POCAMLTF Guidelines which requires business and professionals to do so.

Recommendation 11

39. With regard to Recommendation 11 which was rated as NC, authorities included the requirement for financial institutions to examine the background and purpose of all complex, unusual large transactions or unusual patterns of transactions for no less than five years, as well

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as to retain the findings from the review of these types of transactions in the AMLTF Guidelines, which were not considered other enforceable means, specifically sections 15 (2) (h) and 15 (2) (i). This was indicated since the 4th Follow-Up Report. Time after, these guidelines were approved by the House of Representatives and issued in February 2012, containing section 15 requirements. Therefore, examiners recommendations for this Recommendation were met.

Recommendations 12, 16 and 24

40. With regard to these Recommendations which were all rated NC, one of the most important deficiencies solved, was the designation of a competent authority with the responsibility of monitoring and ensuring compliance of the DNFBBs with AML/CFT Requirements. This was included in section 3 of the POCAMLTF Guidelines 2013 which amended the previous section 9 of the POCAMLTF Guidelines to require AMLTF Commission to monitor compliance by an entity, professional or person who is subject to the Guidelines with all ML/TF enactments and Guidelines. Deficiencies identified for financial institutions with regard to Recs. 5, 6, 8 to 11, as well as 13-15 and 21, are also applicable to DNFBBs, and as explained in the 9th Follow-Up Report, 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 DNFBBs and their activities in accordance with FATF standards. Then, 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, 11, 13-15 and 21, are also applicable to the DNFBBs. Authorities also advised that they submitted their training needs to the CFATF, as regards to DNFBBs.

Recommendation 14

41. Recommendation 14 was rated as PC and examiners had recommended that the POCA, 2003 was amended to extend the tipping off offence to include disclosure of the fact that a STR concerning *money laundering* is being reported or provided by the FIU. As explained in the 5th Follow-Up Report, subsection 39 (2) of POCA makes it an offence for a person who knows or suspects that a disclosure is being or has been made to the Financial Intelligence Unit under section 34, 35 or 38, discloses to any other person information or any other matter concerning the matter. Sections 34, 35 and 38 of the POCA stipulate the reporting obligations for suspicious transactions reporting related to money laundering and proceeds of criminal conduct. This Recommendation was closed.

Recommendation 15

42. With regard to this Recommendation, which has significant progress though not fully complied with, examiners requested that all financial institutions be required to establish and maintain internal procedures, policies and controls to prevent money laundering and financing of terrorism. As explained in the 9th Follow-Up Report, Regulation 3 of the AMLTFR requires relevant persons, i.e. financial institutions and DNFBBs 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. Internal controls and communication procedures were therefore limited to money laundering and did not include terrorist financing. This requirement however, was then further 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

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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 was met. Also, 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. However, 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.

43. Examiners also recommended that 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. To this effect, 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. However, authorities advised that an appropriate further amendment to sub-regulation (2) of Regulation 13 was submitted and approved by Cabinet on 27th of October, 2014. The amendment refers to the MLRO and other appropriate staff having access to all relevant information and material to perform its functions given under the Guidelines and Regulations. Provisions fully meet the recommendation.

44. Examiners also suggested that financial institutions be required to maintain an adequately resourced and independent audit function to test compliance with the procedures, policies and controls. 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. Among other examiner's recommendations, financial institutions were also 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. In this sense, Regulation 16 of the AMLTFR requires relevant persons i.e. financial institutions and DNFBBs 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.

45. Finally, there was a need for a requirement for financial institution to put in place screening procedures to ensure high standards when hiring employees be enforceable. 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 17

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46. The examiner's recommendation for the authorities to amend the POCA and the Money Laundering (Prevention) Act (MLPA) to ensure sanctions were consistent and broad in range continues to be addressed, for instance, administrative penalties for specific breaches by corporate entities have been further increased, as included in draft legislation approved on November 13th 2014. Sanctions range from EC\$ 70,000 to EC\$ 250,000.

Recommendation 18

47. This Recommendation was rated as NC and level of compliance is expected to be increased, as described in the 9th Follow-Up Report and here. The only measure outstanding was that legislation pertaining Offshore Banks contained, among others that an entity licensed under such Act, was to have its mind and management within Grenada.

48. A draft amendment expected to be approved November 13th, 2014 was prepared to that effect. With regard to other deficiencies, sections 3 and 4 of the Banking (Amendment) Act, 2013 enacted in October 2013 amends sections 2 and 5 of the Banking Act to prohibit the granting of a license to a shell bank. Similarly sections 3 and 4 of the Offshore Banking (Amendment) Act 2013 enacted in October 2013 amends sections 2 and 13 of the Offshore Banking Act to also prohibit the granting of a license to a shell bank. Also, 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. Finally, 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. Section 12 of POCAMLFTA Guidelines 2013 amended section 37 of the POCAMLTF Guidelines by inserting the words "or financial institution" after wherever the word "bank" occurs in the section. This extends the requirement to all financial institutions as required by the recommendation.

Recommendations 19

49. With regard to this Recommendation rated NC in the MER, its single deficiency was cured, given that competent authorities were advised to 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. As reported in the 9th Follow-Up Report, 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. Section 5 of the POCAMLTF Guidelines 2013 amends subsection (7) of section 20 of the POCAMLTF Guidelines requiring all employees to report all transactions of EC\$50,000 and above or equivalent to the financial institution's Reporting Officer who is then required to report the transactions to the FIU.

Recommendation 20

50. With regard to this Recommendation rated PC, examiners indicated that they were unable to assess whether consideration was given to apply FATF Recommendations to non-financial businesses and professions other than DNFBPs and as explained in the 5th Follow-Up Report, the AMLTFR and the AMLTF Guidelines are applicable to all persons who conduct "relevant business" which has been defined in the AMLTFR to include all DNFBPs and their activities, in accordance with FATF Standards, including the buying and selling of cars, which

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demonstrates that authorities considered extending implementation of FATF Standards beyond DNFBPs. This Recommendation was closed.

Recommendation 21

51. This Recommendation was rated NC and level of compliance has increased significantly. To cure the deficiencies, Examiners made four (4) recommendations all of which were met. First recommendation has to do with imposing mandatory requirements to pay special attention to business relationships and transactions with persons from or in countries which do not or insufficiently apply FATF Recommendations. 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.

52. Examiners also suggested that effective measures be put in place to ensure that financial institutions are advised of concerns about the weaknesses in the AML/CFT systems of other countries. To that effect, 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 non-financial institutions which it regulates. No information as to the continuing compliance with the recommendation with regard to advising of FATF and CFATF Public Statements to financial institutions was provided for the 9th Follow-Up Report, however, authorities indicated that after the November 2014 CFATF Public Statement, several actions including the approval by Cabinet of countermeasures by the AML/CTF Commission against Guyana and the dissemination of advisories to all Media houses including radio and television stations, sent to all Banks, Credit Unions, sent to GARFIN and the FIU for further dissemination, among other actions. Authorities advised that these actions and advisory by the AML/CTF Commission remain in force unless otherwise advised by CFATF on sufficient progress made by Guyana.

53. Examiners also emphasized the need for financial institutions being 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. In this sense, section 4 of POCAMLTF Guidelines 2013 inserts sub-paragraph (ha) in subsection (2) of section 15 of the POCAMLTF Guidelines requiring an entity or professional to examine transactions with no apparent economic or visible lawful purpose including the background and purpose of such transactions from countries which do not or insufficiently apply the FATF Recommendations and make written findings of such available to assist competent authorities. The measure complies with the examiners' recommendation.

54. Finally, examiners indicated authorities in Grenada should be empowered to apply appropriate counter-measures where a country continues not to apply or insufficiently apply the FATF Recommendations. Regulation 7 of POCAMLTFAR amends Regulation 15 of the POCAMLTFR by inserting 15A which provides for competent authorities to direct entities and

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professionals to institute a range of counter-measures against persons from countries which continue not to apply or insufficiently apply the FATF Recommendations. The competent authorities include the FIU, GARFIN and the AMLCTF Commission. This provision complies with the recommendation.

Recommendation 22

55. This Recommendation was rated as NC and all deficiencies were cured as advanced by the 9th Follow up Report. This was done primarily through Subsection 55(1 -3 and 5). 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 specific requirement did not include the FATF Recommendations as set out in the examiners' recommendation, however, section 15 of POCAMLTFA Guidelines 2013 amended subsection (2) of section 55 of the POCAMLTF Guidelines by inserting a clause to extend the above requirements to include the FATF Recommendations. Entities were also required to ensure that their branches and subsidiaries or representative offices observe higher standards where the established standards of compliance under Grenada laws, rules or policies differ from those of the jurisdictions where they are located. They are also required 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 25

56. This Recommendation was rated PC and as described in the 5th Follow-Up Report, examiners made two (2) recommendations to cure deficiencies which were fully implemented: 1) to provide financial institutions and DNFbps with feedback on suspicious transaction reports filed, and 2) to include specific instructions related to the requirements for combating the financing of terrorism, all of which was done under subsections 6 (2) (d) of the FIUA 2012, on FIU's faculty to provide feedback and through the AMLTF Guidelines that in fact help in the interpreting, understanding and application of requirements. Authorities also indicated that they had periodic meetings with financial institutions and DNFbps, as well as NPOs for awareness, in several sections of the matrix presented for this report. Authorities also indicate they hold monthly meetings on SARs reported, face to face, to provide feedback on the progress of its investigation.

Recommendation 26

57. This Recommendation was rated LC and as described in the 8th Follow-Up Report, examiners made five (5) recommendations to cure deficiencies all of which were fully implemented, basically: 1) appointment of FIU Director, 2) there should be specific grounds for removal of FIU Director, 3) FIU and Supervisory Authority to consider undertaking education drive to inform reporting parties and general public of typologies, trends and other AML/CFT matters, 4) typologies and trends analysis to be included in Annual FIU Report and 5) to review analysts and investigators processes to reduce ambiguity, as well as sourcing specialized training. Among others, authorities launched advisories via radio and television informing general public of a new trend in the country which has the potential to cause major financial loss to citizens, on their accounts being misused for criminal purposes. Apart from specific training targeted for special groups the FIU continues to update its website (<http://www.grenadafiu.com>) with useful information.

Recommendation 30

58. This Recommendation was rated PC. To cure the deficiencies, authorities made structural and staffing changes. Authorities indicated that during 2012 and 2013 the FIU received technical and financial support from the governments of the United States and the United Kingdom through their regional embassies and also from the Eastern Caribbean Financial Investigative Advisory Team (ECFIAT), though no specific details were provided. Also, with regard to police forces, as noted in the 9th Follow-Up Report and in a previous report, various processes and procedures apply, such as an initial vetting and screening process, required adherence to a Code of Conduct and provisions of the Police Act and the existence of formal discipline procedures for breaches. With regard to training in the Office of the Director of Public Prosecutions (ODPP) as well as the Royal Grenadian Police Force (RGPF) be reviewed. authorities advised that the RGPF sent one (1) officer to each of the following; a sub-regional workshop on cybersecurity from November 11 – 13 2013 in Uruguay, the Commonwealth project on capacity building in combating terrorism, counter terrorism national training program, the capacity building training course for state parties in the Caribbean sub-region on October 14 – 18, 2013 and the CFATF assessor training workshop in Jamaica in January 2014. The ODPP received during the period January to July, 2014 as follows: Local training – Proceeds of Crime workshop held, January 24, in which three (3) persons attended. US Embassy first multi-lateral maritime interdiction to prosecution summit held 25-26 February, 2014 – Florida, USA in which one (1) person attended; Proceeds of Crime Workshop held in Dominica, April 9-10 in which one person attended. During the period February to July 2014 officers of the RGPF also attended the following training:- Annual Caribbean Regional Drug commanders training conference held in the Dominican Republic – 4-6 March 2014 in which two officers attended; Professional retraining of canine handlers and specialist training of dogs to search and detect explosive weapons and ammunition held in Russia from May 20 to 26th September, 2014 in which one (1) officer attended; 31st Annual International Drug Conference held in Italy during the period 17 June-19 June, 2014, in which one person attended; Drug Intelligence Seminar for the Caribbean held 28-31 July, 2014 in Trinidad, which provided first-hand knowledge of Drug Trafficking trends, to which one (1) person also attended. Authorities were also to consider additional resources or staff for the Attorney General's Office, however, they advised that the Attorney General's Office is adequately staffed and executes its responsibilities to all Government ministries, agencies and departments in a timely manner.

Recommendation 31

59. This Recommendation was rated PC. Among others, it was said that 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. In this regard, as greatly discussed on the 9th Follow-Up Report, 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

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- 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
- i. In addition to the above, the Commission will also include such other persons as the Minister may from time to time appoint.

60. 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. Section 63 (1) of POCA 2012 was therefore 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. Section 5 of the POCAA No. 2, 2013 enacted in December 2013 amends sub-paragraphs (a) and (c) of subsection (1) of section 63 of POCA to extend the functions of the Commission to include terrorist financing. While the above provision would result in full compliance with the examiners' recommendation, information on the activities of both the Commission and the Committee should be submitted to demonstrate continuing compliance.

61. In addition to the above, the authorities have advised that Cabinet approved a technical working group on AML/CFT issues consisting of senior public sector officials knowledgeable in ML/TF matters from the RGPF, Customs, Airport Authority, Inland Revenue Department, ODPP and the FIU. The aim of the group is to foster a strong AML/CFT regime through co-operation between domestic, law enforcement and regulatory authorities and to collectively provide an effective mechanism for dialogue on matters pertaining to the forestalling, detection and prevention of ML/TF and proliferation of drugs. A MOU was signed by all parties in March 2014.

Recommendation 32

62. Recommendation 32 was also rated PC. Four (4) deficiencies were identified and a number of recommendations were made, all of which were largely put into place. Among others, there was a request for the Supervisory Authority to establish a secretariat to monitor the implementation of Grenada's AML/CFT regime. Authorities advised in the 9th Follow-Up Report and previous reports that the Secretariat was established. The Executive Director was appointed on January 2, 2013 within the Office of AML/CFT Commission. The unit is under the Attorney General's Office Oversight and is being serviced by two (2) legal officers and one (1) administrative officer, apart from the Executive Director. Plans to build capacity in terms of staffing were to be phased in as work intensified.

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63. With regard to the maintenance of statistics on spontaneous referrals made by the FIU, the authorities advised that to July 2014 the FIU made four (4) requests for information, two received (2) and two (2) completed. None were pending. Twenty nine (29) international requests for information were received during the period. Eighteen (18) were completed and eleven (11) were pending. The FIU received seventy five (75) suspicious activity reports from August 2013 to July 2014. Authorities indicated that no ML convictions derived from reports received during this period however, the FIU recorded a total of nineteen (19) convictions for the entire 2013 year, with EC\$90,000 fines. EC\$24,000.00 were confiscated and a total of EC\$18,890.64 in cash were forfeited. Other types of assets (land and maritime vehicles) were also restrained. The above demonstrates maintenance of statistics by the FIU.

64. With regard to the maintenance of comprehensive statistics on mutual legal assistance (MLA) and extradition requests, there were no extradition requests during the period February 2014 to July 2014 and (1) MLA request received, which is still pending. Authorities were able to provide information on the country, predicate offense and nature of the request. As such this recommendation was met.

65. With regard to comprehensive statistics on all aspects of the operations of Customs and Excise, the authorities advised that for the period August 2013 to January 2014, there were no cash seizures, to July 2014, this slightly changed (see paragraph 61 above).

Recommendation 33

66. With regard to this Recommendation rated NC, some of the deficiencies are still outstanding as noted in previous follow-up reports and some were solved. The first recommendation requires that appropriate measures be taken to ensure that bearer shares issued under the International Companies Act (ICA) are not misused for money laundering. The authorities have cited section 3 of the International Companies (Amendment) (No. 2) Act, 2013 enacted in November 2013 which inserts section 27B after section 27 of the ICA. Section 27B prohibits bearer share agents from using bearer shares issued under the ICA for the purpose of money laundering and terrorist financing. This provision, while criminalizing the misuse of bearer shares issued under the ICA for ML and TF, does not impose measures to prevent the misuse. The most effective measure is to require the immobilization of the bearer shares by obligating the bearer share agents to maintain custody of the bearer shares and also retain current information on the identity of the owners. Given the above, this recommendation remains outstanding.

67. 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 that section 3 of the Companies (Amendment) Act 2014 enacted in December 2013 amends section 344 of the Companies Act to require the provision of ownership information on a company to the Office of the Registrar of Companies and Intellectual Property. However, the examiners' recommendation was specific that the information should be beneficial ownership information and not just ownership information. The Companies (Amendment) Act 23 No. 2 of 2014, approved in June 2014, further amended the Companies Act to clarify that information to be provided should be "beneficial" ownership information. Therefore, this recommendation was met.

68. 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 (10) officers. This is a definite improvement from the time of the mutual evaluation when only one

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(1) 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 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. At present, the authorities advise that one hundred and sixty-four (164) companies were incorporated during the period August to January 2014. Solely from February to July 2014, eighty six (86) more companies registered. These figures would suggest that the resources are adequate for the functions of the Registrar. Hence this recommendation was met.

69. 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 the 8th 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.

70. The second step taken with regard to this matter, was in the form of a notice to Company Directors reminding them of their statutory obligations to file Annual Returns in accordance with the Companies Act, was placed in the Government Gazette on January 10, 2014. The Registrar of Companies advised that letters to companies as a follow-up would be sent before any further action is taken. The Registrar of Companies has advised that the response to the notice in the Government Gazette has been positive. The process of sending individual letter to companies who have not filed Annual Returns is ongoing. Companies are filing their returns while others have been writing to inform that the said companies are no longer in business. Information as to whether there has been any imposition of sanctions for non-filing should be submitted to demonstrate effectiveness. While the above measures should improve timely filing of annual returns, the recommendation also requires measures for ensuring timely access by competent authorities and other relevant parties to the current information on companies' beneficial ownership. As explained above, "beneficial ownership" is covered in the most recent reform to the Companies Act. Hence this recommendation was partially covered, only pending to ensure timely access to such information. Authorities indicated that the Registrar of Companies has advised that according to legislation, Gazetted notices should be published for ninety (90) days before any further action is taken. Even though efforts have been made by companies to respond to the Gazetted notice, there still a need to address both dormant and active companies that are tardy in the filing of their annual returns. The Registrar has advised that is currently in the process of rethinking and restructuring a more aggressive policy to address this matter.

71. 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 met. Section 3 of the Companies (Amendment) Act 2014 enacted in December 2013 amends section 344 of the Companies Act to require the submission of an annual update on the ownership information of an external company to the Registrar of Companies and Intellectual Property. The above provision is limited to external companies and ownership information rather than changes in beneficial ownership of all companies. The Companies (Amendment) Act 23 No. 2 of 2014, approved in June 2014, further amended the Companies Act to clarify that information to be provided should be "beneficial" ownership information.

Recommendation 34

72. This Recommendation was rated NC and the examiner made two recommendations to cure deficiencies which are still outstanding. 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. The authorities have referred to section 30 of the POCAMLTF Guidelines requiring the identification and verification of the trustee, settlor or protector of a trust by an entity or professional. However, the recommendation refers specifically to the registration and monitoring of trusts while section 30 deals with trusts establishing business relationships with financial institutions. This recommendation was outstanding, however through a further amendment to the Companies Act approved on November 13th 2014, the Attorney General's Office or Officer appointed by this Office would be in charge of monitoring (i.e. monitoring compliance with registration requirements and undertaking periodic reviews to identify ML/TF risks) trusts formed or otherwise established in Grenada (though it was clarified at time of mutual evaluation and at present, no trusts companies exist in Grenada) or being administered in or from Grenada and the Registrar of Companies of registering. Information required by Registrar includes information on the settler, trustee (s), beneficiary or beneficiaries and any other the information the Registrar may require, it also requires presenting a copy of the certificate creating the trust and stating the purpose for which the trust was established.

73. 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 as part of the registration process for local trusts. The authorities advised in the 9th follow-up report that the recommendation was being reviewed and as explained above, has been addressed to a great extent.

Recommendation 40

74. Recommendation 40 was rated LC, nevertheless, the country continued implementing measures to achieve full compliance with this Recommendation. Only recommendation made by examiners with regard to this Recommendation was that "consideration should be given to making amendments to the Financial Intelligence Unit Act (FIUA) and the Exchange of Information Act (EIA) to state specifically that requests should be refused on the sole ground that the request pertains to fiscal matters. Both amendments were made as requested (FIUA section 33A through Act No 27, 2013 and EIA by Act No. 30 of 2014, section 3).

Special Recommendation VI

75. This Recommendation was rated NC. As reported in previous follow-up reports, all examiners recommendations to cure deficiencies with this Recommendation, except for the recommendation requiring money value transfer service operators to maintain a current list of their agents which has to be verified, were complied with substantially: 1) legislation for money

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services providers was enacted (Money Services Business Act No. 10 of 2009), 2) a system comprising quarterly reports, off-site and on-site supervision was established by GARFIN as the supervisory authority to monitor compliance, 3) proportionate and dissuasive sanctions were contemplated for non-compliance with the Money Services Business Act (section 46).

Special Recommendation VII

76. Special Recommendation VII was rated NC and despite having significant progress, remains outstanding. 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 in the 8th and 9th Follow-Up Reports was 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.

77. Measures in the POCAMLTF Guidelines addressed completely three of the deficiencies listed above. The outstanding deficiency was 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. Section 13 of POCAMLTF Guidelines 2013 amended section 42 of the POCAMLTF Guidelines by repealing subsection (5) and replacing it with a provision requiring a payment service provider of a payee to adopt effective risk-based measures for identifying and handling all transfer of funds that are not accompanied by complete originator information. This measure fully addresses the above deficiency. The above provision improves the level of compliance with this Recommendation. The main outstanding requirement then 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

78. This Recommendation was rated NC. As indicated in the 8th Follow-Up Report, the recommendation for the mandatory registration of non-profit organizations (NPOs) was outstanding. Sections 326-327 of the Companies Act allowed for the incorporation of NPOs, but was 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. Section 3 of the Companies (Amendment) Act, 2013 which was enacted in November 2013 amended section 328 of the Companies Act by inserting subsection (4a) requiring non-profit companies to be registered in accordance with the provisions of the Companies Act. This measure as described in the 9th Follow-Up Report, complied with the examiners' recommendation.

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79. 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 were conducted by the AML/CFT Commission during the fourth quarter of 2013. In November 2013, a forum targeted at churches was held with seventy (70) persons attending. Emphasis was placed on compliance with AML/CFT Guidelines, sensitization on the vulnerability of churches to ML/TF and education on new ML/TF trends and typologies. The imposition of AML/CFT requirements on NPOs would suggest some review of the adequacy of the laws. The holding of the forum is in accordance with outreach to the NPO sector. The above are in compliance with the examiners' recommendations. There is need to submit in future reports information on continued compliance with the recommendation for outreach to the NPO sector.

80. 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. The authorities have advised that the NPO sector will be regulated before the end of 2014.

81. 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.

82. Additionally, for this 10th Follow-Up Report, authorities indicated that sections 337 A to 337 H of the Companies Act (done by Act No. 23 of 2014) contributes to effective monitoring and supervision of NPOs, as it provides the Attorney General with the right to inquire into NPOS, call for documents, search records, order an audit, among others. Section 337 I of the said Act also refers to the ability to issue Regulations regarding Non-Profit Companies.

83. The recommendation for the development of investigative expertise in NPOs remains outstanding (no information presented on the matter). Given the above four (4) recommendations have been met, one (1) has been partially met and one (1) remains outstanding.

Special Recommendation IX

84. As noted in previous follow-up reports, specially the 4th Follow-Up Report, there has been substantive implementation of the examiners' recommendations, though not all measures were implemented. This has included the implementation of a declaration system with a

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threshold of US \$10,000 at Maurice Bishop International Airport and ION scanners capable of detecting whether an individual was in contact with drugs, at the same airport. Country was also in the process (is still in the process) of sourcing trained dogs to build a canine unit; training was received in Russia from May 20 to 26th September, 2014.

85. Authorities also indicated that there is high degree of cooperation between the different agencies including customs, FIU, Immigration, the Drug Squad and the ODPP in ML/TF matters. For example, customs is part of the National Security Committee and two (2) customs officers have been involved in joint investigations with the FIU.

86. Authorities advised in relation to the recommendation for customs official to be trained in the use of passenger screening systems to analyse behaviour, appearance and communication style of potential currency carriers that one officer attended a cash courier workshop hosted by the United Nations Office on Drug and Crime (UNODC) in Antigua from October 30 to November 1, 2013. Authorities had also indicated for the 4th and 5th Follow-Up Report, that customs officers continued to receive training, including customer profiling, counterfeit currency identification, intelligence gathering (Jamaica) and early warning systems and fraud detection and control, just to mention a few. Outstanding matters for this Recommendation are the modification to the Customs Ordinance with regard to penalties being more dissuasive; liability or offences of making a false declaration (though some constitutional issues to be reviewed first) and for the Customs Department to explore the involvement of airline and vessel senior management in currency interdiction operations.

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

Forty Recommendations	Rating	Recommended Actions	Undertaken Actions	Remaining Actions to be taken
Legal systems				
1. ML offence	PC	<ul style="list-style-type: none"> The authorities should consider pursuing ML as a stand-alone offence. 	<p>There were 8 prosecutions for 2012 1 ML charge with 2 convictions 5 withdrawn 2 pending Production Orders 3 Restraint Orders 6 Cash Detention Orders 4</p> <p>Addressed under Part V, Section 34 &35 of POCA No. 6 of 2012</p> <p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u> The RGPF in collaboration with the ODPP and FIU has provided the following statistics for the year 2013 to January 2014 on ML cases:</p> <p>28 Money Laundering cases 19 convictions 6 cases withdrawn 3 cases pending</p> <p><u>UPDATED INFORMATION February - July 2014</u></p> <p>FIU - 1 ML Charge – matter ongoing</p> <p>During the month of June 2014, charges were brought against a female for allegedly</p>	

		<ul style="list-style-type: none"> 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. 	<p>laundering approximately EC\$240,000 within a 3 year period. She was charged with 25 counts of fraudulent breach of trust and money laundering for offences committed between 2012-2014.</p> <p>2 seizures 5 cash forfeitures 11 Production Orders 1 MLAT - pending - Drug trafficking and Possession of a controlled drug (St. Vincent)</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"> - Participation in an organized criminal group and racketeering (no legislation available) <u>UPDATED INFORMATION: JAN. 2014:</u> Legislation is being drafted it should be placed before Parliament during the first quarter of 2014 - Trafficking in human beings and migrant 	
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			<p>smuggling (no legislation available)</p> <p><u>UPDATED INFORMATION February - July 2014</u> The Prevention of Trafficking in Persons Act No 34, 2014, criminalizes trafficking in persons</p> <ul style="list-style-type: none"> • Legislation to implement Articles 8, 10 and 11 of the Vienna Convention and Articles 20 and 24 of the Palermo Convention are being drafted and should be placed before Parliament during the first quarter of 2014 <p><u>UPDATED INFORMATION February - July 2014</u> Mutual Assistance in Criminal Matters Act Cap 202B - section 10, 25, addresses Article 8, (transfer of proceedings). The Financial Intelligence Unit Act No. 14 of 2012, section 21 addresses agreements and arrangements between the FIU and other Foreign Intelligence Unit. This can also address Article 10 - international co-operation)</p> <p>Article 11 addresses controlled delivery and can be dealt with by incorporating into law bilateral agreements between Grenada and its international partners.</p> <p>Article 20 and 24 of the Palermo Convention addresses (special investigative techniques)</p>	
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		<ul style="list-style-type: none"> 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. 	<p>and (Protection of Witnesses). These are dealt with under the Interception of Communications Act No. 22 of 2014 and the Protection of Witnesses Act No. 17 of 2014.</p> <p><u>UPDATED INFORMATION: JANUARY 2014:</u> Amendment to section 176 of the Criminal Code by Amendment No. 34 of 2013 prohibiting migrant smuggling. See copy of amendment attached.</p> <ul style="list-style-type: none"> - Sexual exploitation, including sexual exploitation of children (Criminal Code 1990 Part VII) - Illicit trafficking in narcotics and psychotropic substances (Section 41 & 42 Customs Act No. 35 of 1960) (Drug Abuse Prevention and control Act) Cap 84 (a), 7 of 1929 - Illicit arms trafficking (Section 41 & 42 Customs Act No. 35 of 1960) (Fire Arms Act Cap 105 sect. 54) - Illicit trafficking in stolen and other goods (Section 41 & 42 Customs Act No. 35 of 1960) - Corruption and bribery (Criminal Code – pgs 405-416) 	
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			<ul style="list-style-type: none"> - Fraud (Criminal Code pgs. 279-286) - Counterfeiting currency (pgs. 300-313 & 315-321) - Counterfeiting and piracy of products (Copyright Act No. 16 of 2011) - Environmental crime (Criminal code 230) <u>UPDATE INFORMATION : Jan. 2014</u> Amendment to section 271 of the Criminal Code prohibiting environmental Pollution done by Act No. 34 of 2013 (see copy attached) - Beach Protection Act Cap 29 - Bird and other Wild Life Protection Act Cap 34 - Botanical Gardens Act Cap 35 - Grand Etang Forest Reserve Act Cap 124 - Fisheries Act Cap 108 - Territorial Sea & Maritime Boundaries Act Cap 318 - National Parks and Protected Areas Act Cap 206 - Pesticides Control Act Cap 238 - Plant Protection Act Cap 242 - Wild Animals and Birds Sanctuaries Act Cap 339 - Murder, grievous bodily injury 	
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			<p>(Criminal Code sec. 230 & 205 -208)</p> <p>Kidnapping, illegal restraint and hostage taking (Criminal code Sec. 184)</p> <p>Amendment to Criminal Code by inserting s. 176B prohibits hostage taking.</p> <p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>A twenty three year old Computer Technician was the first person to be tried under the recently approved Hostage taking legislation which provides for anyone convicted of such an offence on indictment to receive life imprisonment.</p> <p>A highly strategic response was carried out jointly by the Criminal Investigation Department and the Rapid Response Unit of the RGPF on 24th December, 2013, when police investigations concluded that a ransom was being demanded to release a businessman who was taken hostage at gunpoint. After an exchange of firearms, the suspect was apprehended and the businessman was rescued without physical injury.</p> <p>The offence of “hostage taking” was recently included as part of the criminal code, by an amendment to insert section 176A in the Criminal Code.</p>	
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			<ul style="list-style-type: none"> - Robbery or theft (Criminal Code sec.274 & 276) - Smuggling (Customs Act # 35 of 1960 - Section 210) - Extortion (Criminal Code Sec. 277 & 417) - Forgery (Criminal Code Sec. 300 et al) - Piracy (no legislation available) <p><u>UPDATED INFORMATION JULY 2014</u> :- see section 335 of the Criminal Code Amendment No. 34 of 2013</p> <p>Amendment to section 335 of the Criminal Code by Amendment No. 34 of 2013 prohibiting piracy See copies of amendment attached.</p> <ul style="list-style-type: none"> - Insider trading and market manipulation (no legislation available) Legislation prohibiting Insider trading and market manipulation should be completed during the second quarter of 2014 <p><u>UPDATED INFORMATION - JULY 2014</u> - See Securities Act Cap 299A Part X addresses Insider Dealing and Other Market Abuses (copy of Act attached) GAPS CLOSED</p>	<p>No further action</p>
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<p>2. ML offence – mental element and corporate liability</p>	<p>LC</p>	<ul style="list-style-type: none"> 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>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. Enacted by Act 14 of 2012.</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"> a) POCA No. 27 of 1992 b) POCA No. 3 of 2003 c) Money Laundering (Prevention) Act, No. 18 of 1999 <p>ML offences are now addressed under one act.</p>	
<p>3. Confiscation and provisional measures</p>	<p>LC</p>	<ul style="list-style-type: none"> 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>To date 12 Production Orders have been served on Institutions and 10 restraint orders on properties in investigation, confiscation and forfeiture.</p> <p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>The RGPF in collaboration with the ODPP has provided the following statistics for the year 2013 to January 2014 in Drug related cases:-</p> <ul style="list-style-type: none"> 535 Drug Cases 219 convictions 84 cases withdrawn 232 cases pending <p>During the period August 2013 to December</p>	

			<p>2013, the estimated street value of drugs seized by the RGPF amounted to the following:-</p> <p>Cannabis - 168.9 KG = EC \$844,500.00 Cocaine 459.5 G = EC \$45,950.00</p> <p>The RGPF - Drug Squad Unit in its proactive approach towards the alleviation of drugs and crime, on March 26th carried out intelligence operations which lead to the discovery and uprooting of approximately 5000 Cannabis trees in a remote area in the North of the island. There were no suspects arrested.</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> <p><u>UPDATED INFORMATION - JULY 2014</u> The RGPF in collaboration with the ODPF has provided the following statistics on Drug Cases for the period February to July 2014.</p> <p>Total No. of Drug Cases - 248 Convictions - 87 Cases Withdrawn - 26 Cases Pending - 135</p> <p>Estimated street value of drugs seized during the period February to July, 2014:-</p> <p>Cannabis - Approx. \$1.3m EC Marijuana cigars - approx. \$7,235. EC</p>	
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			<p>Cocaine - approx. \$6,3m EC</p> <p>Crack - approx. \$12m EC.</p>	
Preventive measures				
5. Customer due diligence	NC	<ul style="list-style-type: none"> 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>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 3rd Quarter of 2013.</p> <p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>Grenada is looking forward to participating in a Regional National Risk Assessment Workshop scheduled by CFATF/World Bank to take place during the period March 26-27, 2014.</p> <p><u>UPDATED INFORMATION – JULY 2014</u></p> <p>Three participants attended a National Risk Assessment Workshop held in Barbados</p>	

		<ul style="list-style-type: none"> Competent authorities should consider making the Guidelines mandatory and enforceable with effective, proportionate and dissuasive sanctions. <p>(Rec. 5 Para.10)</p>	<p>during the month of March, 2014. Plans are being put in place by the office of the AML/CTF Commission to meet with persons who received training in order to draft policies and determine the way forward with regards to conducting the assessment.</p> <p>POCA AML/TF Guidelines SR&O No 6 of 2012, Part III – 21 and 22, provides for effective CDD measures for steps required to an entity or a professional in dealing with an applicant for business or a customer in relation to a business relationship or one-off transaction in order to forestall and prevent money laundering, terrorist financing and other financial crimes. – <u>UPDATED INFORMATION - JANUARY 2014</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13. See copy of resolution attached.</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>	<p>UPDATED INFORMATION JULY</p>
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		<ul style="list-style-type: none"> 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>UPDATED INFORMATION - JULY 2014 Amendment to POCA Guidelines has been drafted Administrative Penalties for specific breaches by corporate entities have been further increased by an amendment to schedule IV of the principal Guidelines. Sanctions range from \$70,000 to \$250,000.</p> <p><u>UPDATED INFORMATION : JANUARY 2014</u> The penalty for non-compliance to the Guidelines were increased by the POCA (Amendment) No. 2 # 33 of 2013 increasing the fine for breach of section 32 from \$25,000.00 to “50,000.00” and the term of imprisonment from “2” years to “4” years.</p> <p>Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13. See copies of SRO and resolution attached.</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><u>UPDATED INFORMATION - JANUARY 2014:</u> Amendment inserting the words “or professionals” was done by SRO no. 24 of 2013 (see section 6 para. (a). The House passed a resolution giving effect to this amendment on 15th November, 2013. See copies of SRO and Resolution attached. JULY 2014 GAPS CLOSED</p>	<p>2014 Draft amendment will be laid in Parliament in October, 2014. <i>(see copy of drafted bill attached)</i></p> <p>No Further Action</p>
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		<ul style="list-style-type: none"> 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. (Para 5.15) 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>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><u>UPDATED INFORMATION - JANUARY 2014:</u> Amendment inserting the words “or professionals” was done by SRO no. 24 of 2013(see section 6 para. (a) . The House passed a resolution giving effect to this amendment on 15th November, 2013. See copies of SRO and Resolution attached. JULY 2014 GAPS CLOSED</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. The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p><u>UPDATED INFORMATION - JANUARY 2014</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the</p>	<p>No further action</p> <p>No further action</p>
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		<ul style="list-style-type: none"> Financial institutions should be legislatively required to verify the identification of customers.(Rec. 5 Para 17) 	<p>House of Representatives on 28/5/13. JULY 2014 GAP CLOSED</p> <p>Amendment inserting the words “or professionals” was done by SRO no. 24 of 2013 (see section 6 para. (a). The House passed a resolution giving effect to this amendment on 15th November, 2013. See copies of SRO and Resolution attached. JULY 2014 GAP CLOSED</p> <p>The Guidelines sufficiently addresses a number of the requirements under this recommendations as listed below : Guidelines at Part III , 21 (4) (e) directly addresses</p> <p><u>UPDATED INFORMATION - JANUARY 2014:</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13. See copy attached.</p> <p>Amendment inserting the words “or professionals” was done by SRO no. 24 of 2013 (see section 6 para. (a). The House passed a resolution giving effect to this amendment on 15th November, 2013. See copies of SRO and Resolution attached.</p> <p>Guidelines at Part III, 21 (3) (f) sufficiently</p>	<p>No further action.</p> <p>No further Action</p>
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		<ul style="list-style-type: none"> Financial institutions should be required to obtain information on the purpose and intended nature of the business relationship. (Rec. 5 Para 20) 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 	<p>resolution giving legal effect to this amendment on 15th November, 2013. See copy of SRO attached. JULY 2014 - GAPS CLOSED</p> <p>Guidelines Part III – 21(5) (d) 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 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><u>UPDATED INFORMATION - JANUARY 2014:</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13. See copy attached.</p> <p>An Amendment was effected to section 21(5) of the Guidelines to insert the words “ownership and control structure” see SRO no. 24 of 2013 (see section 6 para. (e). The House passed a resolution giving legal effect to this amendment on 15th November, 2013. (See copies of resolution and SRO attached) JULY 2014 - GAP CLOSED</p> <p>Guidelines 21 3(a) refers</p>	<p>No further action</p> <p>No further action</p>
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		<p>up-to-date.(Rec. 5. Para 21.</p> <ul style="list-style-type: none"> • Financial institutions should be required to perform enhanced due diligence for higher risk categories of customers. Rec. 5 Para 22 • 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>The AMLTF Guidelines were passed in Parliament by negative resolution. <u>UPDATED INFORMATION - JANUARY 2014</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13.</p> <p>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 in Parliament <u>UPDATED INFORMATION - JANUARY 2014</u> An Amendment was effected to section 21(5) of the Guidelines to provide for this see SRO no. 24 of 2013 (see section 6 para. (b). The House passed a resolution giving legal effect to this amendment on 15th November, 2013. (See copies of resolution and SRO attached) <u>JULY 2014 - GAP CLOSED</u></p> <p>Guidelines Part III – Section 21 (3) (b) The AMLTF Guidelines were passed in Parliament (date) by negative resolution Guidelines Section 23 (2) sufficiently addresses <u>UPDATED INFORMATION - JANUARY 2014:</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13. Amendment inserting the words “or professionals” was done by SRO no. 24 of 2013 (see section 6 para. (a). The House passed a resolution giving effect to this amendment on 15th November, 2013. (See copies of resolution</p>	<p>No further action</p>
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		<ul style="list-style-type: none"> • Simplified CDD measures should be prohibited whenever there is suspicion of money laundering or terrorist financing. Rec.5 Para 24 • Financial institutions should be required to terminate a business relationship if the verification of a customer cannot be completed. Rec. 5 Para 25 	<p>and SRO attached)</p> <p>Guidelines Part III – Section 21 (3) (e) The AMLTF Guidelines were passed in Parliament by negative resolution.</p> <p>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. <u>UPDATED INFORMATION - JANUARY 2014:</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13. <u>JULY 2014 - GAP CLOSED.</u></p> <p>Amendment providing that documents and information should be kept up-to-date was done by SRO no. 24 of 2013 (see section 6 para. (c). The House passed a resolution giving effect to this amendment on 15th November, 2013. (See copies of resolution and SRO attached) <u>JULY 2014 - GAP CLOSED.</u></p> <p>Guidelines Part III – Section 21 (4) (d) Guidelines Section 22 (2) applies The AMLTF Guidelines were passed in Parliament by negative resolution.</p> <p><u>UPDATED INFORMATION - JANUARY 2014:</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13. (See copy</p>	<p>No further action</p> <p>No further action</p>
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		<ul style="list-style-type: none"> 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. Rec. 5 Para 26 	<p>of resolution attached)</p> <p>Guidelines Part III – 21 (6) (h) applies 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 <u>UPDATED INFORMATION - JANUARY 2014:</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13.</p> <p>Amendment limiting the use of simplified or reduced CDD measures was done by SRO no. 24 of 2013 (see section 6 para. (f). The House passed a resolution giving effect to this amendment on 15th November, 2013.(See copies of resolution and SRO attached) <u>JULY 2014 - GAP CLOSED.</u></p> <p>Guidelines Section 22(2) 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><u>UPDATED INFORMATION - JANUARY 2014:</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13. <u>JULY</u></p>	<p>No further action</p> <p>No further action</p>
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			<p><u>2014</u> - GAP CLOSED.</p> <p>Amendment limiting the use of simplified or reduced CDD measures where there is a suspicion of money laundering and terrorist financing was done by SRO no. 24 of 2013 (see section 6 para. (f). The House passed a resolution giving effect to this amendment on 15th November, 2013. (See copies of resolution and SRO attached). <u>JULY 2014</u> - GAP CLOSED.</p> <p><u>UPDATED INFORMATION</u> - JANUARY 2014: Amendment providing for the closing of all existing accounts was done by SRO no. 24 of 2013 (see section 8 (5) (c) (i). The House passed a resolution giving effect to this amendment on 15th November, 2013. <u>JULY 2014</u> - GAP CLOSED.</p> <p>Amendment providing for the undertaking of CDD measures where “there is an existing client or business relationship, at appropriate times” was done by SRO no. 24 of 2013 (see section 6 (d) (iii). The House passed a resolution giving effect to this amendment on 15th November, 2013. (See copies of resolution and SRO attached). <u>JULY 2014</u> - GAP CLOSED.</p> <p>Guidelines Section 25 (5) The Guidelines were passed in Parliament by negative resolution</p>	<p>No further action</p> <p>No further action</p> <p>No further action</p>
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			<p>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> <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 19th 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 invariably address a number of comments under this recommendation.</p>	
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			<ul style="list-style-type: none"> - Country of origin of the customer; - 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; - Whether the country of origin is cash based; - Whether the country of origin has in place adequate AML/CFT measures, including “know your customer” requirements; - Where large amounts are presented for establishing the business relationship, the form in which they are presented; - Whether the country of origin is under any established sanction, embargo or other restriction or whether any such sanction, embargo or other restriction is specifically imposed on the customer, (entities and professionals are encouraged to conduct regular checks of the Gazette to note any new lists on the UN and EU sanctions and embargo regimes, including modifications thereto). <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</p>	
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		<ul style="list-style-type: none"> • 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) • 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) 	<p>requirement The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>Guidelines - Section 24 (1) (d) addresses requirement JULY 2014 -- GAP CLOSED. 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 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><u>UPDATED INFORMAIION - JANUARY 2014:</u> Amendment inserting the words "enhanced on going" was done by SRO no. 24 of 2013 (see section 7). The House passed a resolution giving effect to this amendment on 15th November, 2013. (See copy of SRO attached).</p> <p>Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of</p>	<p>No further action</p>
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	<ul style="list-style-type: none"> • Financial institutions should be required to conduct enhanced ongoing monitoring on relationships with PEPs. Rec. 6 Para 50 • Grenada should undertake steps to sign the 2003 United Nations Convention against Corruption. (Rec. 6 Para 50) 	<p>Representatives on 28/5/13(copy attached). JULY 2014 GAP CLOSED</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><u>UPDATED INFORMATION - JANUARY 2014:</u> Grenada enacted the Prevention of Corruption Act in 2007 (See copy attached Cap 252A) and the Integrity in Public Life Act (See copy attached Cap. 24 of 2013).</p> <p>Submission went to Cabinet on 2/20/2013. By Cabinet Conclusion #1358 of 7th October 2013, Cabinet granted approval for Grenada’s accession to the UN Convention against corruption</p> <p><u>UPDATED INFORMATION - JULY 2014</u> Cabinet has approved accession to the Convention. Administrative preparations are</p>	<p>No further action</p> <p>Communication with the UN through the Ministry of Foreign Affairs and</p>
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			<p>presently being made through the Ministry of Foreign Affairs to comply with this directive .</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 19th 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 invariably address a number of comments under this recommendation. <u>UPDATED INFORMATION - JANUARY 2014:</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13(copy attached). <u>JULY 2014</u> - GAPS CLOSED</p>	<p>ratification of convention</p> <p>No further action</p>
<p>7. Correspondent banking</p>	<p>NC</p>	<ul style="list-style-type: none"> • Financial institutions should be fully aware and document a respondent institution’s circumstances: - this should include details of its business, management, regulated status and other information that may be publicly available or available upon request for the purposes of establishing a relationship. Rec. 7 Para 51) • Financial institutions should be required to have written procedures 	<p>Proceeds of Crime (Anti-money laundering and Terrorism Financing) Guidelines SRO 6 of 2012. Gazetted on Friday 17th February, 2012 addresses all requirements of this recommendation. <u>JULY 2014</u> - GAP CLOSED.</p> <p>Guidelines Section 37 (1) (b) sufficiently addresses</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution <u>JULY 2014</u> - GAP CLOSED.</p> <p>Proceeds of Crime (Anti-money Laundering and Terrorism Financing) Guidelines SRO 6 of 2012. Gazetted on Friday 17th February, 2012</p>	<p>No further action</p>

	<p>to obtain and assess the anti-money laundering procedures and CDD procedures of a respondent institution. Rec. 7 Para 51</p> <ul style="list-style-type: none"> • • Financial institutions should be required to obtain approval from senior management to establish new correspondent relationships in all cases. Rec. 7 Para 51 • Financial institutions should document the respective AML/CFT responsibilities of each institution in cross-border correspondent relationships (Rec. 7 Para 51) • 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 	<p>applies Guideline Section 37 (1) (c) The AMLTF Guidelines were passed in Parliament by negative resolution <u>JULY 2014 - GAP CLOSED.</u> 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 The AMLTF Guidelines were passed in Parliament by negative resolution.</p> <p>Guidelines - Section 37 (1)(f) applies to this requirement The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p>Guidelines – Section 37 and 38 applies to this requirement. The Guidelines has been passed in Parliament by negative resolution</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 19th 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><u>UPDATED INFORMATION - JANUARY 2014:</u> Resolution giving legal effect to the</p>	
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		<p>provide relevant customer identification data upon request. (Rec. 7 Para 51)</p>	<p>Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13(copy attached). JULY 2014 - GAPS CLOSED</p>	<p>No further action</p>
<p>8. New technologies & non face-to-face business</p>	<p>NC</p>	<ul style="list-style-type: none"> • 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) • 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) 	<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 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>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 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 19th 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> <p><u>UPDATED INFORMATION - JANUARY 2014:</u>Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13</p>	
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			<p>Amendment providing for entities and professionals to have written policies and procedures to address the risks associated with non face to face transactions was done by SRO no. 24 of 2013 (see section 9). The House passed a resolution giving effect to this amendment on 15th November, 2013. (See copies of SRO and resolution attached) <u>JULY 2014</u> - GAP CLOSED.</p>	<p>No further action</p>
<p>9. Third parties and introducers</p>	<p>NC</p>	<ul style="list-style-type: none"> • 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 • Financial institutions should be required to test agreements with 	<p>Proceeds of Crime (anti-money laundering and Terrorist Financing) Guidelines 2012 and Proceeds of Crime (Anti-Money Laundering and Terrorist Financing) Regulations SRO 5 of 2012 addresses.</p> <p>Guidelines - Section 33 sufficiently applies. p. 93</p> <p>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 (Amendment effected by SRO No. 24 of 2013 at section 10.</p> <p><u>UPDATED INFORMATION - JULY 2014</u> A Further amendment is being drafted to section 33 to insert (2b) setting out the elements of the CDD process.</p> <p>Regulations – Regulation 7, sub-regulation (4) and (5) applies to these recommendations - p.10</p>	<p>This amendment will be tabled in parliament between in October, 2014. <i>(see draft amendment bill attached)</i></p>

		<p>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</p> <ul style="list-style-type: none"> Financial institutions should be required to satisfy themselves that the third party is regulated and supervised in accordance with Recommendations 23, 24 and 29. <p>Rec. 9 Para 55</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><u>UPDATED INFORMATION - JANUARY 2014:</u> Amendment to the Regulations providing for testing the validity of a written assurance and satisfying himself that the applicant for business complied with the requirements of sub-regulation (4) was done by SRO No. 25 of 2013 insertion of sub- regulation 6 in regulation 7 at section 4. (See copy of SRO attached). <u>JULY 2014 - GAPS CLOSED</u></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><u>UPDATED INFORMATION - JANUARY 2014:</u>Amendment to section 33 of the Guidelines now provides that the entity or professional is ultimately responsible to be satisfied that third parties are regulated in accordance with the FATF recommendations done by SRO no. 24 of 2013 (see section 10 (6) (b). <u>JULY 2014 - GAPS CLOSED</u></p>	<p>No further action</p> <p>No further actions</p>
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	<ul style="list-style-type: none"> • 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 • 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 	<p>The House passed a resolution giving effect to this amendment on 15th November, 2013. (see copy of SRO and resolution attached)</p> <p>Guidelines applies - Schedule II - Recognized jurisdictions at p. 152 Drafting of amendment to Section 54 by insertion of 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><u>UPDATED INFORMATION - JULY 2014</u> <u>This Amendment was effected by SRO 24/2013 at Para. 10, which states as follows</u> ∴</p> <p>“(6) Despite reliance on this section, an entity or a professional has the ultimate responsibility to (a) establish and review the customer due diligence information of an applicant for business or a customer following the establishment of the business relationship. <u>JULY 2014 - GAP CLOSED</u></p>	<p>No further action</p> <p>No further action</p>
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			<p><u>UPDATED INFORMATION - JANUARY 2014:</u> Amendment to section 54 of the Guidelines now provides that an entity or professional must use the list of jurisdictions in schedule II to evaluate third parties operating in foreign jurisdictions - SRO no. 24 of 2013 (see section 14). The House passed a resolution giving effect to this amendment on 15th November, 2013. <u>JULY 2014 - GAPS CLOSED</u> (See copy of SRO and resolution attached)</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 <u>UPDATED INFORMATION - JULY 2014</u> <u>This Amendment was effected by SRO 24/2013 at Para. 10, which states as follows</u> :-</p> <p>“(6) Despite reliance on this section, an entity or a professional has the ultimate responsibility to (a) establish and review the customer due diligence information of an applicant for business or a customer following the establishment of the business relationship. <u>JULY 2014 - GAP CLOSED</u></p> <p><u>UPDATED INFORMATION - JANUARY 2014:</u> Amendment providing that an entity or professional immediately obtain from an</p>	<p>No further action</p>
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			<p>introducer elements of CDD undertaken was done by SRO no. 24 of 2013 (see section 10 (a)). The House passed a resolution giving effect to this amendment on 15th November, 2013.</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 19th 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><u>UPDATED INFORMATION - JANUARY 2014</u>:Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13 <u>JULY 2014 - GAP CLOSED.</u></p>	No further action
10. Record keeping	LC	<ul style="list-style-type: none"> 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. 	<p>Proceeds of Crime (anti-money laundering) Guidelines 2012 Part VI Section 47 Sub-section (1) - 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 19th 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</p>	

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			<p>amendments will be prepared in readiness.</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p><u>UPDATED INFORMATION - JANUARY 2014</u>: Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13</p> <p>JULY 2014 GAPS CLOSED</p>	<p>No further action</p>
<p>11. Unusual transactions</p>	<p>NC</p>	<ul style="list-style-type: none"> 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) 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) 	<p>Proceeds of Crime (anti-money laundering) Guidelines 2012 Section 22, 23 and 47 (1) applies</p> <p>Proceeds of Crime (Anti-money laundering) Regulations 8,9 & 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 19th 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</p>	

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			<p>under this recommendation. JULY 2014 - GAPS CLOSED</p> <p><u>UPDATED INFORMATION - JANUARY 2014</u>:Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13. JULY 2014 - GAPS CLOSED</p>	<p>No further action</p> <p>No further action</p>
12. DNFBP – R.5, 6, 8-11	NC	<ul style="list-style-type: none"> 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) 	<p>The Proceeds of Crime (Anti-money-laundering) Guidelines 2012 refers to DNFBP’s.</p> <p>DNFBP’s are construed in its definition as Entities. The meaning of “Entity” as outlined in the Guidelines is, a person in a relevant business within the meaning of regulations 2(1) of the Anti-money Laundering and Terrorism Financing Regulations 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</p>	

		<ul style="list-style-type: none"> • Authorities should consider specific training and/or awareness programs to educate DNFBPs about AML/CFT requirements 	<p>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. Provision in the Regulations and Guidelines are also applicable to Recommendations 5,6,8-11</p> <p><u>UPDATED INFORMATION - JANUARY 2014:</u>Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13. JULY 2014 - GAPS CLOSED.</p> <p>The Authority is aware that specific training is required to plan and effectively administer education programs and as such, Grenada has submitted its list of training needs to the CFATF for consideration. The list also includes assistance in carrying out risk assessment of DNFBP’s; and training workshops for DBFBP’s and Inspectors.</p> <p>A workshop for DNFBPs was held on July 9 & 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>No further action</p>
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			<p><u>UPDATED INFORMATION - JANUARY 2014 : Aug 2013-Jan 2014</u></p> <p>In 2013, Grenada continued its education campaign with the DNFBP's on building AML Awareness and encouraging compliance before it can begin to regulate the sector. On 14th November, 2013, a forum targeting churches was held, at least 70 persons attended. Emphasis was placed on compliance with the AML Guidelines, and sensitization of them on the vulnerability of churches to become easy targets to ML/TF, and to educate on new trends and typologies now existing.</p> <p>An amendment was effected in November 2013, Act No. 32 was passed in the House of Representatives, giving effect to the mandatory registration of NPO's. (See copy attached) JULY 2014 - GAP CLOSED.</p> <p>In January 2014, a forum was held with Real Estate Agents, Accountants and Accounting Firms on Compliance with the AML/CTF Guidelines.</p> <p>Compliance forum was held with Credit Unions on 5th December, 2013, advising them on their duty to appoint compliance officers in accordance with the Guidelines. To date 95% have complied.</p> <p>Legislative machinery is now in place through the Regulations and Guidelines which now</p>	<p>No further action</p>
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		<ul style="list-style-type: none"> Dealers in precious metals and precious stones should be subject to AML/CFT requirements in accordance with FATF standards Rec 12 Para 61 	<p>include 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 19th 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><u>UPDATED INFORMATION : JULY 2014</u> The FIU continues to liaise and provide individual information and training to NPO's on any new pieces of legislation affecting them eg. Act 23 of 2014.</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> <p>Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13</p> <p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>A Compliance forum for Dealers in precious metals and precious stones is scheduled to take place within the 1st Quarter, 2014.</p>	
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<p>13. Suspicious transaction reporting</p>	<p>NC</p>	<ul style="list-style-type: none"> 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 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 	<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. JULY 2014 - GAPS CLOSED</p> <p>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. JULY 2014 - GAPS CLOSED</p> <p>New Section 22A added to cover the terrorist financing offence of providing or receiving money or other property in support of terrorist acts. JULY 2014 - GAPS CLOSED</p> <p><u>UPDATED INFORMATION - JANUARY 2014:</u> See recommendation 1 for information in reference to the criminalization of predicate offences. A further amendment was effected to the section 22A of the Terrorism Act by Act No. 35 of 2013 in s. 19 by inserting paragraph (aa)(see copy attached)</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 1st Quarter 2012.</p> <p>Amendment made through insertion of new</p>	<p>No further action</p>

		<ul style="list-style-type: none"> • All suspicious transactions, including attempted transactions should be legislatively required to be reported regardless of the amount of transaction Rec. 13 Para 28 • The requirement to report suspicious transactions should apply regardless of whether they are thought, among other things to involve tax matters. Rec. 13 Para 28 	<p>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><u>UPDATED INFORMATION - JANUARY 2014:</u> By virtue of Act. No. 35 of 2013 a further amendment was effected to section 19 to insert paragraph (aa) which criminalizes any funding of terrorist organization or any person who is concerned with such (see copy attached).</p> <p>UPDATE JULY 2014 – a further amendment is effected to section 19 of the Terrorism Act to criminalise the collection of any funds for an on behalf an individual terrorist.</p> <p>Sect 19 & 20 of the guidelines addresses this</p> <p>Section 20 (1) and 20(2) of the AMLTF Guidelines address this. <u>UPDATED INFORMATION - JANUARY 2014</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13 (copy attached) JULY 2014 - GAP CLOSED</p> <p>Drafting of amendment is not yet completed, however, the service of a Legal Consultant is being utilized to expedite the process <u>UPDATED INFORMATION - JANUARY 2014.</u> Amendment to s. 25 (5) (iii)(c) of the Guidelines by Act No. 24 of 2013 to provide that the requirement to report suspicious transactions should apply regardless of whether</p>	<p>This amendment will be tabled in Parliament in October 2014. See amendment attached</p>
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			they are thought, among other things to be tax matters. Resolution giving legal effect to the Guidelines was passed by the house on 15/11/13 (Copy SRO and resolution attached) JULY 2014 - GAP CLOSED	No further action
14. Protection & no tipping-off	PC	<ul style="list-style-type: none"> • 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 	<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	<ul style="list-style-type: none"> ○ 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 ○ The requirement for financial institutions to develop appropriate compliance management arrangements which include at a 	<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.</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution: <u>UPDATED INFORMATION - JANUARY 2014</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of</p>	

		<p>minimum the designation of an AML/CFT compliance officer at management level should be enforceable. Rec. 15 Para 64</p> <p>○ The requirement for AML/CFT compliance officer and <i>other appropriate staff</i> to have timely access to customer identification data and other CDD information, etc should be enforceable. Rec. 15 Para 65</p>	<p>Representatives on 28/5/13 (Copy attached)</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 not yet been laid in Parliament</p> <p><u>UPDATED INFORMATION JANUARY 2014:</u> An amendment to Regulations 13 at sub-regulation (2) to insert the words “or other appropriate staff” is being drafted.</p> <p>Part II – Section 12 (4) of the Guidelines applies</p> <p><u>UPDATED INFORMATION - JULY 2014</u> amendment redrafted to include “other appropriate staff”.</p> <p><u>UPDATED INFORMATION - JANUARY 2014</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13 (Copy</p>	<p>This amendment will be tabled in Parliament is October 2014</p>
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		<ul style="list-style-type: none"> ○ 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 ○ 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 	<p>attached)</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 Drafting of amendment has not been completed but the service of a Legal Consultant is being utilized to expedite the process.</p> <p><u>UPDATED INFORMATION - JANUARY 2014:</u> An amendment to Regulations 13 at sub-regulation (2) by SRO 25 of 2013 to insert the words “or other appropriate staff” is being drafted. (see copy attached)</p> <p><u>UPDATED INFORMATION - JULY 2014</u> amendment redrafted to include “other appropriate staff”.</p> <p>.</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. The AMLTF Guidelines were passed in Parliament by negative resolution</p>	<p>This amendment will be tabled in Parliament in October 2014<i>(see draft amendment attached</i></p>
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		<p>under these laws.</p> <ul style="list-style-type: none"> ○ 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><u>UPDATED INFORMATION - JANUARY 2014</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13 (copy attached) JULY 2014 - GAPS CLOSED</p> <p>Requirement to provide frequent training or at least once a year, for all staff and directors or partners, as the case may be, is addressed in Regulation 16 to ensure that they are aware of the provisions of the AML Regulations, Proceeds of Crime Act, the Terrorism Act, the Guidelines and any other enactment from time to time, relating to money laundering and terrorism financing; and all other requirements as stated in Regulation 16. Failure to comply would result in offences and penalties as stipulated by Regulation 17.</p> <p>Training is provided for staff in this area which covers topics such as ‘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>No further action</p>
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			<p>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p><u>UPDATED INFORMATION - JANUARY 2014:</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13 (copy attached) JULY 2014 - GAPS CLOSED</p> <p>Parliament was dissolved and Grenada held general elections on 19th 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 will address a number of the comments under this recommendation.</p> <p><u>UPDATED INFORMATION - JANUARY 2014:</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13(copy attached) JULY 2014 - GAPS CLOSED</p>	
<p>16. DNFBP – R.13-15 & 21</p>	<p>NC</p>	<ul style="list-style-type: none"> 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>The Proceeds of Crime (Anti-money-laundering) Guidelines 2012 also refers to DNFBP’s.</p> <p>DNFBP’s are construed in its definition as Entities. The meaning of “Entity” as outlined in the Guidelines is, a person in a relevant business within the meaning of regulations 2(1)</p>	

		<ul style="list-style-type: none"> • Authorities should consider specific training and/or awareness programs to educate DNFBPs about AML/CFT requirements 	<p>of the Anti-money Laundering and Terrorism Financing Regulations and for the avoidance of doubt, it includes a person that is regulated by the Commission by virtue of the Proceeds of Crime Act and any other enactment; or a non-financial business designated by the Commission.</p> <p>The Regulations captures the entire host of relevant businesses (as required by FATF Recommendations) under Regulation 1, and sub-regulation (k) specifically lists the business of dealing in jewelry, precious metals or precious stones.</p> <p>With the enactment of POCA, Guidelines and Regulations. Awareness and Training has now become a high priority for the Commission. A request for assistance with training of DNFBP's and Inspectors has been made to CFATF. The Commission awaits a definite response. It is anticipated that this should be achieved before the end of the 2nd 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"> 1. AML/CFT awareness for DNFBP, July 9-10, 2012. 2. AML/CFT Training for financial and DNFBP Supervisors 	
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		<ul style="list-style-type: none"> Dealers in precious metals and precious stones should be subject to AML/CFT requirements in accordance with FATF standards 	<p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>The FIU and the AML/CTF Commission has undertaken jointly to provide training in AML/CTF awareness to DNFBP's to bring them in line before regulating the sector. As stated, most recently the following training has been done:-</p> <ul style="list-style-type: none"> - Compliance for NPO's specifically targeting churches was held 14th November 2013, of which 70 persons represented their organizations. - Compliance forum with Credit Unions specifically reporting officers and their assistants – 5th December, 2013. - AML/CTF Compliance with Real Estates Agents and Accountants held Tuesday 28th January, 2014. <p>A Compliance forum for Dealers in precious metals and precious stones is scheduled to take place within the 1st Quarter, 2014.</p> <p>This requirement awaits approval of the Guidelines through the parliamentary procedure.</p>	
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			<p>Moreover, Compliance with POCA Regulations and Guidelines is equally applicable to R. 13-15 & 21</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution.</p> <p>The Guidelines were passed in Parliament by negative resolution</p> <p><u>UPDATED INFORMATION - JANUARY 2014:</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13.(copy attached) JULY 2014 - GAPS CLOSED</p>	
17. sanctions	PC	<ul style="list-style-type: none"> Authorities should amended the POCA and the MLPA to ensure that sanctions are consistent and broad in range 	<p>Schedule IV (p. 164) of the Guidelines and Regulations 17, addresses offences and penalties.</p> <p><u>UPDATED INFORMATION - JANUARY 2014:</u> An amendment was effected to section 7 of the POCA Act by the Proceeds of Crime (Amendment) (No. 2) – No. 33 of 2013 to increase the threshold for imposing an administrative penalty for breach of the Guidelines from “\$20,000.00” to “\$40,000.00”.</p> <p>An amendment was also effected to Schedule IV of the Guidelines to by SRO 24 of 2013 to reflect this increase. A Resolution giving legal effect to this amended Guidelines was passed by the House of Representatives on 15 November, 2013. (Copies attached)</p> <p><u>UPDATED INFORMATION - JULY 2014</u> Administrative penalties for specific</p>	<p>Draft amendment will be laid in</p>

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			<p>breaches by corporate entities have been further increased pursuant to Grenada’s 9th Follow-up Report by an amendment to schedule IV of the principal Guidelines. Sanctions range from \$70,000 to \$250,000.</p>	<p>Parliament in October, 2014. <i>(see bill attached)</i></p>
18. Shell banks	NC	<ul style="list-style-type: none"> 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 Amend legislative provisions to prevent financial institutions from entering into or continuing correspondent relationships with shell banks. Rec. 18 Para 73 	<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><u>UPDATED INFORMATION - JULY 2014</u> Offshore Banking (Amendment) Bill drafted to take care of this requirement.</p> <p><u>UPDATED INFORMATION- JANUARY 2014</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13.</p> <p>An amendment was effected to sections 2 and 5 of the Banking Act by Act. No. 29 of 2013 defining the term “shell bank” and a prohibition</p>	<p>This amendment will be tabled in Parliament in October 2014. <i>(See bill attached)</i></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>against the granting of a Licence by the Minister to a shell bank. Similarly an amendment was effected to sections 2 and 13 of the Offshore Banking Act by Act no. 28 of 2013. (copies attached) UPDATE JULY 2014 – Pursuant to Grenada’s 9th Follow-up report an amendment was drafted to require an entity licensed under the Offshore Banking Act to have its mind and management in Grenada</p> <p>Guidelines Section 37 (1) (a) applies <u>UPDATED INFORMATION - JANUARY 2014:</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13(copy attached).</p> <p>Drafting of amendment is not yet completed, however, the service of a Legal Consultant is being utilized to expedite the process <u>UPDATED INFORMATION - JANUARY 2014:</u> Amendment to guideline 37 to insert the words “or financial institution” was done by SRO No. 24 of 2013 (see section 12). A Resolution giving legal effect to this amended Guidelines was passed by the House of Representatives on 15 November, 2013. (copy attached). JULY 2014 - GAP CLOSED</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 19th February, 2013 and there has been a change of Government. A timeline cannot be presently ascertained as to</p>	<p>This amendment will be tabled in Parliament in October 2014. (See bill attached)</p> <p>No further action</p>
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			<p>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><u>UPDATED INFORMATION - JANUARY 2014:</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13. (copy attached). JULY 2014 - GAP CLOSED</p>	No further action
19. Other forms of reporting	NC	<ul style="list-style-type: none"> 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 	<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>Drafting of amendment is completed but has not yet been laid before parliament</p> <p><u>UPDATED INFORMATION - JANUARY 2014:</u> Amendment to guidelines 20 (7) to insert the words “who shall then report the transaction to the Financial Intelligence Unit” was done by SRO No. 24 of 2013 (see section 6). A Resolution giving legal effect to this amended Guidelines was passed by the House of</p>	

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			Representatives on 15 November, 2013. (copy attached) . JULY 2014 - GAP CLOSED	No further action
20. Other NFBP & secure transaction	PC		<p>Guidelines 2012 applies to all entities and professional.</p> <p>Section 4 of the guidelines refers The AMLTF Guidelines were passed in Parliament by negative resolution <u>UPDATED INFORMATION - JANUARY 2014:</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13 (copy attached). JULY 2014 - GAP CLOSED</p>	No further action
21. Special attention for higher risk countries	NC	<ul style="list-style-type: none"> 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 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 	<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 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. <u>UPDATED INFORMATION - JANUARY 2014</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13. Amendment to guideline 54 inserting (4a) was done by SRO No. 24 of 2013 (see section 14).</p>	

			<p>- GAP CLOSED</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 19th 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> <p><u>UPDATED INFORMATION - JANUARY 2014:</u> A new section (15A) was inserted to the Regulations by SRO 25 of 2013 to provide for the application of counter measures (Copy attached).</p> <p><u>UPDATED INFORMATION - JULY 2014</u> In response to a CFATF Public Statement issued in November 2013, The following was instituted:-</p> <p>Cabinet approved the application of counter measures by the AML/CTF Commission against Guyana for failure to address its strategic deficiencies thus posing a threat to the international Financial System.</p> <p>On 30th June, 2014, The AML/CTF Commission issued a Public Advisory this was disseminated to :-</p> <p>-all Media houses (radio & television stations)</p>	
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			<p>-all Banks -Credit Unions -money remitters -GARFIN (to be sent to those it regulates -the FIU (posted on website at grenadafiu.com) -the Information Communication Technology Unit of the Government (for posting on the Government of Grenada website at gov.gd) - the advisory also referred the general public including other regulated entities to the cfatf.org website where the initial official advisory can be found.</p>	
22. Foreign branches & subsidiaries	NC	<ul style="list-style-type: none"> 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 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. Rec. 22 	<p>Section 55 (1) of the Guidelines provides for this recommendation The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p><u>UPDATED INFORMATION - JANUARY 2014:</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13. (copy attached)</p> <p>Section 55 (2) applies The AMLTF Guidelines were passed in Parliament by negative resolution Drafting of amendment with regard to the requirement that financial institutions ensure that foreign branches and subsidiaries in countries which do not or insufficiently apply the FATF Recommendation to ensure they observe measures consistent with home country</p>	

		<p>Para 82</p> <ul style="list-style-type: none"> • 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. • 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 	<p>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><u>UPDATED INFORMATION - JANUARY 2014:</u> An amendment was effected to section 55 (2) of the Guidelines to insert the following “and shall ensure that they observe measures consistent with Grenada’s requirements and the FATF anti-money laundering and terrorist financing recommendations” by SRO 24 of 2013. A Resolution giving legal effect to this amendment was passed by the House of Representatives on 15 November, 2013. <u>JULY 2014 - GAP CLOSED</u></p> <p>Section 55 (3) applies The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p><u>UPDATED INFORMATION - JANUARY 2014:</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13. <u>JULY 2014 - GAP CLOSED</u></p> <p>Section 55(5) applies 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 19th February, 2013 and there has been a change of</p>	<p>No further action</p>
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			<p>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><u>UPDATED INFORMATION - JANUARY 2014:</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13. <u>JULY 2014 - GAP CLOSED</u></p>	<p>No further action</p>
<p>23. Regulation, supervision and monitoring</p>	<p>PC</p>	<ul style="list-style-type: none"> The ECCB should review its inspection program to ensure effective compliance of its licensees with AML/CFT obligations. (Rec. 23 Para. 36) 	<p>The ECCB's last Guidance Notes for Licensed Financial Institutions was issued May 1995.</p> <p>Letter dated 6th 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><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>Comprehensive inspection/supervision was</p>	

		<ul style="list-style-type: none"> 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) 	<p>carried out by the ECCB during the period 24 June to 5th July, 2013, to ensure that the banks policies, programmes and the country's AML/CTF legislations are adhered to. The ECCB assured that inspection of countries are done randomly before scheduling an inspection within the region. The records of the bank are taken into consideration assessing its vulnerability to ML/TF.</p> <p><u>UPDATED INFORMATION :- July 2014</u> In relation to inspection done during June and July 2013 and the examiner's comment regarding whether there were any sanctions applied, the ECCB inspectors has advised that it was not necessary to apply sanctions since the area of non-compliance was indeed minor and the Financial Institution complied almost immediately with their recommendation for corrective measures. No new inspections were carried out during the period January to July 2014.</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><u>UPDATED INFORMATION - JANUARY 2014:</u> Legislation in this area is pending. It should be completed during the first quarter of 2014</p> <p>While section 201of the IA No. 5 of 2010</p>	
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			<p>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.</p> <p>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> <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 19th February 2013 and there has been a change of Government.</p> <p><u>UPDATED INFORMATION - JANUARY 2014:</u> Amendment to the Money Services Business Act is pending. It should be completed during the first quarter of 2014. UPDATED</p>	<p>No further action</p>
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		<ul style="list-style-type: none"> • Money value transfer service operators should be subject to effective systems for monitoring and 	<p><u>INFORMATION - JULY 2014</u> The following legislations has been enacted to provide for fitness and probity checks on directors, shareholders and management of licensees of GARFIN:</p> <ul style="list-style-type: none"> • Section 15(A) of Garfin (Amendment) Act No 27, 2014, • the Securities (amendment) No. 26, 2014, • Insurance (amendment) No. 25 of 2014 <p>GAP CLOSED</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 2nd quarter of 2011. Other scheduled visits will take place during the 3rd quarter 2011. The other two entities are scheduled between September and November 2011.</p> <p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u> Offsite supervision was conducted during the period August 2013 to January 2014</p> <p>Money Services Operators are monitored by</p>	
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		<p>ensuring compliance with national AML/CFT requirements. (Rec. 23 Para 41)</p>	<p>GARFIN under the Money Services Business Act No. 10, 2009. Reporting is being established and training is also being conducted by GARFIN.</p> <p>GARFIN has conducted inspection on all but one Money Services Operators for 2011.</p> <p>During the month of February 2012, GARFIN received training provided by the World Bank in the regulation of Money Service Operators.</p> <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 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><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>During 2013, the FIU delivered a series of compliance training on the importance of reporting SAR's by Money Services Business in Grenada. The sector has been extremely responsive, with a significant number of SARS being reported monthly.</p>	<p>No further action</p>
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			<p>Two recent cash detention orders and convictions were obtained in January, 2014.</p> <p>Workshop for Insurance Companies was held on Pension Plans – December 2012.</p> <p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>GARFIN continues to equip its staff with the necessary knowledge and ability to function effectively in order to provide exemplary services to non-banking institutions. Staff attended the following workshops during the year 2013:-</p> <ul style="list-style-type: none"> - ECCB World Bank credit union workshop - January 2013 - IFRS train the trainer for non-bank and Financial Institution – St. Kitts – Feb.2013 - Caribbean Association of Pension Supervisors workshop and AGM held in Grenada – May 2013 - Caribbean Association of Insurance Workshop and AGM – Turks & Caicos – June 2013 - Toronto Center for International Programme for Insurance and Pension Supervisors – Being prepared – How 	
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			<p>to learn from others experiences in uncertain times. – Canada – July, 2013</p> <ul style="list-style-type: none"> - First Caribbean Confederation of Credit Union meeting – Grenada – October 2013. - 16th Annual Insurance Educators Conference – Grenada – November 2013 - 9th International Micro Insurance Conference – Indonesia - November 2013 - Caribbean Group of Credit Unions meeting – Creating Sustainable Credit Unions in the Caribbean – Crisis Management and Resolution - Grenada - November 2013 <p>GARFIN conducted one inspection of Fastcash during the period 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><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>During this period GARFIN maintained in constant contact with Fast Cash regarding the submission of its annual audited financial statements and follow-ups.</p>	
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<p>24. DNFBP - regulation, supervision and monitoring</p>	<p>NC</p>	<ul style="list-style-type: none"> • 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) • Dealers in precious metals and precious stones should be subject to AML/CFT requirements in accordance with FATF standards 	<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. <u>UPDATE JANUARY 2014:</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13. JULY 2014 - GAP CLOSED.</p> <p>An amendment was effected to section 9 (1) of the Guidelines by SRO 24 of 2013(see section 3) A Resolution giving legal effect to this amendment was passed by the House of Representatives on 15 November, 2013(Copies attached). JULY 2014 - GAP CLOSED.</p> <p>Supervision and monitoring of DNFBP’s would be done by the FIU and Staff of the AML /CFT Commission formerly known as the (Supervisory Authority) after the necessary technical assistance and training is sourced. This is expected by the end of the 3rd Quarter of 2012.</p> <p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>Awareness and Training of the DNFBP Sector is still ongoing before regulating and supervision can take place.</p>	<p>No further action</p>

			<p>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"> 1. AML/CFT Awareness for DNFBP's – July 9& 10, 2012. 2. Training of Financial and DNFBP Supervisors – July 11-13, 2012. <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><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>Awareness and Training of the DNFBP Sector is still ongoing before regulating and supervision can take place.</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.</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution</p> <p><u>UPDATED INFORMATION - JANUARY</u></p>	
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			<p><u>2014</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13. <u>JULY 2014</u> - GAPS CLSOED.</p>	
25. Guidelines & Feedback	PC	<ul style="list-style-type: none"> The FIU should provide financial institutions and DNFbPs with consistent feedback on filed suspicious transaction reports. The Guidelines should include specific instructions relating to the requirements for combating the financing of terrorism 	<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><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>Regular meetings are held with the Financial Institutions in order to give them constant feedback and to keep them abreast with new trends and typologies that may exist.</p> <p>Section 8 of Guidelines 2012 applies <u>UPDATED INFORMATION - JANUARY 2014</u>: Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13. <u>JULY 2014</u> - GAPS CLOSED</p> <p>The objectives of the Guidelines are to outline the relevant requirements of the laws of Grenada with respect to the detection and prevention of money laundering; to ensure that every entity and professional puts in place appropriate systems and controls to detect and prevent money laundering and terrorist financing;; to provide guidance to every entity</p>	No further action

			<p>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>	
Institutional and other measures				
26. The FIU	LC	<ul style="list-style-type: none"> The authorities should act promptly in appointing a FIU Director. The absence of a director significantly 	<p>Section 15 of draft FIU Bill Cabinet have since approved the appointment of a Director of FIU with effect from 1st June, 2009. The Officer has since been functioning</p>	

		<p>hampers the functioning of the Unit.</p> <ul style="list-style-type: none"> • There should be specified grounds for the removal of the director. • The annual report of the FIU should include an analysis of trends and AML/CFT typologies. 	<p>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><u>UPDATED INFORMATION - JANUARY 2014</u>The FIU is currently in force, Act No. 14 of 2012</p> <p>Section 16 of new drafted FIU Bill <u>UPDATED INFORMATION - JANUARY 2014</u>. S. 17 of the Bill provides for the removal of the Director from office</p> <p>Clause 18 of new drafted FIU Bill</p> <p><u>UPDATE JULY 2014 - New trends and typologies</u> - In July the FIU issued an advisory through the media via Radio and television, informing the general public of a new trend in the country that has the potential to cause major financial loss to citizens. It stated that persons holding accounts with local banks, particularly those with internet banking capabilities are contacted via email and telephone, by persons purporting to be bank officials requesting bank account numbers and</p>	
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		<ul style="list-style-type: none"> 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. 	<p>passwords.</p> <p>Once personal information is acquired, criminals are able to transfer monies from their accounts without their knowledge. The FIU warned that personal information concerning individual accounts should not be given to anyone via the internet or telephone. Additionally, account holders should always verify all forms of communication through their respective banks, by calling the institution or speaking personally to a representative.</p> <p>UPDATE JULY 2014 - Apart from specific training targeted for special groups eg. MLRO's the FIU continues to update its website www.grenadafiu.com with current information. This website provides a platform for DNFPBs and other stakeholders to access pertinent information and updates on trends, typologies and other issues relating to Anti-Money Laundering and Counter Terrorist Financing matters.</p> <p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>The FIU's recent Annual report 2011-12 contains trends and typologies.</p> <p>A slot is secured on Government Information</p>	
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		<ul style="list-style-type: none"> • 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. • 	<p>Service (GIS) Television and “Wee FM” Radio where live weekly programming is aired; Section 6 of draft FIU Bill. <u>UPDATED INFORMATION - JANUARY 2014</u> (See section 6 of Act No. 14 of 2012)</p> <p><u>UPDATED INFORMATION - JANUARY 2014</u>: An amendment was effected to section 63 of POCA 2012 to include the conducting of public education on issues of money laundering and terrorist financing as one of the functions of the Commission. This was done by Act No. 10 of 2013.</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. 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 16th May, 2012.</p> <p>AML/CTF Compliance training - Staff Superfund 29-30 May, 2012</p> <p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p><u>FIU</u> One officer attended training sponsored by CCARP and UNODC One officer attended CFATF Assessors training workshop in Jamaica – January 2014</p>	
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<p>27. Law enforcement authorities</p>	<p>LC</p>	<ul style="list-style-type: none"> • Competent authorities should consider developing a standard operating procedure, delineating the parameters within which they should operate when the decision is made to postpone or waive the arrest of suspected persons and/or the seizure of money or to use special investigative techniques. • Greater priority should be given to the investigation of ML / TF cases by the Police and the DPP's Office. 	<p>Further discussions were planned to determine specific measures in these areas</p> <p>Already in place. There is one person specifically appointed at the DPP's Office to deal with ML/TF cases. She is presently being trained by a UK expert in that field from UKSAT (United Kingdom Security Advisory Team)</p> <p>Officers attached to the FIU have received specific training by UKSAT in this area and have also worked closely with them on related investigations. During 2009- 2010 officers also received training in financial investigation at the Regional Police Training Centre in Jamaica. Other workshops attended were :</p> <ul style="list-style-type: none"> • Sub-regional workshop for Caribbean on Counter Terrorism Financing, - June 2010 – Bahamas; • Combating Counterfeit products – Trinidad – Sept. 2010. <p>Between February and March 2011, two officers will receive training in Financial Investigation and suspect interview.</p>	
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			<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><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>The ODPP in collaboration with the FIU continues to jointly prosecute and convict cases of ML.</p> <p><u>UPDATED INFORMATION - JULY- 2014</u> The ODPP and the FIU continues to jointly prosecute ML and drug cases. During the period February to July 2014, there were three completed drug cases and one money laundering case is presently ongoing.</p>	
<p>28. Powers of competent authorities</p>	<p>LC</p>		<p>The Police Act Cap. 244 of the 1990 laws of Grenada, and Section 22 (3) and <u>Judges Rules of 1989</u> gives the RGPF general powers to investigate crime including the power to take witness statements.</p> <p>Copy of Royal Grenada Police Force – Judges’ Rule and Other Administrative Directions (Grenada) 1989 is attached</p> <p><u>UPDATED INFORMATION - JANUARY 2014</u> Statements are addressed in s. 116 of the Police Regulations states “In all cases, even the most trivial; one short statement at least is to be</p>	

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			<p>taken. In important cases as many statements as possible which bear on the case must be taken”(copy attached) JULY 2014 - GAPS CLOSED</p>	
29. Supervisors	LC	<ul style="list-style-type: none"> The GARFIN Act should be amended to provide for ladder of enforcement powers 	<p>The GARFIN Act only creates or establishes the GARFIN Authority. Its enforcement powers comes from each individual piece of legislation for which it is responsible. The enforcement powers in each piece of legislation are satisfactory.</p>	
30. Resources, integrity and training	PC	<ul style="list-style-type: none"> Grenadian authorities should consider providing additional financial and technical resources to law enforcement agencies. 	<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</p>	

	<ul style="list-style-type: none"> • 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. <ul style="list-style-type: none"> • Authorities should consider 	<p>endeavors to keep abreast with the technological advancement in its effort to combat ML/TF.</p> <p>Units of the RGPF directly involved in combating ML/TF i.e. Drug Squad Unit, Special Branch, the Coast Guard, Immigration Unit and the FIU, all receive ongoing training and attend local, regional and international training in AML/CFT organized by SAUTT based in Trinidad & Tobago, REDTRAC based in Jamaica and UKSAT, USDOJ, OAS, UNDOC, just to name a few. Opportunities for regional attachment programmes are also utilized by the RGPF.</p> <p>The ODPP recently received training in ML/TF by UKSAT.</p> <p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>During 2012 & 2013 the following Governments and agencies rendered technical and financial support to the FIU :-</p> <ul style="list-style-type: none"> - Gov't of the United States through their regional embassies - United Kingdom - Eastern Caribbean Financial Investigative Advisory Team (ECFIAT) <p>Recruitment Selection of the RGPF is done at two levels. Vetting is done along with an interview, there is also careful screening of</p>	
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		<p>reviewing the training needs of the ODPP as well as RGPF. The CID which is primarily responsible for investigating financial crime is inadequately trained in that area.</p>	<p>criminal records and community interviews, to access moral standing before selection process is completed.</p> <p>The officers of the RGPF is guided by a Code of Conduct and the Police Act which measures the conduct of its officers. If an officer is found to be in breach, a formal disciplinary procedure is administered. Because of the size of the country it is relatively easy to investigate any criminal activity of an officer.</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 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,</p>	
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			<p>Special Branch and Coast Guard undergo polygraph tests once every 3 years; they are chosen because they are more susceptible to corruption given that they assist in undercover investigation in ML/TF.</p> <p>The ODPP continues to receive Technical Assistance from UKSAT during 2011.</p> <p>Grenada has submitted its list of training needs to the CFATF for consideration. The list included CFT training for financial and law enforcement authorities. We await information from CFATF as regards to the general Technical Assistance and Training 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><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>Officers of the RGPF received training in the following areas during August 2013 to January 2014 :-</p> <ul style="list-style-type: none"> - Sub-regional workshop on cyber security - (1 officer attended - 11-13 November, 2013 – Uruguay – Rank of Officer - Inspector - Commonwealth project on capacity 	
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			<p>building in combating terrorism, counter terrorism national training programme – 1 officer attended - rank - Inspector</p> <ul style="list-style-type: none"> - Capacity Building training course for state parties in the Caribbean sub-region - 14 – 18th Oct, 2013 Jamaica (1 officer attended – Rank - Superintendent) - CFATF Assessors training workshop in Bahamas - January 2014 – 1 officer attended – Rank -Superintendent <p><u>UPDATED INFORMATION – JULY, 2014</u></p> <p>The ODPP receives regular training in ML/TF and other related areas; the following training received during the period January to July 2014 is highlighted as follows:-</p> <ul style="list-style-type: none"> - Local Training - Proceeds of Crime workshop held January 24, 2014 - 3 persons attended; - US embassy first multi lateral maritime interdiction to prosecution submit held 25-26 February, 2014 - Florida, USA – 1 person attended; - Workshop Proceeds of Crime – held April, 9-10 – Dominica – 1 person attended; - Local training workshop - Proceeds of 	
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		<ul style="list-style-type: none"> The authorities should consider providing additional staff and resources to the Attorney General's office. 	<p>Crime held May 2014 – 1 person attended.</p> <p>Following are training received by Officers of the Royal Grenada Police Force RGPF (RGPF) during the period February – July, 2014:-</p> <ul style="list-style-type: none"> - 20th Annual Caribbean regional Drug commanders training conference held in the Dominican Republic – 4-6 March, 2014 – 2 officers attended - Professional retraining of canine handlers and specialist training of dogs to search and detect explosive weapons and ammunition - This training is presently in process and is being held in Russia from 20 May to 26th September, 2014 – 1 officer is representing Grenada; - 31st Annual International Drug Conference (IDEC XXXI) – held 17 June – 19 June, 2014 – Italy – 1 person - Drug Intelligence Seminar for the Caribbean held 28 July-31 July, 2014 – Trinidad – 1 person- this course provided first hand knowledge of Drug Trafficking trends. <p>The Attorney General's Office now has its full allocation of staff. Current staffing as follows :</p> <ul style="list-style-type: none"> - 11 staff members - Administration 	
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			<ul style="list-style-type: none"> - Permanent Secretary - Attorney General - Solicitor General - 2 Senior Crown Counsels - 1 Senior Legal Counsel - 3 Crown Counsels - 2 Legal Drafters - 1 Senior Commercial Council <p>Apart from Legal Staff there is adequate administrative support staff, the total Staffing at the Department is 24.</p> <p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>The AG’s office is ably staffed and executes its responsibilities to all Government Ministries, Agencies and Departments in a timely manner.</p>	
31. National co-operation	PC	<ul style="list-style-type: none"> • 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) 	<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</p>	

			<p>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 terrorism financing.” Passed by the House of Representatives on 28th May, 2013 and by the Senate on 14th June, 2013. Royal Assent on 26th July, 2013; See Act No. 10 of 2013 (copy attached)</p> <p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>Cabinet recently approved a technical working group on AML/CTF issues, in accordance with Section 52 (3) of POCA Guidelines, consisting of senior public sector officials who are knowledgeable in ML/TF matters, from the RGPF, Customs, Airport, Authority, Inland Revenue Department, ODPP and the FIU. The aim of the group is to foster a strong AML/CTF regime, through co-operation between Domestic, Law Enforcement and Regulatory Authorities; to collectively provide an effective mechanism for dialogue on matters pertaining to the forestalling, detection and prevention of ML/TF and proliferation of Drugs. A MOU is expected to be signed by all parties on 4th March, 2014.</p> <p><u>UPDATED INFORMATION - JULY 2014</u> On 4th March, 2014, a technical working group</p>	
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			<p>pursuant to section 52 (3) of the Guidelines, was launched by the Hon. Prime Minister Dr. Keith Mitchell, a memorandum of understanding was signed between all parties involved. The Group has begun to meet.</p>	
32. Statistics	PC	<ul style="list-style-type: none"> The Supervisory Authority may wish to consider setting up a secretariat to monitor the implementation of Grenada's AML/CFT Regime. 	<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</p>	

		<ul style="list-style-type: none"> The authorities should maintain statistics on spontaneous referral made by the FIU to foreign authorities 	<p>Institutions and DNFBP's.</p> <p><u>Updated Information : July 2014</u> With respect to the Examiner's comment on building capacity in the Commission's Secretariat, be advised that Cabinet saw the need and approved the integration of the office of the AML/CTF Commission, with that of the Ministry of Legal Affairs and apart from the direct oversight of the Attorney General, the unit is also being serviced by 2 legal officers, the Executive Director and the Administrative Officer.</p> <p>Comprehensive stats. are maintained on spontaneous referrals made by the FIU to foreign authorities. <u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p><u>FIU</u> <u>Regional requests made - August 2013-January 2014</u></p> <p>No. of requests made - 02 Completed - 01 Pending - 01</p> <p><u>International request made - August 2013-January 2014</u></p> <p>No. of requests made - 02 Completed - 01</p>	
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			<p>Pending -01</p> <p><u>No. of requests made by other jurisdictions -- August 2013 to January 2014 - 02</u></p> <p>No. completed - 01 No. pending - 01</p> <p><u>International requests - August 2013 to January 2014</u></p> <p>There was no international request received during the period under review</p> <p><u>Suspicious Activity Reports :-</u></p> <p>No. of SARS for the period -Aug 2013- January 2014 - 82</p> <p>No. closed = (Information?? State if it is zero)) No. pending = (Information??) No. of convictions arising out of sars – Arrests =</p> <p><u>Extradition requests - August 2013-January 14</u></p> <p>There were no Extradition requests during the period Aug 2013-January 2014</p> <p><u>MLATS – Aug 2013 – Jan 2014</u></p> <p>Received -1 Pending -1</p>	
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			<p>Countries received from and quantity - <u>Aug 2013 – Jan 2014</u></p> <p>- Latvia</p> <p><u>Egmont Received Aug 2013 – Jan 2014</u></p> <p>No. of requests - 04 Completed - 02 Pending - 02</p> <p><u>Egmont Sent - Aug 2013 – Jan 2014</u></p> <p>Outgoing - 07</p> <p>Complete - 05 Pending - 02</p> <p>Orders Applied for and obtained - 09</p> <p><u>Production Orders :-</u> Applied for - 02 Obtained - 02</p> <p><u>Restraint Orders :-</u> Applied - 01 Obtained - 01</p> <p><u>Cash Detention Orders:</u> Applied for - 06 Obtained - 05</p> <p><u>Regional request –</u></p>	
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			<p>2010 - 21 request made :- (15 received, 6 pending)</p> <p>2011 – 4 request made (3 completed 1 pending)</p> <p><u>International Request -</u> 2010 -6 request made :- (2 received, 4 pending)</p> <p>2011 – 2 request made (1 received, 1 pending)</p> <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 No. Completed = 09 No. pending = 09</p> <p><u>Regional requests received by FIU - August 2013 to January 2014</u></p> <p>No. of requests received from other jurisdictions - 02 No. completed - 01 No of request pending –01</p>	
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			<p><u>International requests:-</u></p> <p>No. of requests received from other jurisdictions = 01</p> <p>No. completed = 01 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 No. pending = 89 No. of convictions arising out of sars –01 Arrests = 02</p> <p><u>Extradition requests Jan-Aug 2012</u></p> <p>Granted =1 Countries =United Kingdom</p> <p><u>Egmont Received</u></p> <p>Countries & Number of requests - Sri Lanka - 1 -Argentina - 1 - Kazakhstan - 1</p> <p><u>Egmont Sent</u></p>	
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			<p>Outgoing - 13</p> <p>Complete - 02</p> <p>Pending - 11</p> <p><u>Countries</u></p> <p>Russia</p> <p>Estonia</p> <p>Tortola</p> <p>Curacao</p> <p>USA</p> <p>Canada</p> <p>UK</p> <p>Nigeria</p> <p>Lebanon</p> <p>Morocco</p> <p>Dominica</p> <p><u>Orders Applied for and Obtained - 09</u></p> <p>Production - 03</p> <p>Restraint - 06</p> <p>As at 18th 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</p>	
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			<p>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 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>UPDATED INFORMATION</u> : JULY 2014</p> <p><u>FIU</u></p> <p><u>Egmont requests made</u> -</p> <p>Received - 2</p> <p>Completed - 2</p> <p>Pending - 0</p> <p><u>No. of requests made by other jurisdictions --</u></p> <p>No. completed – 18</p> <p>Pending - 11</p> <p><u>Suspicious Activity Reports :-</u></p>	
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		\	<p>No. of SARS for the period =75 No. closed = 8 No. pending = 67</p> <p>The FIU continues to record a number of convictions and other successes.</p> <p>There were no ML convictions arising directly out of SARs for the period February to July, 2014 However, the FIU recorded a total of 19 convictions for the entire year 2013 with fines totaling EC\$90,000.00.</p> <p>Confiscation - a total of EC\$24,000.00 during the year</p> <p>Cash forfeiture - A total of EC\$18,890.64 forfeited</p> <p>Money Laundering charges pending – three charges pending during the period February – July, 2014 - this involved a local. The sum in question is \$219,294.20.</p> <p>Forfeiture - Two forfeiture matters pending with a cash sum of EC\$44,081.03</p> <p>Restraints - Five vehicles with a total value of EC\$119,000.00</p> <ul style="list-style-type: none"> - One Boat and engine totaling ECD\$35,795.00 - Two plots of land valued at ECD\$61,256.00 	
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			<ul style="list-style-type: none"> - One House valued at ECD\$791,051.00 - Bank accounts with a sum of ECD\$12,004.70 <p>All the orders are in respect to controlled drug and money laundering charges.</p> <p>Production orders - Thirteen Production orders applied for and received.</p> <p>Cash Seizures - Three cash seizures totaling ECD\$51,728.96</p> <p>Workshops attended by the FIU:-</p> <ul style="list-style-type: none"> - Assessors Training held in Jamaica – 24 -25 January, 2014 – sponsored by CFATF/Bank of Jamaica – 1 participant attended; - Risk Assessment Training held March 2014 – sponsored by UKSAT -1 participant attended; - Corporate Governance in Financial and non-financial sectors held locally – 11 July, 2014, sponsored by Grenada Chamber of Commerce – 2 participants attended; 	
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		<ul style="list-style-type: none"> • 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. • It is recommended that additional technical resources be dedicated to the compilation of statistical data to provide more comprehensive and timely presentation of statistics 	<p>- Strategic Analysis workshop held in Miami, USA –sponsored by Egmont Group/OAS/CICAD</p> <p><u>UPDATE – JULY 2014</u> The Customs continues to perform outstandingly, putting into practice recent techniques learnt such as the turning of information or intelligence into reports, maintaining forensic integrity, chain of evidence for cash handling and tactical questioning for cash detention.</p> <p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p><u>CUSTOMS & EXCISE DEPT.</u> There were no cash seizures for the period August 2013 to January 2014.</p> <p><u>CUSTOMS & 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</p>	
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			<p>Grenada and 2 entry points within Carriacou.</p> <p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p><u>CUSTOMS & EXCISE</u></p> <p>There were three contraband seizures during the period. These three operations were all joint operations with the FIU, involving Fire arms, Canvas sails and Documents.</p> <p>One officer attended a cash courier workshop hosted by the United Nations Office on Drug and Crime (UNODC) in Antigua from 30th October, 2013 to 1st November, 2013.</p> <p>The officer learnt new techniques in the area of managing cash seizure mainly :-</p> <ul style="list-style-type: none"> - Cash seizure process map, this shows the different stages the investigation passes through after the cash has been detected. - The turning of information and /or intelligence into reports - Forensic integrity/chain of evidence for cash handling - Tactical questioning for cash detention - Cash declaration systems, international standards and domestic legislation for R32 of the FATF <p>Additionally, there were two (2) joint operations involving Customs, Coast Guard and the Drug Squad which were successful .</p>	
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			<p>These operations were conducted because of drug threats to the borders.</p> <p>Mechanisms are already in place as it relates to the compilation of statistical records on seizures. During the year 2009 there was one Seizure and in 2010 there were 4 seizures carried out by customs. The Enforcement Unit has the responsibility of information gathering from the various units within customs. Additionally, mechanism are also being put in place to capture information relative to false declarations regarding currency operations and this is schedule to commence February 2011.</p> <p>A comprehensive data base is available at the FIU on MLA and extradition request received made and granted. The following stats. are available :-</p> <p>MLAT – 2010 – 6 requests received (all completed) Spain- 1 UK - 4 USA - 1</p> <p>MLAT – 2011 - 5 request received (all completed)</p> <p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p><u>MLATS – Jan-August 2012</u></p>	
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			<p>Received -2 Pending -1</p> <p>Countries received from and quantity - St. Vincent 1- complete - United Kingdom - 01</p> <p>Egmont - 2009 - 8 received (all completed)</p> <p>Egmont -2010 – 9 received (all completed) Croatia - 1 Bahrain - 1 Slovakia - 2 UK - 1 Cyprus - 1 Venezuela - 1</p> <p>Cayman Islands - 1</p> <p>Egmont – 2011 - 17 received (15 completed, 2 pending)</p> <p>Extradition – 2011 – 1 request from UK - matter is before the Court</p> <p>Statistical Data for period April to June 2013</p> <p>Regional requests made by FIU Pending 4 Completed 3 Total 7</p> <p>Suspicious Activity Reports Received 53</p>	
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		<ul style="list-style-type: none"> The authorities should maintain comprehensive statistics on MLA and extradition request received, made and granted. 	<p>Requests Received from Egmont Group 1 Requests Sent to Egmont Group 7</p> <p>Production Order applied for and obtained 16</p> <p>Restrained Orders applied for and obtained 10</p> <p><u>Customs and Excise</u> Seizures for period January 2013 – August 2013</p> <ul style="list-style-type: none"> General Merchandise/Household appliances (St. George’s Port) EC\$150,530.88 <p>Case pending EC\$1,265,207.78</p> <p>Training (Customs) conducted by CARTAC</p> <ul style="list-style-type: none"> Four (4) persons attended – <p><u>UPDATED INFORMATION : JULY 2013</u></p> <p><u>Extradition requests</u> There were no Extradition requests during the period February – July, 2014</p> <p><u>MLATS</u> – Received -01 Pending -01</p>	
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			<p><u>Countries received from – St. Vincent</u></p> <p>MLAT request received from St. Vincent and concluded during the period 21/01/13 to 3/04/13. It required Assistance in serving document and assistance with investigation- the matter involved forfeiture, possession of a controlled drug and trafficking of a controlled drug.</p>	
33. Legal persons – beneficial owners	NC	<ul style="list-style-type: none"> Appropriate measures should be taken to ensure that bearer shares issued under the ICA are not misused for money laundering. 	<p><u>UPDATED INFORMATION - JULY 2014</u> This requirement is addressed in Companies (amendment) Act 23 No. 2 of 2014 (copy attached.)</p> <p>Further discussions were planned to determine specific measures in these areas.</p> <p>The Corporate Affairs and Intellectual Property Act No. 19 of 2009 has been established to deal specifically with intellectual property which has the meaning assigned to it under the Convention establishing the World Intellectual Property Organization signed in 1967. The office is staffed with various personnel trained in this field and is headed by a newly appointed Registrar of Companies who has the functions of the Registrar under the Companies Act.. The Companies Act (s.149-156) addresses the issue of ‘financial disclosure’</p> <p><u>UPDATED INFORMATION - JANUARY 2014</u> An amendment was effected to the International Companies Act by Act No. 26 of</p>	No further action

		<ul style="list-style-type: none"> • There should be statutory requirements for the provision of information on the beneficial ownership of companies. (Rec. 33 Para 92) • Adequate resources should be delegated to the functions of the Registrar of Companies and Intellectual Property. (Rec. 33 Para 93) 	<p>2013 by an insertion of section 27C 'prohibition on use of bearer share' (copy attached)</p> <p>Section 27 of the Guidelines 2012 applies The Companies Regulations No. 2 of 1995 provides for a notice of change of address of directors, registered office etc. any change in particulars must be filed at the CAIP Office. <u>UPDATED INFORMATION - JANUARY 2014.</u> Amendment to section 328 of the Companies Act to provide information on the ownership of the company. (copy attached) JULY 2014 – GAP CLOSED</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. Section 27 (2) of the Guidelines 2012 applies Drafting of amendment not yet completed, however, the service of a Legal consultant is being utilized to expedite the process <u>UPDATED INFORMATION - JANUARY 2014</u> Amendment to section 344 of the Companies Act to provide information on the ownership of the company done by Act No. 6 of 2014 JULY 2014 - GAPS CLOSED</p> <p>The office of the Registrar of Companies and Intellectual Property is adequately staffed with</p>	
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		<ul style="list-style-type: none"> • 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) 	<p>ten officers. 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 The following enactments with regard to companies were made during 2011.</p> <ul style="list-style-type: none"> - Patent Act 16 of 2011 - Copyright Act 21 of 2011 - Trademark No. 1 of 2012 <p>Presently the process of automation or 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><u>UPDATED INFORMATION :- JULY 2014</u> Intellectual Property - There were approximately <u>86 Companies</u> incorporated during the period February to July, 2014.</p> <p>The Registrar of Companies has advised that</p>	
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		<ul style="list-style-type: none"> 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) 	<p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>There were 164 companies incorporated in 2013.</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.</p> <p>The second step will be in the form of a notice to Company Directors on “Notice of Non-compliance with regard to filing of annual returns”. This is expected to be done by the end of the first quarter of 2012. After which the Registrar of Companies will act in accordance with the provisions.</p> <p><u>UPDATED INFORMATION - JULY 2014</u> Amendment is recently passed. Please refer to Section 5 of Companies (amendment) no 2 Act 23 of 2014</p> <p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>A notice to Directors of Companies have been placed in the Government Gazette, vol 132</p>	
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			<p>dated January 10, 2014. This notice to directors reminded them of their statutory obligations to file Annual Returns in accordance with the Companies Act. The Registrar of Companies advised that she would be sending individual letters to companies as a follow-up before any further action is taken.</p> <p><u>UPDATED INFORMATION : JULY 2014</u> The Registrar of Companies has advised that according to legislation, Gazetted notices should be published for 90 days before any further action is taken. Even though efforts have been made by companies to respond to the Gazetted notice, there is still need to address both dormant companies and active companies that are tardy in the filing of their annual returns. The Registrar has advised that the department is presently in the process of rethinking and restructuring a more aggressive policy.</p> <p>Amendment to the Companies Act will subsequently address this requirement by 2nd 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. <u>UPDATED INFORMATION - JANUARY 2014</u> Amendment to section 344 of the Companies Act to provide information on the ownership of the company</p> <p>Drafting of the amendment is not yet completed, however, the service of Legal Consultant is being utilized to expedite the process</p>	
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			<p><u>UPDATED INFORMATION - JANUARY 2014</u> Amendment to section 344 of the Companies Act to provide information on the ownership of the company</p>	
<p>34. Legal arrangements – beneficial owners</p>	<p>NC</p>	<ul style="list-style-type: none"> • Authorities should put in place measures for the registration and monitoring of local trusts in accordance with FATF requirements. Rec. 34 Para 97) • 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 	<p>Companies (Amendment) Bill drafted to provide for registration and monitoring of local trusts and ownership and control.</p> <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. 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. <u>UPDATED INFORMATION - JANUARY 2014</u> Resolution giving legal effect to the Guidelines SRO 6 of</p>	<p><u>UPDATED INFORMATION - JULY 2014</u> Draft amendment will be tabled in October, 2014. (See copy of bill attached).</p>

			<p>2012 was passed by the House of Representatives on 28/5/13.</p> <p>The service of a Legal Consultant is being utilized to expedite the process</p> <p><u>UPDATED INFORMATION - JANUARY 2014:</u> The examiners' recommendation on providing information on the beneficial ownership of local trusts is being reviewed.</p>	
International Co-operation				
35. Conventions	PC	<ul style="list-style-type: none"> The authorities should extend the range of predicate offences for ML to accord with the FATF Designated Categories of Offences. The authorities should amend relevant legislation to cover all the activities required to be criminalised in accordance with the Conventions 	<p>POCA 2012 Schedule addresses sufficiently- p. 261</p> <p>List of predicate offences addressed in detail under recommendation 1</p> <p>The service of a Legal Consultant is being utilized to expedite the process (Refer to Rec. 1)</p> <ul style="list-style-type: none"> - Participation in an organized criminal group and racketeering (no legislation available) - Trafficking in human beings and migrant smuggling (no legislation available) <p><u>UPDATED INFORMATION - JULY 2014</u> <i>Prevention of trafficking in persons Act No. 34, 2014, criminalizes the participation in organized criminal group and obstruction of</i></p>	

			<p><i>justice.</i></p> <p>Legislations exist to cover the following articles under the Vienna Convention;</p> <p><u>Article 8</u> – <i>Transfer of Proceedings</i> - This is addressed in <i>the Mutual Assistance in Criminal Matters Act Cap 202B</i>, (see section 10 – <i>Assistance in transferring prisoners</i>, section 24 – assistance to country in arranging attendance of a person - section 25 –Assistance to country in transferring prisoner).</p> <p><u>Article 10</u> – International co-operation and assistance for transit states - Provisions of this Article can be dealt with using the Mutual Assistance in Criminal Matters Act Cap and Financial Intelligence Act No. 14 of 2012 (Section 21 addresses Agreements and arrangements between the FIU and other foreign intelligence unit)</p> <p><u>Article 11</u> – Controlled Delivery –This can be dealt administratively, as this would be the authorities engaging in covert investigative matters. Therefore there may be no need to legislate for it. Bilateral agreements between Grenada and international partners can be given the force of law.</p> <p>Legislation is needed to cover the Palermo Convention.</p> <p><u>Article 20</u> - <i>Special Investigative Techniques</i></p>	
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			<p>- Provisions of this Article can be dealt with using <i>The Interception of Communication Act No. 22 of 2013</i></p> <p><i>Article 24 - Protection of Witnesses</i> - Provision of this Article can be addressed using <i>The Protection of Witnesses Bill No. 17 of 2014.</i></p> <p>REFER TO recommendation 1</p> <p><u>UPDATED INFORMATION - JANUARY 2014:</u> Amendment to section 176 of the Criminal Code by Act No. 34 of 2013 prohibiting migrant smuggling JULY 2014 GAPS CLOSED</p>	<p>No further action</p>
<p>38. MLA on confiscation and freezing</p>	<p>LC</p>	<ul style="list-style-type: none"> • 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. • The MLACMA should be amended to include provisions for the tracing and restraining of instrumentalities intended for use in the commission of an offence. • The authorities should establish arrangements for co-ordinating seizure and confiscation actions with 	<p>Section 14 & 15 of MLACMA deals with this area</p> <p><u>UPDATED INFORMATION - JANUARY 2014:</u>These sections addresses tracing, seizing and confiscating proceeds of instrumentalities of crime</p> <p>MLACMA Act 14 of 2001, Section 27 refers to Assistance to countries in the tracing property derived from crime etc.</p> <p><u>UPDATED INFORMATION - JANUARY 2014:</u> Section 14 & 15 of MLACMA deals with this area addresses tracing, seizing and confiscating proceeds of instrumentalities of crime</p>	

		<p>other jurisdictions.</p> <ul style="list-style-type: none"> The authorities should consider making arrangements with other countries for the sharing of funds forfeited and seized. 	<p>Article 1, 12 & 16 of the MLACM(GOG and US) Address this recommendation.</p> <p>Memorandum of Understanding has been signed with the following countries between 2009 and 2010</p> <ul style="list-style-type: none"> - Netherlands Antilles (Curacao) Aug. 3rd, 2005 - Canada - (FINTRAC) Financial Transactions and Reports Analyst Center of Canada –April 21, 2010 - St. Vincent - July 26th, 2010 - St. Maarten - May 2011 <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>	
<p>40. Other forms of cooperation</p>	<p>LC</p>	<ul style="list-style-type: none"> Consideration should be given to making amendments to FIUA and the EIA to state specifically that requests should not be refused on the 	<p>New FIU Bill clause 29 (1) deals with Disclosure to foreign Financial Intelligence Units</p> <p><u>UPDATED INFORMATION - JANUARY</u></p>	

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		sole ground that the request pertains to fiscal matters	<p><u>2014</u> Insertion of section 33A in the FIU Act which provides that a request for information sent to the Unit by a Foreign Intelligence Unit should not be refused solely on the grounds that it relates to fiscal matters' done by Act No. 27 of 2013. JULY 2014 GAPS CLOSED</p> <p><u>UPDATED INFORMATION - JANUARY 2014:</u> Amendment to the Exchange of Information Act will be completed during the first quarter of 2014. JULY 2014 Amendment effected to the Exchange of Information Act by Act No.30 of 2014 at section 3. JULY 2014 GAP CLOSED</p>	No further action
Nine Special Recommendations				
SR.I Implement UN instruments	PC	<ul style="list-style-type: none"> 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). 	<p>Grenada acceded to the International Convention for the Suppression of the Financing of Terrorism on 13th 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><u>UPDATED INFORMATION - JANUARY 2014</u> See Amendment to Terrorism Act No. 11 of 2013. Further amendment effected to the Terrorism Act by Act 35 of 2013.</p> <p><u>UPDATED INFORMATION - JULY 2014</u> Pursuant to Grenada 9th follow-up report a further amendment has been effected to section 14B and 14AB of the Act to provide for the payment of basic and necessary expenses of a designated entity and to list</p>	The draft amendment will be tabled in Parliament in October, 2014. (See copy of terrorism amendment bill 2014)

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			these items.	
SR. II Criminalise terrorist financing	NC	<ul style="list-style-type: none"> 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. <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><u>UPDATED INFORMATION - JANUARY 2014</u> Enacted by Act No. 16 of 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 19th 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. JULY 2014 GAPS CLOSED</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 28th May.2013 and by the Senate on 14th June.2013</p> <p><u>UPDATED INFORMATION - JANUARY 2014</u> These Amendments effected by Act No. 11 of 2013. (copies attached) JULY 2014</p>	<p>No further action</p> <p>No further action</p>

		<ul style="list-style-type: none"> • 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) • 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) 	<p>GAPS CLOSED</p> <p>Clause 18-24 respectively defines terrorist property for the purpose of the Bill, the criminalization of the solicitation and receipt of terrorist property, use and possession of such property, arranging for property to be used for terrorist purposes, along with money laundering and Disclosure.</p> <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 28th May.2013 and by the Senate on 14th June.2013 Effected by Act No. 11 of 2013.</p> <p><u>UPDATED INFORMATION - JULY 2014</u> Pursuant to Grenada’s 9th follow-up report an amendment was effected to section (3A) of the Act criminalizing the provision/collection of funds for an individual terrorist.</p> <p><u>UPDATED INFORMATION - JANUARY 2014</u> Further amendment to this section by inserting paragraph (aa) by Act No. 35 of 2013. Sanctions for breach of section is provided for in section 27 of Terrorism Act No. 16 of 2012- summary conviction a fine not exceeding \$400,000 or imprisonment for 4 years imprisonment or both – indictment fine not exceeding one million dollars or thirty years or</p>	<p>The draft amendment will be tabled in October, 2014. See copy of Terrorism (Amendment) Bill 2014</p>
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		<ul style="list-style-type: none"> 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 33) 	<p>to both.(copies attached)</p> <p>UPDATED INFORMATION - JULY 2014 A new sub-section (6) in section 22A was inserted into the Terrorism Act by Act No. 35 of 2-13 which provides for the confiscation of property of persons who are convicted of the terrorist financing offence of fund-raising. Copy of Act attached)</p> <p>The Terrorism Act has been amended by the insertion of new Section (22A). Passed in the House of Representatives on 28th May 2013 and by the Senate on 14th June 2013. See Act No. 11 of 2013</p>	
<p>SR.III Freeze and confiscate terrorist assets</p>	<p>NC</p>	<ul style="list-style-type: none"> The TA should be amended to allow for the freezing of terrorist funds or other assets of persons designated by the United Nations Al-Quida and Taliban Sanctions Committee in accordance with S/RES/1267(1999). (SR III Para 47) The TA should be amended to provide for the freezing of terrorist funds or other assets of person 	<p>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</p>	<p>Amendment will be tabled in and October, 2014.</p>

		<p>designated in the context of S/RES/1373(2001). (SR III Para 47)</p>	<p>of Representatives on 28th May 2013 and by the Senate on 14th June 2013 Effected by Act No. 11 of 2013.</p> <p>UPDATED INFORMATION - JULY 2014 Section 14AB of the Terrorism Act was repealed and replaced in Act No. 28, 2014, which sets out more clearly the requirement for the immediate freezing of assets. (copy enclosed). Pursuant to Grenada’s 9th follow-up report an amendment was effected to sub-section (4) of section 14B to make provision for the payment of basic and necessary expenses of the designated entity to comply with the examiners recommendations.</p> <p>This requirement was met by Act No. 35 of 2013 with amendment to section 22A. A new sub-section “6” was inserted which provides for the confiscation of property of persons convicted of the terrorist financing offence of fund-raising.</p> <p><u>UPDATED INFORMATION - JANUARY 2014:</u> Further amendments were effected to the TA by Act No. 35 of 2013 to implement procedures to satisfy this recommendation. see 14B.(copies attached)</p> <p>UPDATED INFORMATION - JULY 2014</p>	<p>Amendment will be tabled in Parliament in October, 2014.</p> <p>No further Action</p>
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		<ul style="list-style-type: none"> ▪ The Taliban should be added as a proscribed organisation under the TA. (SR III Para 47) ▪ 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. ▪ The TA should contain procedures for the de-listing of names of proscribed organisations and terrorists listed in the Schedule to the TA. 	<p>Amendment to section 14B has been drafted to list basic expenses (foodstuff, rent, mortgage, medicine, etc)S/Res/1452((2002) also addresses access for these payment items (1267(1999).</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 28th May 2013 and by the Senate on 14th June 2013. Effected by Act No. 11 of 2013 (copies attached) JULY 2014 GAPS CLOSED.</p> <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 28th May 2013 and by the Senate on 14th June 2013. see Act No. 11 of 2013 JULY 2014 GAPS CLOSED</p> <p>Further amendments effected to the TA by Act No. 35 of 2013 to implement procedures to satisfy this recommendation</p> <p>The Terrorism Act has been amended by new Section 27A sub-section 5. Passed in the House of Representatives on 28th May 2013 and by the Senate on 14th June 2013. <u>UPDATED INFORMATION - JUNE 2014.</u> See Act No. 11 of 2013. Further amendments effected to the TA by Act No. 35 of 2013 to implement procedures to satisfy the delisting of terrorists consistent with this recommendation see section</p>	<p>No further action</p>
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		<ul style="list-style-type: none"> ▪ 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). ▪ 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 TA. ▪ The TA should be amended to provide a mechanism where victims of offences committed under the TA are compensated consistent with Article 8 of the Terrorist Financing Convention. 	<p>(14B) section 11 and 12</p> <p>Further amendments effected to the TA by Act No. 35 of 2013 to provide for access to funds to satisfy this recommendation see section (14B) (3). (Copies attached)</p> <p><u>UPDATED INFORMATION - JULY 2014</u> Amendment to section 14B has been drafted to list basic expenses (foodstuff, rent, mortgage, medicine, etc)S/Res/1452((2002) also addresses access for these payment items (1267(1999)).</p> <p>The Terrorism Act has been amended by insertion of new Section. Effected by Act No. 11 of 2013</p> <p>The Terrorism Act has been amended by the insertion of new Section 27A</p> <p><u>UPDATED INFORMATION - JANUARY 2014</u>Amendment effected to the TA by Act No.</p>	<p>Amendment will be tabled in Parliament in October, 2014.</p>
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			35 of 2013 to satisfy this recommendation (amendment to section 55)(copy attached).	
SR.IV Suspicious transaction reporting	NC	<ul style="list-style-type: none"> 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) All suspicious transactions, including attempted transactions should be legislatively required to be reported regardless of the amount of transaction (SR IV Para 35) The requirement to report suspicious transactions should apply regardless of whether they are thought, among other things to involve tax matters (SR IV Para 35) 	<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.Effected by Act No. 16 of 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 28th May 2013 and by the Senate on 14th June</p> <p><u>UPDATED INFORMATION - JANUARY 2014</u>Further amendment was effected to section 19 by inserting paragraph (aa) by Act No. 35 of 2013(Copy attached).</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. <u>UPDATED INFORMATION - JANUARY 2014</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13. (copy attached)</p> <p>TA 16 of 2012, Part III sect 19-25 applies Drafting of amendment is not yet completed, however, the service of a Legal Consultant is being utilized to expedite the process</p> <p><u>UPDATED INFORMATION - JANUARY 2014</u> Amendment to section 25 of Guidelines see 5(c) (iii) No. 24 of 2013.) A Resolution</p>	

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			giving legal effect to this amendment was passed by the House of Representatives on 15 November, 2013. (copy attached)	
SR.V International co-operation	PC	<ul style="list-style-type: none"> The provision/collection of funds for an individual terrorist should be criminalized under the TA. (SR. V Para 48) 	<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. Enacted by Act No. 16 of 2012</p> <p>Part III Clause 27 and Part V of the Terrorism Bill applies</p> <p>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>Effected by Act No. 11 of 2013.</p> <p>Passed in the House of Representatives on 28th May 2013 and by the Senate on 14th June 2013</p> <p><u>UPDATED INFORMATION - JULY 2014</u> Pursuant to Grenada's 9th follow-up report an amendment was effected to section 19 of the principal Act to criminalize the collection or provision of any funds for and on behalf of individual terrorist.</p> <p><u>UPDATED INFORMATION - JANUARY 2014:</u> A further amendment was effected to</p>	<p>The draft amendment will be tabled in Parliament in October, 2014. Copy of draft bill attached.</p>
		<ul style="list-style-type: none"> The TA should be amended to include penalties that are 		

		<p>proportionate and dissuasive for the terrorist financing offence of fund-raising.</p> <ul style="list-style-type: none"> The provision/collection of funds for an individual terrorist should be criminalized under TA. 	<p>section 19 by inserting paragraph (aa) by Act No. 35 of 2013. (copies attached).</p> <p><u>UPDATED INFORMATION - JULY 2014</u> Pursuant to Grenada’s 9th follow-up report an amendment was effected to section 19 of the principal Act to criminalize the collection or provision of any funds for and on behalf of individual terrorist.</p> <p>Sanctions for breach of section is provided for in section 27 of Terrorism Act No. 16 of 2012- summary conviction a fine not exceeding \$400,000 or imprisonment for 4 years imprisonment or both – indictment fine not exceeding 1million dollars or thirty years imprisonment or to both.</p> <p>Sections 19 and 22 of the TA Act #16 of 2012 refers</p>	<p>The draft amendment will be tabled in Parliament in October, 2014. Copy of draft bill attached.</p>
<p>SR VI AML requirements for money/value Transfer services</p>	<p>NC</p>	<ul style="list-style-type: none"> Legislation for money services providers that meets the FATF requirements should be enacted. Introduce systems for monitoring MVT service operators and ensuring that they comply with the FATF 	<p>Money Services Business Act No. 10 of 2009 (electronic copy provided)</p> <p>A System of off-site and on-site supervision has been effectively implemented. GARFIN has conducted its first inspection of money services business during the 2nd quarter of 2011. Other scheduled visits will take place during the 3rd quarter 2011. The other two entities are</p>	

	<p>Recommendations.</p> <ul style="list-style-type: none"> Licensed MVT service operators should be required to maintain a current list of their agents to be made available to the designated competent authority. <p>GARFIN's supervisory sanctions should be made proportionate and dissuasive</p>	<p>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><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>GARFIN continues to carry out supervision of the sector. In 2013, offsite supervision was done by way of reviewing of quarterly Audited Financial Reports and follow-up actions between MVT'S.</p> <p>The FIU continues to keep a close eye with the MVT's which resulted in a significant number of SAR's being reported.</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 30-31st 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 2nd quarter of 2012.</p> <p>Already in place.</p>	
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			<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>UPDATED INFORMATION – JULY 2014 There were no inspections done by GARFIN with respect to the MSB’s, however the FIU continues to enjoy a close working relationship with them and are called even while suspects are in line awaiting to complete transactions.</p>	
<p>SR VII Wire transfer rules</p>	<p>NC</p>	<ul style="list-style-type: none"> The authorities should institute enforceable measures in accordance with all the requirements of SRVII and establish a regime to effectively monitor the compliance of the financial institutions with said enforceable measures. 	<p>The AML/CTF Commission and Supervisors, 30 in number, received training in July 2012 funded 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>UPDATED INFORMATION - JANUARY 2014: Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13. (Copies attached).</p> <p>With respect to the Guidelines being confirmed</p>	

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			<p>by negative resolution, be advised that the Parliament was dissolved and Grenada held general elections on 19th February, 2013. A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness. This would address comments under this recommendation.</p> <p>The AMLTF Guidelines were passed in Parliament by negative resolution <u>UPDATED INFORMATION - JANUARY 2014</u>Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13.</p> <p>Amendment effected to section 42 of the Guidelines to satisfy this recommendation in subsection (5). Resolution giving legal effect to this amendment was passed on 15 November, 2013.</p>	
SR.VIII Non-profit organisations	NC	<ul style="list-style-type: none"> • The authorities should make the registering of NPOs mandatory. • The authorities should undertake a review of the adequacy of domestic laws in relation to non-profit organisations (NPOs) to determine whether they are (i) susceptible to being used by terrorist organisations or (ii) particularly 	<p>Non-profits companies must be registered in Grenada under the Companies Act No. 35 of 1994 (section 326-327) which deals specifically with non-profit companies. Applications for the setting up of non-profit organizations are sent to the Attorney General's Office for approval in accordance with the above act. All documents relating to Non-profits organizations are filed at the Corporate and Intellectual Property Office</p>	

	<p>vulnerable to terrorist activities.</p> <ul style="list-style-type: none"> • The authorities should undertake outreach to the NPO sector with a view to protecting the sector from terrorist financing abuse. • An effective supervisory regime should be established to monitor non-compliance and sanction violations of oversight measures. • Record keeping and retention requirements should extend to NPOs. <p>Authorities should develop investigative expertise with regard to</p>	<p><u>UPDATED INFORMATION - JANUARY 2014</u> Amendment effected to the Companies Act in section 328 by inserting (4a) which states “A non-profit company shall be registered in accordance with the provisions of the Act”. See Act No. 32 of 2013 (copy attached). <u>JULY 2014 - GAPS CLOSED</u></p> <p>Section 326 of the Companies Act Addresses companies without share capital additionally Section 4 & 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><u>UPDATED INFORMATION - JANUARY 2014</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13 (copy attached).</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</p>	<p>No further action</p>
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	<p>examining NPOs suspected of either being exploited by or actively supporting terrorist activity.</p>	<p>latter part of 2012.</p> <p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>see Recs. 12 &16 for information relating to Training/awareness of NPO’s.</p> <p><u>UPDATED INFORMATION - JULY 2014</u> – Further legislation affecting NPO’s are now in place. An amendment was effected to section 337 by inserting section 337A to 337H. These provisions gives the Attorney General the right to inquire into NPOs, call for documents and search records etc.... done by Act No. 23 of 2014</p> <p>It is proposed that the target date to set the basis for AML/CTF education and training of NPO is during the 2nd quarter of 2013. NPO’s should be fully regulated by end of 4th Quarter 2013.</p> <p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>Training and awareness of NPO’s continued through 2013, however it is envisaged that the sector should be regulated before the end of the 4th quarter of 2014.</p> <p>During the year 2008 one such investigation was carried out.</p> <p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p>	
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			<p>During 2013 a forum was held to educate churches on their statutory obligations of compliance with the AML Guidelines and the proceeds of crime Act.</p> <p>With respect to the Guidelines being confirmed by negative resolution, be advised that Parliament was dissolved and Grenada held general elections on 19th 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. <u>UPDATED INFORMATION - JANUARY 2014</u> Resolution giving legal effect to the Guidelines SRO 6 of 2012 was passed by the House of Representatives on 28/5/13.</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 4th Quarter of 2013.</p> <p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>Work on educating businesses in the sector</p>	
<p>SR.IX Cross Border Declaration & Disclosure</p>	<p>NC</p>	<ul style="list-style-type: none"> • Customs should consider implementing a declaration system to be used in conjunction with the disclosure system for incoming and outgoing passengers. The threshold 	<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><u>UPDATED INFORMATION : Aug 2013-Jan</u></p>	

	<p>should not be higher than EUR/US15,000.00</p> <ul style="list-style-type: none"> • 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. • Customs should explore the involvement of airline and vessel senior management in currency interdiction operations. • Customs officials should be trained in the use passenger screening systems to analyze behavior, appearance and communication style of potential currency carriers. In so doing baseline questions should be identified to identify red flags. • 	<p><u>2014</u></p> <p>Customs declaration forms are used when entering and leaving the country to declare currency of EC\$10,000 and over.</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.</p> <p>Please note that the relevant sections of Customs Department now have the responsibility to record in detail all breaches of the Customs Act since implementing the recommended measures.</p> <p>During 2011 a cross-section of Customs officers continue to receive training in</p>	
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		<ul style="list-style-type: none"> • Authorities should review legislation concerning the making of false disclosures/declarations to ensure that these are strict liability offences. 	<p>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><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>One officer attended a cash courier workshop hosted by the United Nations Office on Drug and Crime (UNODC) in Antigua from 30th October, 2013 to 1st November, 2013.</p> <p>The officer learnt new techniques in the area of managing cash seizure mainly :-</p> <ul style="list-style-type: none"> - Cash seizure process map, this shows the different stages the investigation passes through after the cash has been detected. - The turning of information and /or intelligence into reports - Forensic integrity/chain of evidence for cash handling - Tactical questioning for cash detention - Cash declaration systems, international standards and domestic legislation for R32 of the FATF <p>One officer is scheduled to attend a Maritime Intellectual Conference in St. Lucia from 2nd-4th October, 2012, organized by SOCA.</p>	
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	<ul style="list-style-type: none"> • Penalties under the Customs Ordinance should be amended with the aim of making them dissuasive • Consideration should be given for the provision of training in counterfeit currency identification to Customs Personnel, especially those working the ports. • Customs should consider fostering closer relationships with the FIU, the RGPf and ODPP • There is a need for increased participation by the Customs Department in combating money laundering and terrorist financing. • Customs Authorities should also give consideration to reporting all incidences of currency interdictions where untrue disclosures/declarations are made to 	<p>We have been advised that making false declaration/ disclosures, strict liability offences may be unconstitutional and therefore the customs department is not pursuing that recommendation at this time.</p> <p>This recommendation has been adopted and implemented in the draft Customs Bill 2010 which is submitted to the Attorney General’s Office and should be passed during the first quarter of 2011.</p> <p>Training has been provided to customs officials in this area by the Royal Grenada Police Force, and additional training will soon be provided by the FIU during the first quarter of 2011 in Counterfeit Currency Identification.</p> <p>These organizations have a close working relationship and do meet from time to time. Two Customs Officers are presently assigned to the FIU. The customs are also presently involved in joint investigations with the FIU.</p> <p>Customs officials receive ongoing training in this area.</p> <p>The Enforcement Unit of the Customs Department has the responsibility for record keeping and reporting on a case by case basis.</p>	
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		<p>the FIU, whether or not administrative or criminal proceedings are being considered.</p>	<p>It must be noted that in 2010 the Customs has been included as a member of the National Security Committee.</p> <p><u>UPDATED INFORMATION : Aug 2013-Jan 2014</u></p> <p>Customs forms part of the technical working group initiative initiated by the FIU. See Rec. 31</p>	
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