



# Third Follow-Up Report

## Grenada

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## GRENADA – THIRD FOLLOW-UP REPORT

### I. Introduction

1. This report presents an analysis of Grenada’s report to the CFATF Plenary regarding progress made to correct the deficiencies identified in its third round Mutual Evaluation Report (MER). The third round Mutual Evaluation Report of Grenada was adopted by the CFATF Council of Ministers in May 2009 in Trinidad and Tobago. Grenada was placed on enhanced 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’s Second Follow-Up Report was presented at the Plenary in November 2010. Grenada has submitted information in the attached matrix on measures taken since the Second Follow-Up Report to comply with the examiners’ recommendations. Grenada was rated partially compliant or non-compliant on 10 Core and Key Recommendations and 27 other Recommendations. The Core and Key Recommendations are indicated in italics in the table below.

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

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

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

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

<b>Partially Compliant (PC)</b>	<b>Non-Compliant (NC)</b>
R. 14 (Protection & no tipping-off)	R. 6 (Politically exposed persons)
R. 17 (Sanctions)	R. 7 (Correspondent banking)
R. 20 (Other NFBP & secure transactions)	R. 8 (New technologies & non face-to-face business)
R. 25 (Guidelines & Feedback)	R. 9 (Third parties and introducers)
R. 30 (Resources, integrity and training)	R. 11(Unusual transactions)
R. 31 (National co-operation)	R. 12 (DNFBP – R.5,6,8-11)
R. 32 (Statistics)	R. 15 (Internal controls, compliance & audit)
R. 35 (Conventions)	R. 16(DNFBP – R.13-15 & 21)
	R. 18 (Shell banks)
	R. 19 (Other forms of reporting)
	R. 21 (Special attention for higher risk countries)
	R.22 (Foreign branches & subsidiaries)
	R. 24 (DNFBP – regulation, supervision and monitoring)
	R. 33 (Legal persons – beneficial owners)
	R. 34 (Legal arrangements – beneficial owners)
	SR. VI (AML requirements for money value

	transfer services)
	SR. VII (Wire transfer rules)
	SR. VIII (Non-profit organizations)
	SR. IX (Cross-border Declaration & Disclosure)

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

**Table 3: Size and integration of Grenada's financial sector  
As at December 31, 2010**

		Banks	Other Credit Institutions*	Securities	Insurance	TOTAL
<b>Number of institutions</b>	Total #	5	15		23	43
<b>Assets</b>	US\$	1,049.3M	119m.		80.8m*	1,249.1m
<b>Deposits</b>	Total: US\$	885.71M	95m.		n.a+	980.71m
	% Non-resident	17.7% of deposits			n.a	
<b>International Links</b>	% Foreign-owned:	% of assets	% of assets	% of assets	% of assets	% of assets
	#Subsidiaries abroad	81%				

\* Estimate

+ Not applicable

## II. Summary of progress made by Grenada

4. Since the MER, the authorities in Grenada began to assess the various means to achieve compliance. The main focus of the authorities was instituting changes in the legal framework including consolidation of previous statutes, legislative amendments to specific laws and proposals for new legislation. As a result of this process the Money Services Business Act 2009 (MSBA) was enacted in April 2009 and the Insurance Act No 5 of 2010 (IA) in December 2009. Additionally, drafts of a Customs Bill, Customs Regulations and a Financial Intelligence Unit (FIU) Bill have been prepared and will be presented to Parliament shortly.

### Core Recommendations

#### Recommendation 1

5. The situation remains the same as was stated in the last Follow-Up Report. The authorities had advised that the recommendation for pursuing money laundering as a stand-alone offence had been dealt with in a draft bill and Anti-Money Laundering Guidelines (Guidelines) which had been gazetted with their use being mandatory by all financial institutions. However, a copy of these Guidelines was not submitted to the Secretariat, so verification was not possible. No action had been taken on the recommendation for the amendment of the Drug Abuse (Prevention and Control) Act (DAPCA) to include all narcotic drugs and psychotropic substances listed in Tables I and II of the Vienna Convention. With regard to extending the range of predicate offences for money laundering to include all the FATF designated categories a policy

decision had to be taken before specific legislation on the relevant offences can be drafted. Given the above all the examiners' recommendations remain outstanding.

### **Recommendation 5**

6. There has been no change since the last Follow-Up Report with the examiners' recommendations. These recommendations include making the Guidelines mandatory and enforceable, CDD measures in cases of suspicion of ML or TF, or doubts about previously obtained CDD, regulation or legislative amendments to verify that anyone acting on behalf of a customer is so authorized, verification of the identity of customers, understand the ownership and control structure of customers, determine the natural persons who ultimately own the customers, etc.

7. The authorities advised in the last Follow-Up Report that the Guidelines incorporated CDD measures and that regulation 8 of the Proceeds of Crime (Anti-Money Laundering) Regulations makes complying with the Guidelines mandatory. However, it was noted that this was already indicated in the MER where it was stated that the Attorney General at the time advised the team of advisors that the Guidelines were not legally enforceable and paragraph 60 of the Guidelines stated "these Guidelines are not mandatory or exhaustive".

8. In relation to the recommendation for the verification of customers, the authorities referred to the specific measures being incorporated in the Guidelines. However, as already noted the Guidelines at the time of the MER were considered not enforceable, therefore all measures in the Guidelines do not comply with the FATF criteria which are required to be enforceable. The Secretariat was informed that revised Guidelines were due to be completed by the end of 2010 and until such revision makes provision for them to be enforceable CDD measures incorporated will not be in compliance with the examiners' recommendations. As such, this Recommendation remains outstanding.

### **Recommendation 13**

9. There is no change since the previous Follow-Up Report. With regard to the recommendation that the range of predicate offences for ML be extended to include all FATF categories of offences, the authorities advised that a policy decision had to be taken before specific legislation on the offences could be drafted. Additionally the Guidelines would need to be revised. The other recommendations include making the reporting of suspicious transactions relating to TF mandatory, legislatively requiring the reporting of attempted suspicious transactions and those involving tax matters. While the authorities advised that requirements for the reporting of suspicious transactions are included in the Guidelines, these are not enforceable as required by the FATF criteria. As such this Recommendation remains outstanding.

### **Special Recommendation II and IV**

10. The situation remains unchanged from the last Follow-Up Report when the authorities advised that the examiners' recommendations are to be incorporated in the Terrorism Act. These Recommendations remain outstanding.

### **Key Recommendations**

#### **Recommendations 23**

11. There is no change from the last Follow-Up Report when the authorities advised that discussions concerning the examiners' recommendation about the Eastern Caribbean Central

Bank (ECCB) reviewing its inspection program to ensure effective compliance of its licensees with AML/CFT obligations were planned to determine specific measures.

12. As noted in the previous Follow-Up Report the authorities had referred to subsection (5)(2)(3) of the Grenada Authority for the Regulation of Financial Institution Act 2008 (GARFIN Act) as meeting the examiners' recommendation for the enactment of fitness and probity checks on the directors, shareholders and management of the licensees of Grenada Authority for the Regulation of Financial Institution (GARFIN). However, the referenced subsection deals with fitness and probity checks on the directors of GARFIN rather than on the directors, shareholders and management of the licensees of GARFIN.

13. At present the authorities refer to the Insurance Act No 5 of 2010 (IA) which was enacted in December 2009 as meeting the requirement with regard to fitness and probity checks on directors, shareholders and management of insurance licensees. Under the FATF Methodology, fitness and probity checks are applicable at the licensing stage and whenever changes are made in management or controlling shareholding interest. The licensing procedures as set out in sections 13 and 14 of the IA require proposed directors and management of an applicant including the principal representative of foreign company to meet fit and proper requirements as set out in section 201 of the IA. Significant shareholders i.e. those that control twenty percent or more of shareholding are required to be suitable. No definition of suitable is given in the IA.

14. Under sections 201 and 202 of the IA, directors, officers and managers of local insurance companies and principal representatives of foreign insurance companies are subject by GARFIN to assessment of fit and proper status in accordance with criteria specified in section 201(2) of the IA. In determining whether a person is fit and proper, section 201(2) of the IA requires consideration of a person's probity, competence, soundness of judgment, diligence, previous conduct in business or financial matters, history of offences involving fraud or other dishonesty and business practices appearing to be deceitful, oppressive or improper. The above provisions while establishing fitness and probity checks on directors and management of insurance companies does not include controlling shareholders as required by the examiners' recommendation.

15. With regard to fitness and probity checks for money services businesses which fall under the supervision of GARFIN section 6 of the Money Services Business Act 2009 (MSBA) establishes licensing procedures which require assessment by GARFIN of the fit and proper status of the significant shareholders, directors, executive management and officers of an applicant for a money service business licence. A significant shareholder is defined as a person who alone or with an affiliate exercises or controls ten percent or more of voting shareholding. Section 15 of the MSBA establishes similar requirements prior to the appointment of a director or senior officer of a money service business operator. No requirement is stipulate for changes in significant shareholding. The above provisions for changes after licensing do not include shareholders as required by FATF standards. Similar requirements for the licensees of the Eastern Caribbean Securities Regulatory Commission (ECSRC) are not in place.

16. In the previous Follow-Up Report it was indicated that measures making money value transfer service operators subject to effective systems for monitoring and ensuring compliance with AML/CFT requirements were being put in place. The MSBA enacted in April 2009 establishes a legal framework for the implementation of a system for monitoring and ensuring compliance with national AML/CFT requirements by money value transfer service providers.

17. Section 4 of the MSBA requires a person to be licensed to carry on money service business in Grenada. The MSBA stipulates licensing, reporting and accounting requirements for money services businesses. In particular, section 18(3) of the MSBA requires licensees to ensure that accounting records and systems of business controls comply with the requirements of the

Money Laundering Prevention Act, 1999. Under section 40 of the MSBA, GARFIN is responsible for the administration of the Act and has powers of inspection, access to all necessary documents and records, enforcement powers, and ability to suspend and revoke a licence. The authorities advise that all operators have been properly licensed under the Act and will be subjected to on-site inspection in the first half of 2011. An off-site supervisory framework is presently being rolled out. Except for the recommendations dealing with the ECCB and the ECSRC, the above measures are a substantial improvement from the last Follow-Up Report.

### **Recommendation 35**

18. In the last Follow-Up Report the authorities advised that specific legislation would be drafted to extend the range of predicate offences for ML and criminalise all activities in accordance with relevant articles of the UN Conventions. No further developments have been reported. The examiners' recommendations remain outstanding.

### **Special Recommendation I**

19. There has been no change from the previous Follow-Up Report when the authorities advised that further discussions were planned to determine specific measures to implement UN Resolutions S/RES/1267/(1999) and S/RES/1373(2001). As such, the examiners' recommendation remains outstanding.

### **Special Recommendation III and V**

20. In the last Follow-Up Report the authorities advised that the examiners' recommendations were to be incorporated in the Terrorism Act. No new developments have been reported. These Recommendations remain outstanding.

### **Other Recommendations**

#### **Recommendation 6**

21. The situation remains unchanged from the last Follow-Up Report. The authorities referred to Appendix Q of the Guidelines with regard to the examiners' recommendations for the establishment of appropriate risk management systems to determine whether a potential customer is a politically exposed person (PEP). However, since the Guidelines are not enforceable, the requirements of Appendix Q do not satisfy the examiners' recommendations. All examiners' recommendations remain outstanding.

#### **Recommendations 7 and 8**

22. There have been no new developments since the previous Follow-Up Report when the authorities advised that the examiners' recommendations were to be addressed in revised Guidelines. All examiners' recommendations remain outstanding for both Recommendations.

#### **Recommendation 9**

23. The situation remains the same from the last Follow-Up Report. The authorities referred to cited paragraphs of the Guidelines in relation to the recommendation for financial institutions to be required to immediately obtain from introducers necessary information concerning certain elements of the CDD process. However, as already mentioned the Guidelines are not considered enforceable. With regard to the other recommendations, the Guidelines were to be updated to address the relevant concerns. As such all the examiners' recommendations remain outstanding.

### **Recommendation 11**

24. There has been no change since the last Follow-Up Report. The authorities advised that provisions in the draft Proceeds of Crime Bill 2010 addressed the examiners' recommendation for financial institutions to be required to examine the background and purpose of all complex, unusual large transactions or unusual patterns of transactions. Reference was made to section 48 of the Proceeds of Crime Act 2003 (POCA 2003) in relation to this recommendation, however it was noted in the MER that section 48 of POCA 2003 only required financial institutions to pay attention to complex, unusual large transactions or unusual patterns of transactions and did not include the requirement to examine the background and purpose of these transactions. Reference was also made to Appendix E of the Guidelines, however, it was noted that this Appendix deals with suspicious transactions and not specifically complex, unusual large transactions.

25. With regard to the examiners' recommendations for the retention of the written findings from the review of complex, unusually large or unusual patterns of transactions, the authorities indicated paragraph 106 of the Guidelines which were not submitted with the follow-up report and regulation 5(1)(4) of the Proceeds of Crime (Anti-Money Laundering) Regulations 2003. Regulation 5(1)(4) requires the retention of records relating to the opening of an account and transactions and does not include records of the written findings from the review of complex, unusually large or unusual patterns of transactions. Given the above, all the examiners' recommendations remain outstanding.

### **Recommendation 12**

26. The authorities have advised that the examiners' recommendations are to be submitted for policy decision. No deadline for this decision has been provided. The examiners' recommendations therefore remain outstanding.

### **Recommendation 14**

27. The situation remains the same as in the last Follow-Up Report with the examiners' recommendations adopted and incorporated into the draft revised Proceeds of Crime Bill 2010. This Recommendation remains outstanding.

### **Recommendations 15**

28. There has been no change since the previous Follow-Up Report. The examiners' recommendations required the imposition of enforceable obligations on financial institutions in accordance with FATF criteria for Recommendation 15. The authorities' response dealt only with procedures that financial institutions had implemented to meet some of the recommendations. No action by the authorities implementing enforceable measures had been reported. As such, the examiners' recommendations remain outstanding.

### **Recommendation 16**

29. The examiners noted that specific recommended actions stipulated for Recommendations 13 to 15 and 21 were also applicable to DNFBPs under Recommendation 16. The authorities have advised that a policy decision concerning this issue is to be made. No deadline for this decision has been provided. With regard to the recommendation for specific training and/or awareness programs to educate DNFBPs about AML/CFT requirements, the last Follow-Up Report indicated that the Supervisory Authority was to initiate training in this area. No

information as to the details of these training programs has been provided. As a consequence, all examiners' recommendations remain outstanding.

#### **Recommendation 17**

30. In the previous Follow-Up Report it was noted that the examiners' recommendation for the authorities to amend the POCA and the Money Laundering (Prevention) Act (MLPA) to ensure that sanctions are consistent and broad in range had not been addressed. The situation remains the same.

#### **Recommendation 18**

31. The authorities advise that the examiners' recommendations will be submitted for policy decision. No deadline for the decision has been provided. Consequently, the examiner's recommendations remain outstanding.

#### **Recommendations 19**

32. A policy decision has to be made concerning the examiners' recommendation for the consideration of the feasibility and utility of implementing a currency threshold reporting system. This Recommendation remains outstanding.

#### **Recommendation 20**

33. The authorities have advised that a policy decision on whether AML/CFT obligations will be applied to non- financial businesses and professions other than DNFBPs will be tabled to Cabinet by the end of the first quarter of 2011.

#### **Recommendation 21**

34. As noted in the last Follow-Up Report the authorities advised that the Guidelines were to be revised to impose mandatory requirements for financial institutions to pay special attention to business relationships and transactions from or in countries which do not or insufficiently apply the FATF Recommendations. At present a policy decision is to be made concerning legislative amendments to address the other examiners' recommendations. The examiners' recommendations remain outstanding.

#### **Recommendation 22**

35. The examiners' recommendations include all the essential criteria of Rec. 22. The authorities advise that relevant amendments are being made under the revision of the POCA Regulations. The examiners' recommendations remain outstanding.

#### **Recommendation 24**

36. In the last Follow-Up Report the authorities had advised that they were considering drafting specific legislation before the end of 2010 to address the examiners' recommendations for a designated competent authority for monitoring and ensuring compliance of DNFBPs with AML/CFT obligations and subjecting dealers in precious metals and precious stones to AML/CFT requirements. At present they advise that they are considering the possibility of undertaking the responsibility by the end of the second quarter of 2011. Consequently, the examiners' recommendations remain outstanding.

### **Recommendation 25**

37. There is no change from the last Follow-Up Report where the authorities advised that the examiners' recommendation concerning the FIU providing consistent feedback on filed suspicious transaction reports are addressed in a draft FIU Bill. The Guidelines will be revised to include specific instructions for combating the financing of terrorism. Until the implementation of these measures, the examiners' recommendations remain outstanding.

### **Recommendation 30**

38. With regard to the first examiners' recommendation concerning the consideration of providing additional financial and technical resources to law enforcement agencies, there is no change from the previous Follow-Up Report when further discussions were planned to determine specific measures.

39. In relation to reviewing measures in place for ensuring that persons of high integrity and good moral character are recruited into the Royal Grenada Police Force, the authorities, at present advise that measures are being reviewed.

40. The other recommendations for reviewing the training needs of the Office of the Director of Public Prosecutions and providing additional resources to the Attorney General's Office are being addressed. The Office of the Director of Public Prosecutions is currently receiving technical assistance from UKSAT in strategies to tackle money laundering and terrorist financing (technical assistance programme began in January 2011 and is ongoing). The Attorney General's Office now has its full complement of staff comprising of: the Attorney General, the Solicitor General, 1 senior crown counsel, 1 senior legal counsel, 4 crown counsels, 2 legal drafter persons, and 1 Chief Parliamentary Counsel. Except for the recommendation dealing with the law enforcement authorities the examiners' recommendations have been substantially met.

### **Recommendation 31**

41. With regard to the Supervisory Authority being given the legal authority to bring together the various agencies on a regular basis to develop and implement policies and strategies to tackle money laundering and terrorist financing, the authorities advise that new legislation will increase the membership of the Supervisory Authority to include the Comptroller of Customs. The key stakeholders meet on a monthly basis or as necessary and work together to ensure mechanisms are in place for monitoring, detecting and preventing money laundering and terrorist financing. Data is presently being compiled by the Secretariat of the Supervisory Authority for the population of a website for the purpose of public education which should be in operation by the end of the first quarter of 2011. These measures substantially comply with this recommendation.

### **Recommendation 32**

42. The examiners' recommended actions include the Supervisory Authority establishing a Secretariat to monitor the implementation of Grenada's AML/CFT regime, the dedication of additional technical resources to the compilation of statistical data and the maintenance of statistics on spontaneous referrals made by the FIU, excise operations including records of seizures, and mutual legal assistance and extradition requests.

43. The authorities advise that a Secretariat has been established by the Supervisory Authority and an administrative office has been assigned to the Secretariat and approval is being sought for the appointment of an Executive Director for the Secretariat. With regard to statistics

on excise operations, the Enforcement Unit of the Customs Department is responsible for gathering information from all other units within the Customs Department. Mechanisms have been put in place to capture information about false declarations commencing from February 2011. The authorities report that the Customs Department had one (1) seizure in 2009 and four (4) in 2010. Details as to the nature and size of the seizures would be necessary in assessing implementation.

44. Statistics on mutual legal assistance requests have been submitted as follows:

**Table 4: Mutual legal assistance requests for 2009 – 2011**

<b>Year</b>	<b>No of MLATs received</b>	<b>No completed</b>	<b>No pending</b>
<b>2009</b>	<b>3</b>	<b>3</b>	<b>0</b>
<b>2010</b>	<b>5</b>	<b>3</b>	<b>2</b>
<b>2011</b>	<b>1</b>	<b>0</b>	<b>1</b>

**Table 5: Egmont Requests for 2009 -2010**

<b>Year</b>	<b>No of Egmont Requests received</b>	<b>No completed</b>	<b>No pending</b>
<b>2009</b>	<b>8</b>	<b>7</b>	<b>1</b>
<b>2010</b>	<b>8</b>	<b>7</b>	<b>1</b>

45. In addition to the above, 8 regional requests for information were received in 2009 and one in 2010 and all were successfully met. Information on the length of time taken to respond to MLATa and other request should be submitted to give an idea as to the timeliness of the response.

### **Recommendation 33**

46. There has been no change since the last Follow-Up Report when the authorities advised that further discussions were planned to determine specific measures to address the examiners' recommendation concerning bearer shares issued under the International Companies Act. Additionally as noted in the previous report while reference is made to sections 149 to 156 of the Companies Act providing for financial disclosure these sections do not require companies to submit information on beneficial ownership as stated in the examiners' recommendation.

47. Reference is also made to the Companies Regulations No. 2 of 1995 with regard to timely notification of changes of particulars of a company. However, no copy of said legislation was provided for verification. Additionally reference is made to sections 195 to 200 of the Companies Act which detail requirements for notification by a company in its share register of changes in beneficial ownership. However, the examiners' recommendation is based on the lack of legislation requiring the filing or notification of changes in beneficial ownership with the Registrar of Companies. The sections referenced by the authorities do not have such

requirements and this recommendation remains outstanding. As such, all examiners' recommendations remain outstanding.

### **Recommendation 34**

48. There have been no new developments since the previous Follow-Up Report when the authorities advised that further discussions were planned to determine specific measures for the examiners' recommendations which therefore remain outstanding.

### **Special Recommendation VI**

49. The examiners' recommended actions include enacting legislation for money service providers that meet FATF requirements, introducing systems for monitoring money value transfer service operators and requiring them to maintain a current list of their agents and making CARFIN's supervisory sanctions proportionate and dissuasive.

50. With regard to legislation for monitoring money service providers, the MSBA was enacted in April 2009 and establishes a legal framework for the implementation of a system for monitoring and ensuring compliance with national AML/CFT requirements by money value transfer service providers. The MSBA stipulates licensing, reporting and accounting requirements for money services businesses. In particular, section 18(3) of the MSBA requires licensees to ensure that accounting records and systems of business controls comply with the requirements of the Money Laundering Prevention Act, 1999. Under section 40 of the MSBA, GARFIN is responsible for the administration of the Act and has powers of inspection, access to all necessary documents and records, enforcement powers, and the ability to suspend and revoke a licence for breaches of the Act.

51. In accordance with the recommendation for monitoring systems GARFIN has introduced quarterly reporting, submission of audited financial statements and on-site inspections. Information on the numbers of on-site inspections would be relevant in demonstrating implementation.

52. In the previous Follow-Up Report, the authorities advised that money service operators were required to maintain a current list of their agents. However, there is no provision in the MSBA for this requirement and no other law, regulation or guideline has been cited as authority for this obligation. This recommendation remains outstanding.

53. With regard to the recommendation concerning GARFIN's sanctions, section 38(2) of the MSBA details CARFIN's sanctions to include the following:

- a) Imposing conditions or further conditions or amending or revoking any conditions on a licensee as required.
- b) Suspension or removal of a director or officer of a licensee
- c) Appointing a person to advise on or assume control of a licensee's affairs
- d) Requiring a licensee to take or refrain from or discontinue any action CARFIN considers necessary
- e) Revoking the licence

54. The above sanctions are applicable among other things for breaches of any provision of the MSBA and criteria for prudent management set out in section 41 of the MSBA. These

sanctions can be applicable for breaches of AML/CFT obligations under section 18(3) of the MSBA. The above sanctions should provide for a range of applicable penalties in addition to criminal ones available under the Money Laundering Prevention Act.

55. Except for the recommendation requiring money value transfer service operators to maintain a current list of their agents which has to be verified, all recommendations have been complied with substantially.

### **Special Recommendation VII**

56. The situation remains unchanged from the previous Follow-Up Report when the authorities advised that further discussions were planned to determine specific measures to address the examiners' recommendation for the implementation of enforceable measures in accordance with the requirements of SR. VII and to establish a regime to effectively monitor the compliance of financial institutions. The examiners' recommendation remains outstanding.

### **Special Recommendation VIII**

57. With regard to the recommendation for the mandatory registration of non-profit organizations (NPOs), the authorities advise that NPOs must be registered under sections 326-327 of the Companies Act (CA), are subject to approval by the Attorney General's Office and documents are filed at the Corporate and Intellectual Property Office. However, as noted in Grenada's MER, while sections 326-327 of the CA allow for the incorporation of NPOs, it is not mandatory. Additionally, the approval of the Attorney General is essentially to only to determine whether the company qualifies for the status of a non-profit company. This recommendation therefore remains outstanding.

58. 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, discussion is ongoing regarding the susceptibility of NPOs to terrorist financing and the viability of public awareness and outreach. The authorities advise that an investigation of an NPO occurred during 2008. No further details have been provided. Irrespective of the above no measures dealing effectively with any of the examiners' recommendations have been put in place. As such, the examiners' recommendations remain outstanding.

### **Special Recommendation IX**

59. The authorities advised in the previous Follow-Up Report that a declaration system with a threshold of US\$10,000 has been implemented for incoming passengers at Maurice Bishop International Airport. Additionally, ION scanners capable of detecting whether an individual was in contact with drugs are in use at the same airport. At present Grenada is sourcing appropriately trained dogs to form canine units. These measures comply with the examiners' recommendations to implement a declaration system to be used in conjunction with the disclosure system and the increased use of specific technical expertise such as canine units, x-rays and scanners. The authorities advise that there were 4 drug seizures during 2010. Additional information regarding the results of such measures i.e. number of declaration forms and persons or drugs uncovered by the scanners should be submitted to demonstrate effectiveness in future follow-up reports.

60. In accordance with an examiner recommendation the authorities advised in the last Follow-Up Report that Customs officials were trained in the use of passenger screening systems to analyze behaviour of potential currency carriers as part of standard operating procedures. Approximately 30 Customs officers received training in customer profiling during 2010.

Training in counterfeit currency identification had been provided by the Royal Grenada Police Force (RGPF) to Customs personnel. Similar training has been provided by the FIU during the first quarter of 2011. Ongoing training in combating money laundering and terrorist financing for Customs officials is also carried out. While these measures are in accordance with examiners' recommendations, details as to the dates of training and numbers of personnel trained in all the relevant courses or seminars would aid in assessing implementation.

61. In the previous Follow-Up Report, the authorities advised that the examiners' recommendation for penalties under the Customs Ordinance to be amended to make them more dissuasive had been adopted and incorporated in the draft Customs Bill 2010 which was due to be enacted by the end of 2010. The Bill is now expected to be enacted during the first quarter of 2011.

62. The recommendation requiring the authorities to review legislation concerning the making of false disclosures/declarations to ensure that these are strict liability offences was not addressed in the last Follow-Up Report. At present, the authorities have indicated that they have been advised that making false declarations/disclosures strict liability offences may be unconstitutional and therefore the Customs Department is not pursuing this recommendation at this time.

63. The Customs Department, the FIU, the RGPF and the Office of the Director of Public Prosecutions have a close working relationship and meet from time to time. At present two Customs officers are assigned to the FIU and Customs is presently involved in joint investigations with the FIU. Additionally, the Customs Department was made a member of the National Security Committee in 2010.

64. Another unaddressed recommendation in the last Follow-Up Report required the Customs Department to explore the involvement of airline and vessel senior management in currency interdiction operations. At present the authorities have indicated that plans are in place for the Customs Department to engage the airlines in a series of meetings to put a policy in place by the end of the first quarter of 2011. There is need to provide details on the policy and the role of the airlines.

65. With regard to the examiners' recommendation for Customs to report all incidences of currency interdiction where untrue disclosure/declarations are made to the FIU, the authorities advise that the Enforcement Unit of the Customs Department have the responsibility for record keeping and reporting on a case by case basis. Information on the number of incidences of currency interdiction involving false disclosure/declarations reported to the FIU should be provided to assess implementation. The above measures demonstrate substantive implementation of the examiners' recommendations.

### **III. Conclusion**

66. Since the finalization of the MER in May 2009, the authorities in Grenada have sought to implement measures to deal with some of the examiners' recommendations. As noted above, the main focus of the authorities in Grenada are measures designed to change the AML/CFT legislative framework either by enacting, amending or drafting legislation. This process is well advanced with the enactment of two pieces of legislation and preparation of three other statutes which should be enacted shortly. Further discussions and decisions are planned to determine measures for those recommendations that have not been addressed. As a result of the above, Recs. 23, 30, 31, 32, SR VI and SR IX have been substantially complied with. Given the remaining outstanding recommendations, Grenada should remain on enhanced follow-up and be required to report to the next Plenary in November 2011 on measures to implement recommendations in the MER.

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

<b>Forty Recommendations</b>	<b>Rating</b>	<b>Summary of factors underlying rating</b>	<b>Recommended Actions</b>	<b>Undertaken Actions</b>
<b>Legal systems</b>				
1. ML offence	PC	<ul style="list-style-type: none"> <li>The list of psychotropic substances in DAPCA is not in accordance with the list under the Vienna Convention</li> <li>The list of predicate offences for ML does not cover five (5) of the FATF's designated category of offences, particularly trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy or terrorist financing offence of providing or receiving money or other property in support of terrorist acts.</li> <li>The low number of ML convictions suggests ineffective use of ML provisions given the wide range of measures available under the legislation.</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider pursuing ML as a stand-alone offence.</li> <li>Schedules I to III of DAPCA should be amended to include all narcotic drugs and psychotropic substances listed in Tables I and II of the Vienna Convention.</li> <li>The authorities should extend the range of predicate offences for ML to include all the FATF designated categories of offences i.e. trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy and the terrorist financing offence of providing or receiving money or other property in support of terrorist acts.</li> </ul>	<p>Part IV (s.125-127) of the draft Bill deals specifically with this offence Anti-Money Laundering Guidelines has been Gazetted and its use is mandatory by all financial institutions</p> <p>Policy decision to be taken before specific legislation on these offences can be drafted</p>
2. ML offence – mental element and corporate liability	LC	<ul style="list-style-type: none"> <li>The low number of money laundering convictions suggest ineffective use of ML provisions</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>	<p>The first draft of the Proceeds of Crime Bill 2010 and the Financial Intelligence Unit Bill 2010 has been drafted and presented by the Consultant, and is being perused by the Ministry of Legal Affairs. It is expected that the draft Bills will be tabled before Parliament by the end of 2010.</p>

			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.	
3. Confiscation and provisional measures	LC	<ul style="list-style-type: none"> <li>Ineffective implementation of the forfeiture and freezing regime.</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>	Clause 14 of the draft Proceeds of Crime Bill contained in Part II addresses this area
<b>Preventive measures</b>				
5. Customer due diligence	NC	<ul style="list-style-type: none"> <li>CDD measures are required when there is suspicion of money laundering and only with one-off transactions</li> <li>CDD measures for wire transfers are for occasional transactions over US\$10,000 rather than over the FATF US\$1,000 limit.</li> <li>CDD measures are not required when there are doubts about the veracity of previously obtained due diligence</li> <li>No provision to verify that any person purporting to act on behalf of</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Competent authorities should consider making the Guidelines mandatory and enforceable with effective, proportionate and dissuasive sanctions.</li> <li>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.</li> </ul>	<p>CDD measures are found throughout the Anti-money Laundering Guidelines e.g. Verification of subject para.40 onwards Methods of verification para.64 onwards Para. 35 onwards (know your customer) etc. Moreover, there are best practices in place within the internal working of many financial institutions. Some have established their own 'risk assessment department' whose function to ensure that requirements of the Guidelines 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.</p> <p>Regulation 8 of the Proceeds of Crime (Anti-Money Laundering) Regulations makes complying with the Guidelines mandatory. Regulation 9 makes it an offence to carry on a business without complying with the requirements of these Regulations.</p>

	<p>the customer is so authorised, and identify and verify the identity of that person</p> <ul style="list-style-type: none"> <li>• No requirement in law or regulation for the verification of identification of customers</li> <li>• No provision to understand the ownership and control structure of customers that are legal persons or legal arrangement</li> <li>• No provision to determine the natural persons that ultimately own or control the customer</li> <li>• No requirement for financial institution to obtain information on the purpose and intended nature of the business relationship</li> <li>• No legislative provision for financial institutions to conduct ongoing due diligence to include scrutiny of transactions and ensuring that CDD documents and information are kept up-to-date</li> <li>• No requirement for financial institutions to perform enhanced due diligence for higher risk categories of customer</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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 authorised, and identify and verify the identity of that person.</li> <li>• Financial institutions should be legislatively required to verify the identification of customers.</li> <li>• Financial institutions should be required to understand the ownership and control structure of customers that are legal persons or legal arrangements</li> <li>• Financial institutions should be legislatively required to determine the natural persons that ultimately own or control the customer</li> <li>• Financial institutions should be required to obtain information on the purpose and intended nature of the business relationship.</li> <li>• Legislative amendments should be introduced to require that financial</li> </ul>	<p>CDD measures dealing specifically with verification are found throughout the Anti-money Laundering Guidelines</p> <p>Regulation. 4 (1) of the Proceeds of Crime (Anti-Money Laundering) Regulations addresses the issue of 'Identification procedures'. Identification and verification procedures are also currently enforced by financial institutions.</p> <p>The Anti-money Laundering Guidelines will be updated to address the issues raised relevant to this particular area</p>
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	<ul style="list-style-type: none"> <li>• The exemptions for reduced or simplified CDD measures are not justified on the basis of low risk</li> <li>• No requirement for financial institutions to limit simplified or reduced CDD measures to non-resident customers from countries that the authorities are satisfied are in compliance with FATF Recommendations</li> <li>• No provisions prohibiting simplified CDD measures whenever there is suspicion of money laundering or terrorist financing</li> <li>• No requirement for financial institutions to apply CDD measures to existing customers on the basis of materiality and risk.</li> </ul>	<p>institutions and other relevant persons apply ongoing due diligence measures to their client base. This should include scrutiny of transactions and ensuring that CDD documents and information are kept up-to-date.</p> <ul style="list-style-type: none"> <li>• Financial institutions should be required to perform enhanced due diligence for higher risk categories of customers.</li> <li>• 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.</li> <li>• Simplified CDD measures should be prohibited whenever there is suspicion of money laundering or terrorist financing.</li> <li>• Financial institutions should be required to terminate a business relationship if the verification of a customer cannot be completed.</li> <li>• 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</li> </ul>	<p>Regulation 4(1)(b) of the Proceeds of Crime (Anti-Money Laundering) Regulations Paragraph 86 of Anti-Money Laundering Guidelines addresses this issue</p> <p>Due diligence measures are undertaken by financial institutions. Compliance Officers are mandated to ensure that all documents submitted by customers is accurate, this information is verified and kept by these officers, who are responsible for this information.</p>
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			requirements of Recommendation 5.	
6. Politically exposed persons	NC	<ul style="list-style-type: none"> <li>No requirement for financial institutions to have appropriate risk management systems to determine whether a potential customer, a customer or the beneficial owner is a PEP.</li> <li>No requirement for financial institutions to obtain senior management approval for establishing a business relationship with a PEP or continuing one with a customer who becomes a PEP.</li> <li>No requirement for financial institutions to take reasonable measures to establish the source of wealth and the source of funds of customers and beneficial owners identified as PEPs.</li> <li>No requirement for financial institutions to conduct enhanced ongoing monitoring on relationships with PEPs</li> </ul>	<ul style="list-style-type: none"> <li>Financial institutions should be required to have appropriate risk management systems to determine whether a potential customer, a customer or the beneficial owner is a PEP.</li> <li>Financial institutions should be required to obtain senior management approval for establishing a business relationship with a PEP or continuing one with a customer who becomes a PEP.</li> <li>Financial institutions should be required to take reasonable measures to establish the source of wealth and the source of funds of customers and beneficial owners identified as PEPs.</li> <li>Financial institutions should be required to conduct enhanced ongoing monitoring on relationships with PEPs.</li> <li>Grenada should undertake steps to sign the 2003 United Nations Convention against Corruption.</li> </ul>	Appendix Q of the Anti-money Laundering Guidelines addresses this issue. Moreover, various financial institutions have implemented various 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 by the Head Office or by the Board of Directors of a financial institution. Clear guidelines are set to determine the persons who fall within this category and the treatment given to them by the financial institution.
7. Correspondent banking	NC	<ul style="list-style-type: none"> <li>No requirement for financial institutions to gather sufficient information about a respondent institution to understand the nature of the respondent's business and to determine from publicly available information the reputation of the institution and the quality of supervision..</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<p>The Anti-money Laundering Guidelines will be updated to address the issues raised relevant to this particular area.</p> <p>However many financial institutions have established best practices internal guidelines in this area. For example moneys are held on trust, information on the corresponding is verified, if it is determined that the correspondent bank is non-compliant then the accounts</p>

		<ul style="list-style-type: none"> <li>• No requirement for financial institutions to have written procedures to obtain and assess the anti-money laundering procedures and CDD procedures of a respondent institution.</li> <li>• No requirement for financial institutions to obtain approval from senior management to establish new correspondent relationships in all cases.</li> <li>• No requirement for financial institutions to document the respective AML/CFT responsibilities of each institution in cross-border correspondent relationships</li> <li>• No requirement for financial institutions to be satisfied that respondent financial institutions have performed all the normal CDD obligations on customers who have access to” payable-through accounts” and can provide relevant customer identification data upon request</li> </ul>	<ul style="list-style-type: none"> <li>• Financial institutions should be required to have written procedures to obtain and assess the anti-money laundering procedures and CDD procedures of a respondent institution.</li> <li>• Financial institutions should be required to obtain approval from senior management to establish new correspondent relationships in all cases.</li> <li>• Financial institutions should document the respective AML/CFT responsibilities of each institution in cross-border correspondent relationships</li> <li>• Financial institutions should be satisfied that respondent financial institutions have performed all the normal CDD obligations on customers who have access to” payable-through accounts” and can provide relevant customer identification data upon request.</li> </ul>	would be closed.
8. New technologies & non face-to-face business	NC	<ul style="list-style-type: none"> <li>• No requirement for financial institutions to have policies in place that mitigate the misuse of technological developments by money laundering and/or terrorist financing schemes.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial institutions should be required to have policies in place that mitigate the misuse of technological developments by money laundering and/or terrorist financing schemes.</li> <li>• Financial institutions should be required</li> </ul>	<p>The Anti-money Laundering Guidelines will be updated to address the deficiency relevant to this particular area.</p> <p>However various financial institutions have their own internal procedure to govern this area. Documents relating to non face to face business must be original and</p>

		<ul style="list-style-type: none"> <li>No requirement for financial institutions to have written procedures and a suitably robust risk management framework that mitigates the risks associated with non-face to face transactions. Measures for mitigating risks should include specific and effective CDD procedures that apply to non-face to face customers</li> </ul>	<p>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.</p>	<p>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 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</p>
9. Third parties and introducers	NC	<ul style="list-style-type: none"> <li>No requirement for financial institutions relying upon a third party to immediately obtain from the third party the necessary information concerning certain elements of the CDD process (criteria 5.3 to 5.6)</li> <li>No requirement for financial institutions to take adequate steps to satisfy themselves that copies of identification data and other relevant documentation relating to CDD requirements will be made available from the third party upon request without delay</li> <li>No requirement for financial institutions to satisfy themselves that the third party is regulated and supervised (in accordance with</li> </ul>	<ul style="list-style-type: none"> <li>Financial institutions should be required to immediately obtain from introducers the necessary information concerning certain elements of the CDD process (criteria 5.3 to 5.6).</li> <li>Financial institutions should be required to test agreements with third parties to ensure that CDD held satisfies the provisions of Recommendations 5 and 10. This testing should also confirm whether information can be provided by the third party without delay.</li> <li>Financial institutions should be required to satisfy themselves that the third party is regulated and supervised in accordance with Recommendations 23, 24 and 29.</li> <li>Competent authorities should consider the issuance of a list of jurisdictions that</li> </ul>	<p>Anti-Money Laundering Guidelines from paragraph 56-63 covers 'reliable introductions' paragraph 64-82 covers 'methods of verification'</p> <p>Para 106 (Anti-money Laundering Guidelines) 7 years and Regulation 5 (1)(4) Proceeds of Crime (Anti-Money Laundering ) Reg. No. 22 of 2003</p> <p>The Anti-Money Laundering Guidelines will be updated to address the deficiency in this area.</p>

		<p>Recommendations 23, 24 and 29) and has measures in place to comply with the CDD requirements set out in R.5 and R.10</p> <ul style="list-style-type: none"> <li>• Unable to assess whether competent authorities in determining the list of countries that are recognised as having AML regimes equivalent to Grenada, used information as to whether these countries adequately applied FATF standards</li> <li>• No specific provision that ultimate responsibility for customer identification and verification remain with the financial institution relying on the third party.</li> </ul>	<p>adequately apply the FATF Recommendations, for third parties that may operate in foreign jurisdictions.</p> <ul style="list-style-type: none"> <li>• Amendment to legislation or guidance to stipulate that the verification and identification of a client remains the responsibility of the financial institution, regardless of whether or otherwise it has relied on a third party to conduct the verification and identification of the client</li> </ul>	
10. Record keeping	LC	<ul style="list-style-type: none"> <li>• No legislation to require financial institutions to maintain records of account files and business correspondence for a period of at least five years after the completion of a business relationship.</li> </ul>	<ul style="list-style-type: none"> <li>• Amend legislation to require financial institutions to maintain records of account files and business correspondence for a period of at least five years after the completion of a business relationship.</li> </ul>	<p>Para 106 (Anti-money laundering guidelines) 7 years and Regulation 5 (1)(4) Proceeds of Crime (Anti-Money Laundering ) Reg. No. 22 of 2003</p> <p>N.B records are kept for 7 years after the closure of an account</p>
11. Unusual transactions	NC	<ul style="list-style-type: none"> <li>• No requirement for financial institutions to examine the background and purpose of large, complex and unusual transactions or unusual patterns of transactions that have no apparent or visible economic or lawful purpose and to set forth their findings in writing.</li> <li>• No requirement to maintain written</li> </ul>	<ul style="list-style-type: none"> <li>• Guidance and legislation should be amended to require financial institutions to examine the background and purpose of all complex, unusual large transactions or unusual patterns of transactions that have no apparent or visible economic or lawful purpose and to set forth their findings in writing.</li> <li>• Guidance and legislation should be amended to require financial institutions</li> </ul>	<p>Provisions 123-133 of the draft POCA Bill 2010 and section 48 of POCA 2003 addresses anti-money laundering issues. Guidance is also found at para 87-105 up to reporting to the FIU. Appendix E of the Guidelines set out an internal report form when there is a suspicious transaction (<i>which includes reasons by reporting officer why transaction was regarded as suspicious or not</i>). Appendix F set out the form for a disclosure to the FIU.</p> <p>Each financial institution have its own internal guidelines to deal with unusual transactions, e.g. persons are</p>

		records from the findings of reviews of complex, unusually large or unusual patterns of transactions for competent authorities for at least five years	to retain written findings from the review of complex, unusually large or unusual patterns of transactions for no less than five years.	required to fill out 'source of funds' forms once the deposit/transaction is in excess of US \$10,000.00 for individual customers. These forms are in the custody of the compliance officer, whose job it is to verify the information provided by the customer.  Para 106 (Anti-money laundering guidelines) 7 years and Regulation 5 (1)(4) Proceeds of Crime (Anti-Money Laundering ) Reg. No. 22 of 2003
12. DNFBP – R.5, 6, 8-11	NC	<ul style="list-style-type: none"> <li>Dealers in precious metals and precious stones are not included in the AML/CFT regime</li> <li>Deficiencies identified for financial institutions with regard to Recs. 5, 6, 8 to 11 are also applicable to DNFBPs.</li> <li>Lack of awareness of requirements by DNFBP resulting in ineffective implementation of AML/CFT obligations</li> </ul>	<ul style="list-style-type: none"> <li>Deficiencies identified for financial institutions with regard to Recs. 5, 6, 8 to 11 are also applicable to DNFBPs. Specific recommendations in the relevant sections of this report will also apply to DNFBPs.</li> <li>Authorities should consider specific training and/or awareness programs to educate DNFBPs about AML/CFT requirements</li> <li>Dealers in precious metals and precious stones should be subject to AML/CFT requirements in accordance with FATF standards</li> </ul>	(To be submitted for policy decision)
13. Suspicious transaction reporting	NC	<ul style="list-style-type: none"> <li>The obligation to submit suspicious transaction reports does not apply to the proceeds of all FATF predicate offences.</li> <li>Requirement to report STRs relating to the financing of terrorism is discretionary and does not include</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should extend the range of predicate offences for ML to include all the FATF designated categories of offences by criminalising trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy and the terrorist financing offence of providing</li> </ul>	<p>Policy decision to be taken before specific legislation on these offences can be drafted. (To be submitted for policy decision)</p> <p>The Anti-money Laundering Guidelines/legislation needs updating to address</p> <p>The reporting of suspicious transactions is covered in the Anti-money Laundering Guidelines. Paragraph 92-99</p>

		<p>funds used for terrorism or by terrorist organisations or those who finance terrorism</p> <ul style="list-style-type: none"> <li>• No requirement to report all suspicious transactions including attempted transactions regardless of the amount of the transaction.</li> <li>• No requirement to report suspicious transactions regardless of whether they are thought, among other things to involve tax matters.</li> <li>• The reporting of suspicious transactions is ineffective.</li> </ul>	<p>or receiving money or other property in support of terrorist acts.</p> <ul style="list-style-type: none"> <li>• The TA should be amended to make the reporting of suspicious transactions relating to financing of terrorism mandatory and include funds used for terrorism or by terrorist organisation or those who finance terrorism</li> <li>• All suspicious transactions, including attempted transactions should be legislatively required to be reported regardless of the amount of transaction</li> <li>• The requirement to report suspicious transactions should apply regardless of whether they are thought, among other things to involve tax matters.</li> </ul>	<p>‘reporting suspicious transactions’. Paragraphs 100-105 ‘Reporting to the FIU’. It should be noted that even though the customer did not complete the transaction with the financial institution, it can still be reported to the FIU as ‘suspicious’, if so determined by the compliance officer. A financial institution is granted a 14 day period within which to file a report of a suspicious transaction.</p>
14. Protection & no tipping-off	PC	<p>Tipping off offence does not include disclosure of the fact that a STR concerning money laundering is being reported or provided to the FIU</p>	<ul style="list-style-type: none"> <li>• The POCA, 2003 should be amended to extend the tipping off offence to include disclosure of the fact that a STR concerning money laundering is being reported or provided to the FIU</li> </ul>	<p>This recommendation should be incorporated in the draft POCA 2010 Bill</p>
15. Internal controls, compliance & audit	NC	<p>No requirement for financial institutions to establish and maintain internal procedures, policies and controls to prevent money laundering and financing of terrorism.</p> <p>The requirement for financial institutions to develop appropriate compliance management arrangements which include at a minimum the</p>	<ul style="list-style-type: none"> <li>○ All financial institutions should be required to establish and maintain internal procedures, policies and controls to prevent money laundering and financing of terrorism.</li> <li>○ The requirement for financial institutions to develop appropriate compliance management arrangements which include at a minimum the</li> </ul>	<p>Various financial institutions have their own internal procedures and guidelines to ensure compliance in this area. For e.g. compliance officers are hired to ensure that the institution is functioning in accordance with the Guidelines.</p> <p>Training is provided for staff in this area which covers topics such as ‘<i>a basic introduction to money laundering</i>’, ‘<i>money laundering legislation – The Proceeds of Crime Act 2003; The Proceeds of Crime</i></p>

		<p>designation of an AML/CFT compliance officer at management level is not enforceable.</p> <p>The requirement for AML/CFT compliance officer and other appropriate staff to have timely access to customer identification data and other CDD information, etc is not enforceable.</p> <p>No requirement for financial institutions to maintain an adequately resourced and independent audit function to test compliance with the procedures, policies and controls.</p> <p>No requirement for financial institutions to train all staff on an ongoing and regular basis to ensure that employees are aware of money laundering and terrorist financing mechanisms, as well as the requirements of anti-money laundering and counter-terrorist financing laws and their obligations under these laws.</p> <p>The requirement for financial institution to put in place screening procedures to ensure high standards when hiring employees is not enforceable.</p>	<p>designation of an AML/CFT compliance officer at management level should be enforceable.</p> <ul style="list-style-type: none"> <li>○ The requirement for AML/CFT compliance officer and other appropriate staff to have timely access to customer identification data and other CDD information, etc should be enforceable.</li> <li>○ Financial institutions should be required to maintain an adequately resourced and independent audit function to test compliance with the procedures, policies and controls.</li> <li>○ All financial institutions should be required to train all staff on an ongoing and regular basis to ensure that employees are aware of money laundering and terrorist financing mechanisms, as well as the requirements of anti-money laundering and counter-terrorist financing laws and their obligations under these laws.</li> <li>○ The requirement for financial institution to put in place screening procedures to ensure high standards when hiring employees should be enforceable</li> </ul>	<p><i>(Anti-Money Laundering Regulations 2003 and The Anti-Money Laundering Guidelines 2003, ‘The risks associated with money laundering’ etc.....</i></p> <p>Some financial institutions have independent auditors who are hired as consultants who test the institution’s compliance in this area.</p>
16. DNFBP – R.13-15 & 21	NC	<ul style="list-style-type: none"> <li>• Dealers in precious metals and precious stones are not included in the AML/CFT regime</li> </ul>	<ul style="list-style-type: none"> <li>• Deficiencies identified for financial institutions with regard to Recs. 13 to 15 and 21 are also applicable to DNFBPs. Specific recommendations in</li> </ul>	<p>Specific legislation can be drafted to cover these areas.</p> <p>(To be submitted for policy decision)</p> <p>Supervisory Authority to initiate training in this area</p>

		<ul style="list-style-type: none"> <li>Deficiencies identified for financial institutions with regard to Recs. 13 to 15 and 21 are also applicable to DNFBPs.</li> <li>Lack of awareness of requirements by DNFBP resulting in ineffective implementation of AML/CFT obligations</li> </ul>	<p>the relevant sections of this report will also apply to DNFBPs.</p> <ul style="list-style-type: none"> <li>Authorities should consider specific training and/or awareness programs to educate DNFBPs about AML/CFT requirements</li> <li>Dealers in precious metals and precious stones should be subject to AML/CFT requirements in accordance with FATF standards</li> </ul>	
17. Sanctions	PC	<ul style="list-style-type: none"> <li>Sanctions under the POCA and MLPA are inconsistent in severity. Additionally, the application of sanctions has to go through the courts and no broad range of sanctions are available for breaches of statute</li> </ul>	<ul style="list-style-type: none"> <li>Authorities should amend the POCA and the MLPA to ensure that sanctions are consistent and broad in range</li> </ul>	
18. Shell banks	NC	<ul style="list-style-type: none"> <li>No provision to prevent the establishment of a shell bank.</li> <li>No provision applicable to financial institutions to prevent them from entering into or continuing correspondent relationships with shell banks.</li> <li>No requirement for financial institutions to satisfy themselves that respondent financial institutions in a foreign country do not permit their accounts to be used by shell banks.</li> </ul>	<ul style="list-style-type: none"> <li>Legislative amendments should be effected to prohibit the establishment and licensing of a shell bank. The amendment should also require an entity licensed under the Offshore Banking Act, 2003 to have its mind and management within Grenada.</li> <li>Amend legislative provisions to prevent financial institutions from entering into or continuing correspondent relationships with shell banks.</li> </ul> <p>Amend legislation to require financial institutions to satisfy themselves that respondent financial institutions in a foreign country do not permit their</p>	<p>Legislation should be amended to include these recommendations</p> <p>(To be submitted for policy decision)</p>

			accounts to be used by shell banks.	
19. Other forms of reporting	NC	<ul style="list-style-type: none"> <li>The authorities have not considered the feasibility and utility of implementing a system where financial institutions report all transactions in currency above a fixed threshold to a national central agency.</li> </ul>	<ul style="list-style-type: none"> <li>Competent authorities should consider the feasibility and utility of implementing a system where financial institutions report transactions in currency above a prescribed threshold to a centralised national authority.</li> </ul>	<p>Further discussions were planned to determine specific measures</p> <p>(To be submitted for policy decision)</p>
20. Other NFBP & secure transaction	PC	<ul style="list-style-type: none"> <li>Unable to assess whether consideration has been given to apply FATF recommendations to non-financial businesses and professions other than DNFBPs</li> </ul>		To be tabled to Cabinet for policy decision by end of first quarter 2011.
21. Special attention for higher risk countries	NC	<ul style="list-style-type: none"> <li>Requirement for financial institutions to pay special attention, to business relationships and transactions with persons from or in countries which do not or insufficiently apply the FATF Recommendations is not enforceable.</li> <li>No measures to ensure that financial institutions are advised of concerns about the weaknesses in the AML/CFT systems of other countries.</li> <li>No requirement for financial institutions to examine transactions with no apparent economic or visible lawful purpose from countries which do not or insufficiently apply the FATF Recommendations and make written findings of such available to assist competent authorities.</li> </ul>	<ul style="list-style-type: none"> <li>Mandatory requirements should be imposed on financial institutions to pay special attention, to business relationships and transactions with persons from or in countries which do not or insufficiently apply the FATF Recommendations.</li> <li>Effective measures should be put in place to ensure that financial institutions are advised of concerns about the weaknesses in the AML/CFT systems of other countries.</li> <li>Financial institutions should be required to examine transactions with no apparent economic or visible lawful purpose from countries which do not or insufficiently apply the FATF Recommendations and make written findings of such available to assist competent authorities.</li> </ul>	<p>The Anti-money Laundering Guidelines will be updated to address the issues raised relevant to this particular area.</p> <p>Legislation should be amended to include these recommendations</p> <p>(To be submitted for policy decision)</p>

		<ul style="list-style-type: none"> <li>• Authorities in Grenada are not able to apply appropriate counter-measures where a country continues not to apply or insufficiently applies the FATF Recommendations</li> </ul>	<ul style="list-style-type: none"> <li>• Authorities in Grenada should be empowered to apply appropriate counter-measures where a country continues not to apply or insufficiently applies the FATF Recommendations</li> </ul>	
22. Foreign branches & subsidiaries	NC	<ul style="list-style-type: none"> <li>• The requirement for financial institutions to ensure that their foreign branches and subsidiaries observe anti-money laundering and counter terrorist financing measures consistent with Grenada is not enforceable.</li> <li>• No requirement for financial institutions to pay particular attention to foreign branches and 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.</li> <li>• No requirement for branches and subsidiaries of financial institutions in host countries to apply the higher standard where minimum AML/CFT requirements of the home and host countries differ.</li> <li>• No requirement for financial institutions to inform their home supervisor when a foreign branch or subsidiary is unable to observe appropriate anti-money laundering</li> </ul>	<ul style="list-style-type: none"> <li>• The requirement for financial institutions to ensure that their foreign branches and subsidiaries observe anti-money laundering and counter terrorist financing measures consistent with Grenada should be enforceable.</li> <li>• 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.</li> <li>• Branches and subsidiaries of financial institutions in host countries should be required to apply the higher standard where minimum AML/CFT requirements of the home and host countries differ.</li> <li>• Financial institutions should be required to inform their home supervisor of when a foreign branch or subsidiary is unable to observe appropriate anti-money laundering and counter-terrorist financing measures because it is prohibited by the host country's laws,</li> </ul>	<p>This area does not apply to the majority of banks in Grenada (except for the one indigenous bank) because they are all subsidiaries with their head office situated outside of Grenada; this requirement is therefore for the head offices to implement.</p> <p>Relevant amendments are being made under the revision of the POCA Regulations.</p>

		and counter-terrorist financing measures because it is prohibited by the host country's laws, regulations or other measures.	regulations or other measures.	
23. Regulation, supervision and monitoring	PC	<ul style="list-style-type: none"> <li>Limited number of inspections by ECCB in the last four years is ineffective to ensure compliance of its licensees.</li> <li>No indication in law that fitness and probity checks on directors, shareholders, management of licensees, is a requirement for the licensees of the ECSRC.</li> <li>No requirement in law for fitness and probity checks on directors, shareholders, management of licensees, is a requirement for the licensees of GARFIN</li> <li>No supervisory regime and by extension, no reporting obligations are in place for money service business.</li> </ul>	<ul style="list-style-type: none"> <li>The ECCB should review its inspection program to ensure effective compliance of its licensees with AML/CFT obligations</li> <li>Legal provisions should be enacted for fitness and probity checks on directors, shareholders, and management of licensees of the ECSRC and GARFIN.</li> <li>Money value transfer service operators should be subject to effective systems for monitoring and ensuring compliance with national AML/CFT requirements</li> </ul>	<p>Further discussions were planned to determine specific measures</p> <p>Already in place by GARFIN (s.5(2)(3) and the Banking Act section 26 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>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 licenced and will be subjected to an on-site inspection in the first half of 2011. An off-site supervisory framework is presently being rolled out.</p>
24. DNFBP - regulation, supervision and monitoring	NC	<ul style="list-style-type: none"> <li>Dealers in precious metals and precious stones are not included in the AML/CFT regime</li> <li>There is no designated competent authority with responsibility for monitoring and ensuring compliance of the DNFBPs with the AML/CFT requirements.</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should designate a competent authority with the responsibility for monitoring and ensuring compliance of DNFBPs with AML/CFT requirements.</li> <li>Dealers in precious metals and precious stones should be subject to AML/CFT requirements in accordance with FATF standards</li> </ul>	Specific legislation can be drafted to cover these areas, we are also exploring the possibility of undertaking the responsibility by the end of the 2 <sup>nd</sup> quarter of 2011

25. Guidelines & Feedback	PC	<ul style="list-style-type: none"> <li>The FIU has not provided consistent feedback on suspicious transaction reports filed by financial institutions.</li> <li>Guidelines do not include instructions covering terrorist financing</li> </ul>	<ul style="list-style-type: none"> <li>The FIU should provide financial institutions and DNFBPs with consistent feedback on filed suspicious transaction reports.</li> <li>The Guidelines should include specific instructions relating to the requirements for combating the financing of terrorism</li> </ul>	<p>Section 6 (2) of draft FIU Bill –</p> <p>The Anti-Money Laundering Guidelines will be updated to address the deficiency in this area</p>
<b>Institutional and other measures</b>				
26. The FIU	LC	<ul style="list-style-type: none"> <li>Annual reports do not include analysis of typologies and trends</li> <li>The increasing number of ongoing investigations suggests that the FIU is not performing effectively</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should act promptly in appointing a FIU Director. The absence of a director significantly hampers the functioning of the Unit.</li> <li>There should be specified grounds for the removal of the director.</li> <li>The annual report of the FIU should include an analysis of trends and AML/CFT typologies.</li> <li>The FIU along with the Supervisory Authority should consider undertaking an education drive in order to inform reporting parties and the general public on various typologies and trends and other matters related to AML/CFT.</li> <li>The FIU should consider reviewing its work processes so that there are</li> </ul>	<p>Section 15 of draft FIU Bill Cabinet have since approved the appointment of a Director of FIU with effect from 1<sup>st</sup> June, 2009. The Officer has since been functioning in the capacity.</p> <p>Section 16 of draft FIU Bill</p> <p>Section 26 (2) of draft FIU Bill</p> <p>A slot is secured on Government Information Service (GIS) Television and “Wee FM” Radio where live weekly programming is aired; Section 6 of draft FIU Bill Regular weekly programming/interviews continues hosted by different FIU Officers each week (2009-present)</p> <p>Section 9 of draft FIU Bill. Presently there is one analyst and one other person is</p>

			unambiguous roles between analysts and investigators and in doing so consideration should be given to sourcing additional specialized training for financial intelligence analysts.	being groomed.
27. Law enforcement authorities	LC	<ul style="list-style-type: none"> <li>The decision to postpone or waive the arrest of suspected persons and/or the seizure of money is taken on a case by case basis and is not laid down in any law or procedure</li> </ul>	<ul style="list-style-type: none"> <li>Competent authorities should consider developing a standard operating procedure, delineating the parameters within which they should operate when the decision is made to postpone or waive the arrest of suspected persons and/or the seizure of money or to use special investigative techniques.</li> <li>Greater priority should be given to the investigation of ML / TF cases by the Police and the DPP's Office.</li> </ul>	<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>Police officers attached to the FIU have received specific training by UKSAT in this area and have also worked closely with them on related investigations. During 2009- 2010 officers also received training in financial investigation at the Regional Police Training Centre in Jamaica. Other workshops attended were :</p> <ul style="list-style-type: none"> <li>Sub-regional workshop for Caribbean on Counter Terrorism Financing, - June 2010 – Bahamas;</li> <li>Combating Counterfeit products – Trinidad – Sept. 2010.</li> </ul> <p>Between February and March 2011, two officers will receive training in Financial Investigation and suspect interview.</p>

28. Powers of competent authorities	LC	<ul style="list-style-type: none"> <li>Unable to assess whether the RGPF has specific legislative power to take witness statements.</li> </ul>		The Police Act Cap. 244 of the 1990 laws of Grenada and Judges Rules gives the RGPF general powers to investigate crime
29. Supervisors	LC	<ul style="list-style-type: none"> <li>GARFIN's powers of enforcement and sanctions are inadequate since there are no ladder of enforcement powers</li> </ul>	<ul style="list-style-type: none"> <li>The GARFIN Act should be amended to provide for ladder of enforcement powers</li> </ul>	The GARFIN Act only creates or establishes the GARFIN Authority. It's enforcement powers comes from each individual piece of legislation for which it is responsible. The enforcement powers in each piece of legislation is satisfactory.
30. Resources, integrity and training	PC	<ul style="list-style-type: none"> <li>The RGPF does not have adequate technical, financial and human resources</li> <li>Members of the RGPF and Office of the DPP involved in AML and CFT are not adequately trained.</li> <li>Integrity of RGPF is of concern due to number of officers involved in breaches of discipline and criminal activity</li> <li>Attorney General's office is understaffed and under-resourced</li> </ul>	<ul style="list-style-type: none"> <li>Grenadian authorities should consider providing additional financial and technical resources to law enforcement agencies.</li> <li>Authorities should consider reviewing the measures in place for ensuring that persons of high integrity and good moral character are recruited into the RGPF and that there is continuous monitoring of officers professionalism, integrity and lifestyle.</li> <li>Authorities should consider 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.</li> <li>The authorities should consider</li> </ul>	<p>Further discussions are planned to determine specific measures in these areas.</p> <p>Measures are currently being reviewed</p> <p>The ODPP is currently receiving Technical Assistance from UKSAT on strategies to tackle ML and TF ( TA programme began January 2011 and is ongoing )</p> <p>The Attorney General's Office now has its full allocation of staff . Current staffing as follows :</p> <ul style="list-style-type: none"> <li>- Attorney General</li> <li>- Solicitor General</li> <li>- 1 Senior Crown Counsel</li> </ul>

			providing additional staff and resources to the Attorney General's office.	<ul style="list-style-type: none"> <li>- 1 Senior Legal Counsel</li> <li>- 4 Crown Counsels</li> <li>- 2 Legal Drafters Person</li> <li>- 1 Chief Parliamentary Counsel</li> </ul>
31. National co-operation	PC	<ul style="list-style-type: none"> <li>• There are no effective mechanisms in place to allow policy makers to cooperate with each other</li> </ul>	<ul style="list-style-type: none"> <li>• The Supervisory Authority should be given the legal authority to bring together the various authorities on a regular basis to develop and implement policies and strategies to tackle ML and TF. The provision of public education on issues of ML and TF should be added to their responsibilities.</li> </ul>	<p>The Supervisory Authority is established under Section 50 of POCA No 3 or 2003. The members are as follows:</p> <ul style="list-style-type: none"> <li>-The Permanent Secretary, Ministry of Finance</li> <li>-The Director of Public Prosecutions</li> <li>-The Permanent Secretary of the Ministry responsible for Police (National Security)</li> <li>-The Commissioner of Police</li> <li>-The Executive Director of GARFIN</li> <li>-The Accountant General, Ministry of Finance</li> <li>-The Attorney General</li> <li>-The Director of FIU</li> </ul> <p>It is recommended that the new act will incorporate the Comptroller of Customs.</p> <p>These key stakeholders all work together in ensuring mechanisms are in place for the monitoring, detection and prevention of money laundering and terrorism financing in Grenada.</p> <p>The committee carry out monthly meetings or meet twice per month when necessary</p> <p>The compilation of data is presently in progress by the Supervisory Authority Secretariat for the population of a Website for the purpose of Public Education which should be in operation by the end of the first quarter of 2011.</p>

32. Statistics	PC	<ul style="list-style-type: none"> <li>• No established mechanism for the review of the effectiveness of Grenada’s AML/CFT systems</li> <li>• No information about spontaneous referrals made by the FIU to foreign authorities</li> <li>• Statistics on the total number of cross-border disclosures or the amount of currency involved were not available.</li> <li>• Statistics submitted do not contain sufficient information on mutual legal assistance requests</li> </ul>	<ul style="list-style-type: none"> <li>• The Supervisory Authority may wish to consider setting up a secretariat to monitor the implementation of Grenada’s AML/CFT Regime.</li> <li>• The authorities should maintain statistics on spontaneous referral made by the FIU to foreign authorities</li> <li>• Comprehensive statistics should be maintained on all aspects of Customs and Excise operations including records of seizures; these statistics should be readily available for use by Customs and other LEAs.</li> <li>• It is recommended that additional technical resources be dedicated to the compilation of statistical data to provide more comprehensive and timely presentation of statistics</li> <li>• The authorities should maintain comprehensive statistics on MLA and extradition request received, made and granted.</li> </ul>	<p>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>Mechanism 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 stas. are available :-</p> <p>MLAT 2009 - 3 received ( all completed) MLAT – 2010 – 5 received (3 completed 2 pending)</p>

				<p>MLAT – 2011 - 1 received (pending)</p> <p>Regional request – 2009 – 8 received ( all completed) Regional request – 1 received ( completed)</p> <p>Egmont - 2009 - 8 received (7 completed 1 pending) Egmont -2010 – 8 received (7 completed 1 pending)</p> <p>There were no extradition request made or granted during 2009-2010.</p>
33. Legal persons – beneficial owners	NC	<ul style="list-style-type: none"> <li>• No measures in place to ensure that bearer shares issued under the International Companies Act are not misused for money laundering</li> <li>• No legislative requirement for the disclosure of beneficial ownership of companies</li> <li>• Insufficient resources delegated to the functions of the Registrar of Companies.</li> <li>• No mechanism to ensure the timely filing of annual returns.</li> <li>• No access to current information on companies' beneficial ownership to competent authorities due to the failure of companies to file annual returns.</li> </ul>	<ul style="list-style-type: none"> <li>• Appropriate measures should be taken to ensure that bearer shares issued under the ICA are not misused for money laundering.</li> <li>• There should be statutory requirements for the provision of information on the beneficial ownership of companies.</li> <li>• Adequate resources should be delegated to the functions of the Registrar of Companies and Intellectual Property.</li> <li>• A mechanism should be developed to ensure the timely filing of annual returns as well as the timely access by competent authorities and other relevant parties to the current information on companies' beneficial ownership.</li> <li>• Legislative amendments should be introduced to require the timely notification of any changes in the beneficial ownership of companies,</li> </ul>	<p>Further discussions were planned to determine specific measures in these areas.</p> <p>The Corporate Affairs and Intellectual Property Office 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 Organisation 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.. Under the Companies Act (s.149-156) addresses the issue of 'financial disclosure'</p> <p>The Companies Regulations No. 2 of 1995 provides for a notice of change of address of directors, registered office etc.. any change in particulars must be filed at the CAIP Office.</p> <p>Section 195 to 200 speaks to the time frame with which you should give before effecting transfer of shares and debentures in relation to company changes, section 213 – 237 applies.</p>

		<ul style="list-style-type: none"> <li>No legislation requires the filing or notification of changes to the particulars, including beneficial ownership, of companies.</li> </ul>	<p>along with changes to other particulars.</p>	
34. Legal arrangements – beneficial owners	NC	<ul style="list-style-type: none"> <li>No system of central registration or national registry where records of local trust are kept</li> <li>No requirement for the filing/keeping of adequate and accurate information on the beneficial ownership and control of local trusts</li> <li>The requirement for trust service providers to obtain, verify and retain records of the details of trusts or other similar legal arrangements in the Guidelines is not enforceable.</li> </ul>	<ul style="list-style-type: none"> <li>Authorities should put in place measures for the registration and monitoring of local trusts in accordance with FATF requirements.</li> <li>Authorities should consider including adequate and accurate information on the beneficial ownership and control of trusts as part of the registration process for local trusts</li> </ul>	Further discussions were planned to determine specific measures in these areas (however presently no trust companies exist in Grenada)
<b>International Co-operation</b>				
35. Conventions	PC	<ul style="list-style-type: none"> <li>All designated categories of offences are not adequately addressed in the range of predicate offences</li> <li>Not all relevant articles of the Conventions have been fully implemented</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should extend the range of predicate offences for ML to accord with the FATF Designated Categories of Offences.</li> <li>The authorities should amend relevant legislation to cover all the activities required to be criminalised in accordance with the Conventions</li> </ul>	Specific legislation will be drafted to address these offences
38. MLA on confiscation and freezing	LC	<ul style="list-style-type: none"> <li>There is no provision under MLACMA for the tracing and restraining of instrumentalities</li> </ul>	<ul style="list-style-type: none"> <li>Grenadian authorities should consider putting in place mechanisms for the determining of the best venue for the</li> </ul>	Further discussions were planned to determine specific measures in these areas

		<p>intended for use in the commission of an offence.</p> <ul style="list-style-type: none"> <li>• The authorities should establish arrangements for coordinating seizure and confiscation actions with other jurisdictions.</li> <li>• There are no asset-sharing arrangements in place between Grenada and other countries.</li> </ul>	<p>prosecution of defendants when issues of dual jurisdictional conflict arise.</p> <ul style="list-style-type: none"> <li>• The MLACMA should be amended to include provisions for the tracing and restraining of instrumentalities intended for use in the commission of an offence.</li> <li>• The authorities should establish arrangements for co-ordinating seizure and confiscation actions with other jurisdictions.</li> <li>• The authorities should consider making arrangements with other countries for the sharing of funds forfeited and seized.</li> </ul>	<p>Section 14 &amp; 15 of MLACMA deals with this area</p> <p>Memorandum of Understanding has been signed with the following countries between 2009 and 2010</p> <ul style="list-style-type: none"> <li>- Netherlands Antilles (Curacao) Aug. 3<sup>rd</sup>, 2005</li> <li>- Canada - (FINTRAC) Financial Transactions and Reports Analyst Center of Canada –April 21, 2010</li> <li>- St. Vincent - July 26<sup>th</sup>, 2010</li> </ul> <p>Pending Mou's</p> <ul style="list-style-type: none"> <li>- Panama</li> <li>- Saudi Arabia</li> <li>- Guatemala</li> </ul> <p>Regional legislation is on its way for the establishment of such by jurisdictions from a CARICOM level, this is spearheaded by UKSAT (United Kingdom Security Advisory Team) .</p>
40. Other forms of co-operation	LC	<ul style="list-style-type: none"> <li>• The EIA and the FIUA do not address whether requests are refused on the sole ground that it is</li> </ul>	<ul style="list-style-type: none"> <li>• Consideration should be given to making amendments to FIUA and the EIA to state specifically that requests</li> </ul>	

		considered to involve fiscal matters.	should not be refused on the sole ground that the request pertains to fiscal matters	
<b>Nine Special Recommendations</b>		<b>Summary of factors underlying rating</b>		
SR.I Implement UN instruments	PC	<ul style="list-style-type: none"> <li>No requirement to freeze terrorist funds or other assets of person in accordance with UN Resolutions (S/RES/1267(1999) and (S/RES/1373(2001)).</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should implement the United Nations Security Council Resolutions relating to the prevention and suppression of terrorist financing (S/RES/1267(1999) and S/RES/1373(2001).</li> </ul>	Further discussions were planned to determine specific measures in these areas
SR. II Criminalise terrorist financing	NC	<ul style="list-style-type: none"> <li>Criminalisation of terrorist financing does not include all offences in the Annex to the Terrorist Financing Convention.</li> <li>The terrorist financing offences do not cover the provision/collection of funds for an individual terrorist.</li> <li>The terrorist financing offence of fund-raising is not subject to any sanctions and therefore is not a predicate offence for money laundering.</li> <li>The terrorist financing offence of fund-raising does not apply regardless of whether the person alleged to have committed the offence is in the same country or a different country from the one in which the terrorist/terrorist</li> </ul>	<ul style="list-style-type: none"> <li>Schedule 2 of the TA should be amended to include the treaties on the Convention on the Physical Protection of Nuclear Material and the International Convention for the Suppression of Terrorist Bombing.</li> <li>The TA should be amended to include the terrorist financing offences of the provision/collection of funds for an individual terrorist.</li> <li>The TA should be amended to provide sanctions for the terrorist financing offence of providing or receiving money or other property in support of terrorist acts.</li> <li>The TA should be amended to provide for the terrorist financing offence of fund-raising to apply regardless of whether the person alleged to have</li> </ul>	Terrorism Act should be amended to incorporate these recommendations

		<p>organization is or the terrorist act occurred/will occur.</p> <ul style="list-style-type: none"> <li>Effectiveness of terrorist financing regime is difficult to assess in light of the absence of investigations, prosecutions and convictions for FT</li> </ul>	<p>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</p>	
SR.III Freeze and confiscate terrorist assets	NC	<ul style="list-style-type: none"> <li>No provision in TA for the freezing of property other than restraint orders</li> <li>No provision for freezing of terrorist funds or other assets of designated persons in accordance with S/RES/1267(1999) and S/RES/1373(2001).</li> <li>No provision in TA to provide for the confiscation of property used in connection with the commission of the terrorist financing offence of fund-raising under section 8 of TA.</li> <li>No mechanism available where victims of offences committed under the TA are compensated consistent with Article 8 of the Terrorist Financing Convention.</li> <li>No clear guidance issued to financial institutions concerning their obligations in taking action for freezing accounts in relation to the</li> </ul>	<ul style="list-style-type: none"> <li>The TA should be amended to allow for the freezing of terrorist funds or other assets of persons designated by the United Nations Al-Qaida and Taliban Sanctions Committee in accordance with S/RES/1267(1999).</li> <li>The TA should be amended to provide for the freezing of terrorist funds or other assets of person designated in the context of S/RES/1373(2001).</li> <li>The Taliban should be added as a proscribed organisation under the TA.</li> <li>The authorities should issue clear guidance to financial institutions concerning their obligations in taking action for freezing accounts in relation to the circulated lists of terrorists.</li> <li>The TA should contain procedures for the de-listing of names of proscribed organisations and terrorists listed in the Schedule to the TA.</li> <li>The TA should be amended to provide for the authorising of access to funds or</li> </ul>	<p>TA should be amended to incorporate these recommendations</p>

		<p>circulated lists of terrorists and/or terrorist organisations.</p> <ul style="list-style-type: none"> <li>• No publicly-known procedure for the de-listing of names of proscribed organisations and terrorists listed in the Schedule to the TA</li> <li>• No procedures for authorising access to funds or other assets that were frozen via restraint orders, necessary for basic expenses and the payment of certain types of fees in accordance with S/RES/1452(2002).</li> <li>• Difficult to assess effectiveness of mechanism for ensuring compliance with TA due to lack of statistics</li> </ul>	<p>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).</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The TA should be amended to provide a mechanism where victims of offences committed under the TA are compensated consistent with Article 8 of the Terrorist Financing Convention.</li> </ul>	
SR.IV Suspicious transaction reporting	NC	<ul style="list-style-type: none"> <li>• Requirement to report STRs relating to the financing of terrorism is discretionary and does not include funds used for terrorism or by terrorist organisations or those who finance terrorism</li> <li>• No requirement to report all suspicious transactions including attempted transactions regardless of the amount of the transaction.</li> <li>• No requirement to report suspicious transactions regardless of whether they are thought, among other things to involve tax matters.</li> </ul>	<ul style="list-style-type: none"> <li>• The TA should be amended to make the reporting of suspicious transactions relating to financing of terrorism mandatory and include funds used for terrorism or by terrorist organization or those who finance terrorism.</li> <li>• All suspicious transactions, including attempted transactions should be legislatively required to be reported regardless of the amount of transaction</li> </ul> <p>The requirement to report suspicious transactions should apply regardless of whether they are thought, among other things to involve tax matters</p>	TA should be recommended to incorporate these recommendations

SR.V International co-operation	PC	<ul style="list-style-type: none"> <li>• Not all FT offences are covered by mutual legal assistance mechanisms</li> <li>• The terrorist financing offence of fund-raising is not an extraditable offence</li> <li>• The provision/collection of funds for an individual terrorist is not an offence and is not extraditable.</li> </ul>	<ul style="list-style-type: none"> <li>• The provision/collection of funds for an individual terrorist should be criminalized under the TA.</li> <li>• The TA should be amended to include penalties that are proportionate and dissuasive for the terrorist financing offence of fund-raising.</li> <li>• The provision/collection of funds for an individual terrorist should be criminalized under TA.</li> </ul>	TA should be recommended to incorporate these recommendations
SR VI AML requirements for money/valuable transfer services	NC	<ul style="list-style-type: none"> <li>• No systems in place for monitoring MVT service operators and ensuring that they comply with the FATF Recommendations</li> <li>• Deficiencies noted with regard to Recs. 4-11, 13-15 and 21-23 are also applicable to MVT service operators</li> <li>• No requirement for licensed or registered MVT operators to maintain a current list of their agents to be made available to the designated competent authority</li> <li>• Sanctions applicable with regard to GARFIN's supervisory function are not proportionate or dissuasive.</li> </ul>	<ul style="list-style-type: none"> <li>• Legislation for money services providers that meets the FATF requirements should be enacted.</li> <li>• Introduce systems for monitoring MVT service operators and ensuring that they comply with the FATF Recommendations.</li> <li>• Licensed MVT service operators should be required to maintain a current list of their agents to be made available to the designated competent authority.</li> </ul> <p>GARFIN's supervisory sanctions should be made proportionate and dissuasive</p>	<p>Money Services Business Act No. 10 of 2009 (electronic copy provided)</p> <p>System of off-site and on-site supervision being put in place. 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>Already in place.</p> <p>Supervisory sanctions are considered proportionate and dissuasive - refer section 46 Money Services Business Act which lists penalties as \$50,000 or two years in prison or both.</p>
SR VII Wire	NC	<ul style="list-style-type: none"> <li>• No requirement for ordering</li> </ul>		Further discussions were planned to determine specific

transfer rules		<p>financial institutions to obtain and maintain full originator information for all wire transfers of US\$1,000 and above</p> <ul style="list-style-type: none"> <li>• No requirement for ordering financial institutions to include full originator information along with cross-border and domestic wire transfers</li> <li>• No requirement for intermediary and beneficiary financial institutions in the payment chain to ensure that all originator information that accompanies a wire transfer is transmitted with the wire transfer</li> <li>• No requirement for beneficiary financial institutions to adopt effective risk-based procedures for identifying and handling wire transfers that are not accompanied by complete originator information.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>	measures in these areas
SR.VIII Non-profit organisations	NC	<ul style="list-style-type: none"> <li>• Registering of NPOs is not mandatory.</li> <li>• No review has been undertaken of the adequacy of domestic laws in relation to non-profit organisations (NPOs) to determine whether they are (i) susceptible to being used by</li> </ul>	<ul style="list-style-type: none"> <li>• The authorities should make the registering of NPOs mandatory.</li> <li>• The authorities should undertake a review of the adequacy of domestic laws in relation to non-profit organisations (NPOs) to determine whether they are (i) susceptible to being</li> </ul>	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 organisations 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

		<p>terrorist organisations or (ii) particularly vulnerable to terrorist activities.</p> <ul style="list-style-type: none"> <li>• No outreach to NPOs to protect the sector from terrorist financing abuse.</li> <li>• No effective supervisory regime to monitor non-compliance and sanction violations of oversight measures.</li> <li>• No record keeping and retention requirements for NPOs.</li> <li>• No investigative expertise with regard to examining NPOs suspected of either being exploited by or actively supporting terrorist activity.</li> </ul>	<p>used by terrorist organisations or (ii) particularly vulnerable to terrorist activities.</p> <ul style="list-style-type: none"> <li>• The authorities should undertake outreach to the NPO sector with a view to protecting the sector from terrorist financing abuse.</li> <li>• An effective supervisory regime should be established to monitor non-compliance and sanction violations of oversight measures.</li> <li>• Record keeping and retention requirements should extend to NPOs.</li> </ul> <p>Authorities should develop investigative expertise with regard to examining NPOs suspected of either being exploited by or actively supporting terrorist activity.</p>	<p>and Intellectual Property Office</p> <p>Discussion is ongoing regarding the susceptibility of NPO's to Terrorist financing. Public awareness/ education outreach would address the issue</p> <p>During the year 2008 one such investigation was carried out</p>
SR.IX Cross Border Declaration & Disclosure	NC	<ul style="list-style-type: none"> <li>• Penalty for false disclosure/declaration is not dissuasive</li> <li>• Domestic cooperation between customs and other agencies is insufficient</li> <li>• Information-sharing among Customs and other law enforcement authorities is inadequate.</li> <li>• Customs' participation in AML/CFT is not sufficient</li> </ul>	<ul style="list-style-type: none"> <li>• Customs should consider implementing a declaration system to be used in conjunction with the disclosure system for incoming and outgoing passengers. The threshold should not be higher than EUR/US15000.00</li> <li>• Consideration should be given to the increased use of specific technical expertise such as canine units (that can sniff for concealed currency), x-rays and scanners. These activities should be well funded.</li> </ul>	<p>A declaration system has been implemented at Maurice Bishop International Airport. The declaration form covers (incoming) passengers the threshold is US \$10,000.00 . Additionally customs is currently reviewing its policies and procedures to improve efficiency in reporting untrue declaration to the FIU.</p> <p>ION Scanner (mobile equipment) is in use at Maurice Bishop International Airport, it is used to detect whether an individual was in contact with drugs. Grenada is in the process of sourcing canine dogs to assist in this area. The customs is presently enhancing their training policy to ensure that the use of the ION Scanners is</p>

		<ul style="list-style-type: none"> <li>• Unable to assess whether systems for reporting cross-border transactions are subject to strict safeguards.</li> <li>• Unable to assess effective of disclosure system due to insufficient statistics</li> </ul>	<ul style="list-style-type: none"> <li>• Customs should explore the involvement of airline and vessel senior management in currency interdiction operations.</li> <li>• Customs officials should be trained in the use passenger screening systems to analyse behaviour, appearance and communication style of potential currency carriers. In so doing baseline questions should be identified to identify red flags.</li> <li>• Authorities should review legislation concerning the making of false disclosures/declarations to ensure that these are strict liability offences.</li> <li>• Penalties under the Customs Ordinance should be amended with the aim of making them dissuasive</li> <li>• Consideration should be given for the provision of training in counterfeit</li> </ul>	<p>maximized. There were 4 drug seizures during 2010.</p> <p>Plans are already in place for Customs to engage the airlines in a series of meeting to put policy in place. This is expected to be effected by the end of the first quarter 2011.</p> <p>Customs officials are trained as part of their standard operating procedure in this area. Approximately 30 Customs Officers received training in passenger profiling during 2010. Please note that the relevant sections of Customs Department now have the responsibility to record in detail all breaches of the Customs Act since implementing the recommended measures.</p> <p>We have been advised that making false declaration/disclosures, strict liability offences may be unconstitutional and therefore the customs department is not pursuing that recommendation at this time.</p> <p>This recommendation has been adopted and implemented in the draft Customs Bill 2010 which is submitted to the Attorney General's Office and should be passed during the first quarter of 2011.</p> <p>Training has been provided to customs officials in this area by the Royal Grenada Police Force, and additional training will soon be provided by the FIU during the first quarter of 2011 in Counterfeit Currency Identification..</p> <p>These organizations have a close working relationship</p>
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