



Anti-money laundering and counter-terrorist financing measures

GRENADA

Mutual Evaluation Report

July 2022





The Caribbean Financial Action Task Force (CFATF) is an inter-governmental body consisting of twenty-four member states and territories of the Caribbean Basin, Central and South America which have agreed to implement common countermeasures to address money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. For more information about the CFATF, please visit the website: www.cfatf.org

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Executive Summary

1. This report summarises the AML/CFT measures in place in Grenada as at the date of the on-site visit June 14th - June 25th, 2021. It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of Grenada's AML/CFT system and provides recommendations on how the system could be strengthened.

Key Findings

- a) Grenada completed its National Risk Assessment (NRA) in relation to money laundering (ML) in 2019 and identified the following as higher-risk predicate offences- theft and robbery (medium-high), fraud (high) and drug trafficking (medium-high). While Competent Authorities (CAs) and regulated entities (REs) were aware of the ML risks, there was a reasonable understanding of the vulnerabilities consistently across the REs, as well as the threat from foreign predicates. Further, the ML NRA did not include the assessment of non-profit organisations (NPOs), legal persons and Grenada's citizenship by investment (CBI) programme. Grenada completed a TF and PF risk assessment in June 2021 which identified the TF and PF risks as medium-low. However, interviewees' understanding of the TF risk was fair given that the TF and PF risk assessment was not yet disseminated to any stakeholders at the time of the onsite. Grenada has implemented preliminary mitigating measures to address its ML risks such as the Strategic Intelligence Cell (SIC) and Stem Flow, however, the abovementioned risks (NPOs, legal persons and Grenada's CBI programme) remain to be addressed. Further, TF risks are not being adequately addressed.
- b) Grenada has pursued the investigation and prosecution of ML consistent with the findings from the NRA and context of the jurisdiction. However, it appears that the assessment of risk followed a cyclical process and was based largely on reports of the occurrence of the crime and its subsequent investigation and omitted critical financial information to better understand the ML risk. There has been no investigation or prosecution for TF, consistent with the risks identified. Grenada utilizes mutual legal assistance (MLA) to a limited extent to enhance investigations as necessary and there is a moderate level of use of financial intelligence in investigations of ML, associated predicate offences and TF. Further, the number of suspicious transactions reports (STRs) filings were concentrated across only 4 sectors (Banks, Credit Unions, Money Service Businesses (MSBs) and Insurance) which can negatively impact identification of suspected ML/TF activities.
- c) Grenada has not implemented Targeted Financial Sanctions (TFS) pursuant to the United Nations Security Council Resolutions (UNSCR) 1267, its successor resolutions or UNSCR 1373. Grenada has not implemented any laws or measures to address the financing and proliferation of weapons of mass destruction (PF).

- d) FIs in Grenada are supervised for AML/CFT compliance by the Financial Intelligence Unit (FIU), the Anti-Money Laundering and Combating Terrorist Financing (AML/CTF) Commission and the Eastern Caribbean Central Bank (ECCB), while DNFBPs are supervised by the FIU and AML/CTF Commission. AML/CFT supervision by ECCB for commercial banks is robust and based on a risk-based supervisory framework. However, supervision across other FIs and the DNFBP sector is conducted on a risk-based approach, to a limited extent based on the findings of the NRA, and very few inspections have been undertaken during the period under review. Further, no evidence was shown that the inspections are being performed on a risk-based approach based on the institutions' ML/TF risk.
- e) Although DNFBPs are required by law to implement customer due diligence (CDD) measures, some DNFBPs rely on personal knowledge of their potential and existing customers and the small intimate community atmosphere in Grenada and forego CDD and enhanced due diligence (EDD) requirements. Additionally, DNFBPs' knowledge and application of PEP requirements are limited, as heavy reliance is placed on the small community atmosphere and little to no emphasis is placed on identifying associates of PEPs and foreign PEPs.
- f) Grenada has not conducted an assessment to determine which NPOs are high-risk within the jurisdiction. NPOs in Grenada are subject to AML/CFT supervision by the FIU and the AML/CTF Commission. All NPOs are required to register with the AML/CTF Commission on a yearly basis. However, in the absence of an assessment to determine high-risk NPOs, supervision of NPOs is not done on a risk-based approach and outreach conducted is general and does not address specific concerns for high-risk NPOs.
- g) Grenada does not require that beneficial ownership (BO) information be kept, save and except for external companies, International Business Companies (IBCs) and NPOs. While law enforcement authorities (LEAs) can obtain BO information from REs who onboard legal persons and arrangements, no information to demonstrate that this has been done was provided. International Trusts can no longer be created up to January 2022 and none exists in the jurisdiction.
- h) Grenada has not detected nor confiscated cross-border movements of currency or bearer negotiable instruments (BNIs) which are undeclared or falsely declared or which is suspected to be related to ML/TF or predicate offences. The results of Grenada's declaration regime are inconsistent with its risk and context.

Risks and General Situation

2. Grenada (commonly known as the spice island) is a small tri-island state, which also comprises of Carriacou and Petite Martinique at the southern end of the Grenadines Island chain. Grenada has a population of 112,002 with an internal self-governance system. The official language of Grenada is English. The country is a member of the Organization of Eastern Caribbean States (OECS) and utilizes the Eastern Caribbean Dollar (XCD), which is pegged to the United States (US) dollar at XCD 2.70.

3. Grenada has an open economy, primarily based on tourism which accounts for 23.3% of the country's XCD \$1.1 billion (USD\$407 million) GDP in 2017. The country is also reliant on agriculture, maritime transportation, investments for obtaining citizenship and there is a small-scale manufacturing sector. The jurisdiction completed an NRA in 2019; however, it did not cover the area of TF. Consequently, the jurisdiction completed its TF risk assessment in June 2021. There have been no updates to the NRA. The higher-risk predicate offences identified were theft, robbery (medium-high), fraud (high) and drug trafficking (medium-high).
4. Although Grenada completed its TF risk assessment and concluded its overall TF threats and vulnerabilities as medium low, it was noted that the jurisdiction conducted a general overall assessment and not an individual sectoral assessment. Grenada has not conducted an assessment to determine which subset of NPOs are likely to be at risk for TF abuse within the jurisdiction.
5. Grenada's financial sector comprises of 10 credit unions, 1 securities broker-dealer, 27 insurance companies (comprising 15 general companies and 12 life companies) and 4 retail banks - one indigenous, one regional and two foreign owned. Grenada's banking sector is the most prevalent sub-sector of the financial sector with bank deposits to GDP (%) in Grenada reported at 77.34% in 2017, according to the World Bank collection of development indicators. According to the ECCB, the total liabilities for the commercial banks was XCD\$2.9 million (USD\$1.07 million) in 2017. Regarding the DNFBP sector, there are 4 dealers in precious metals and stones, 2 money transmission businesses and 6 micro financing businesses; 49 accountants and accounting firms; 73 notaries and 150 lawyers/ law firms.
6. There are no casinos in Grenada and no Trust and Company Service Providers (TCSPs) outside of the accountants and lawyers which engage in this activity. Grenada indicated that there are no Virtual Asset Service Providers (VASPs) nor its activity in Grenada. At the time of the onsite there was no legislation in place to prohibit or regulate virtual assets and VASPs¹.

Overall Level of Compliance and Effectiveness

7. Grenada underwent its 3rd Round Mutual Evaluation (ME) in 2008 and since then, the AML/CFT/PF framework has undergone significant changes to strengthen the overall regime. Grenada has amended several of its AML/CFT laws and measures aimed at remedying the deficiencies that were identified in the 3rd Round ME process. This has been demonstrated by the enactment and amendment of several key legislation. Additionally, there have been several policies implemented by the jurisdiction. One of these policies is the National AML/CFT policy which was completed in June 2021 with implementation thereafter. The jurisdiction has completed an ML NRA and a TF risk assessment. An additional measure to mitigate risks was the implementation of a registration process of all relevant businesses, particularly in the DNFBP sector. Since the last MER, Grenada has also begun joint inspections conducted by the FIU and the AML/CTF Commission for the FI and DNFBP sector.
8. There is a moderate level of understanding of Grenada's ML risks by the supervisory authorities. Also, there is still the need to provide more AML/CFT training to the FI and

¹ Grenada has since passed the Virtual Assets Business Act No 7 of July 2021, however, this legislation was not considered by the assessment team as it came into force after the onsite.

DNFBP sector. The issue of TFS in relation to TF and PF is yet to be adequately addressed. There are deficiencies in the TFS TF reporting regime which includes not having a reporting requirement for FIs and DNFBPs for TFS in relation to both TF and PF. The TF risk assessment was completed in June 2021 and as such Supervisors demonstrated limited understanding of Grenada's national TF risks. There are gaps in the understanding of TF risks overall. Overall, the technical compliance framework is still in need of legislative improvements. The weaknesses identified in Grenada's technical compliance have adversely impacted its ability to demonstrate effectiveness throughout the core issues. Overall, there remains a number of strategic deficiencies across the AML/CFT/PF regime.

Assessment of risk, coordination and policy setting (Chapter 2; IO.1, R.1, 2, 33 & 34)

9. Grenada's NRA identified three (3) higher-risk associated predicate offences for ML, those being, theft and robbery (medium-high), fraud (high) and drug trafficking (medium-high). Relevant data on the proceeds generated by these offences were among some of the gaps identified by the authorities. The ML NRA did not consider several other risk factors such as the risks posed by legal persons, the CBI programme and high risk NPOs. Consequently, CAs have a reasonable understanding of the main ML risks. Grenada conducted a separate TF risk assessment, approved in June 2021, which assessed the TF risk as medium low. A National Action Plan was implemented along with the NRA in 2019.
10. Grenada's National AML/CFT Policy encompasses ten (10) high level national policy statements that seek to provide an "understanding of risks and findings of the NRA and is geared towards achieving FATF's Immediate Outcomes".
11. Grenada's LEAs (FIU, Royal Grenada Police Force (RGPF), Customs and Excise Division (C&E) and Inland Revenue Division (IRD)) have a reasonable level of coordination and cooperation and have developed a holistic approach in relation to joint operations in identifying and addressing criminal proceeds through the investigation of predicate offences and ML matters.
12. Grenada applies exemptions and standards for enhanced and simplified measures as set out in the Proceeds of Crime Act (POCA) Guidelines and Regulations. The POCA Guidelines and Regulations have not been updated since the completion of the NRA or based upon any other individual sector risk assessments conducted.

Financial intelligence, ML investigations, prosecutions and confiscation (Chapter 3; IO.6, 7, 8; R.1, 3, 4, 29–32)

13. The FIU utilises the hybrid model with dedicated personnel within to conduct intelligence gathering and analysis, investigations, and regulatory functions. It is adequately staffed with 16 personnel who have been trained in the analysis and investigations of STR disclosures. The FIU is the primary user of financial intelligence as the mandated investigators of ML/TF. The structure of the FIU allows all financial investigators to conduct analysis and/or investigations. There is evidence of routine spontaneous disseminations to CAs over the period under review. The use of production orders or restraint orders were ineffective when compared to the number of standalone, parallel, self-laundering and 3rd party ML investigations and prosecutions undertaken during the period under review.
14. The FIU is the primary CA for the investigation of ML; however, the RGPF can also investigate ML matters. Investigators within the FIU have received continuous training in

the investigation of ML. The investigation of standalone, parallel, third-party and self-laundering ML matters have been demonstrated by the jurisdiction. However, these investigations were primarily related to the predicate offence of fraud and theft. Drug trafficking offences have not routinely resulted in ML investigations. The jurisdiction has demonstrated its capacity to investigate complex ML cases. Additionally, there is routine use of the cash forfeiture and forfeiture of property provisions by the LEAs. The police prosecutors with guidance from the Director of Public Prosecutions (DPP) conduct the prosecution of summary ML matters. There were no TF investigations or prosecutions, which is in line with the jurisdiction's TF risk assessment rating of 'medium-low'. There were no cases involving foreign predicate offences which is also consistent with Grenada's understanding of its ML risks.

15. The jurisdiction has a wide range of confiscation or forfeiture powers. The Asset Recovery Unit (ARU) within the FIU focuses on criminal and civil recovery matters. There were two confiscations for the period with numerous cash forfeitures. Additionally, the jurisdiction has utilized provisions under the Drug Abuse (Prevention and Control) Act Cap84A for the forfeiture of instrumentalities such as vessels and motor vehicles linked to drug trafficking offences. However, there is no evidence that there were subsequent ML investigations conducted in relations to those drug trafficking matters. There was one (1) civil recovery matter which started in 2016 but was not concluded up to the time of the onsite. The jurisdiction does not use the full extent of the POCA law to deprive criminals of the instrumentalities of their crime. There was no confiscation of falsely or undeclared cross-border movement of currency or BNIs.

Terrorist and proliferation financing (Chapter 4; IO.9, 10, 11; R. 1, 4, 5–8, 30, 31 & 39.)

16. There are concerns about the comprehensiveness of Grenada's TF risk assessment. Fundamentally, the country indicated that there is no evidence of Terrorism, TF or PF in Grenada, which has placed Grenada's vulnerability to TF at medium-low. While the RGPF has designated a TF desk at Special Branch, there is a need for specialised TF training for potential TF analysis and investigations.
17. There are fundamental weaknesses with Grenada's legal framework for implementing TFS pursuant to the UNSCR 1267, its successor resolutions or UNSCR 1373. Grenada does not have mechanisms in place for identifying and proposing targets for designations pursuant to UNSCR 1267 and its successor resolutions or for identifying targets pursuant to UNSCR 1373. In relation to UNSCR 1267, Grenada does not understand the requirements to designate an individual or entity as the country has indicated that it has not made any designation pursuant to the relevant UNSCRs. In any event, even if Grenada did designate entities, the legislation in place does not provide for the freezing of assets without delay.
18. Further, although NPOs are required to register with the FIU and the AML/CFT Commission and these two CAs have supervisory authority over the sector, the potential for the NPO sector being misused for TF criminality was not assessed in the TF NRA. A risk-based supervisory approach to NPOs has not been adopted and implemented as no oversight in relation to AML/CFT inspections have been undertaken and no guidance has been given. As a result, NPOs do not have a clear understanding of the TF risk posed to the sector although Grenada indicated that the AML/CTF Commission and the FIU provide general guidance to all NPOs based on an understanding of the risk of TF abuse to the sector as a whole through questionnaires and seminars advising the NPOs of their risk.

Grenada does not sustain a targeted risk-based supervision approach and monitoring of the NPO sector as being at risk of TF abuse.

19. At the conclusion of the on-site visit, Grenada did not have any laws or measures in place to address PF. Grenada has therefore not implemented TFS concerning the UNSCRs relating to the combatting of PF. However, whilst FIs and DNFBPs have no legal obligation to implement TFS for PF, some FIs and DNFBPs were aware of the international obligation and regularly referred to the United National Security Consolidated List as a matter of course when on-boarding new customers.

Preventive measures (Chapter 5; IO.4; R.9–23)

20. While some FIs in the sector have demonstrated a better understanding of their AML/CFT legal obligations, specifically the banking sector, there are varied levels of understanding of these obligations and deficiencies by the other FIs. There is a high level of compliance resources available, and this is seen with the established policies and procedures that are in place. However, these enforceable means were not present and consistent across the DNFBP sector. There exists less stringent AML/CFT measures for DNFBPs as they seemingly rely on long-standing relationships rather than customer profiling as a risk mitigating measure to satisfy their CDD requirements. This can also be attributed to the lack of oversight from the jurisdictions AML/CFT supervisory framework given the developmental stage in which the sector finds itself. The larger FIs are more aware of the level of risks of their products and services, and other core areas that make up an institutional risk assessment.
21. The larger institutions in the FI sector apply a risk-based approach to their mitigation and implementation measures regarding CDD and high-risk customers. Other FIs and DNFBPs have not formally assessed their level of risk by conducting a formal risk assessment of their products and services and as such do not have a full appreciation and understanding of their customer's risk profile. Knowing the risk appetite assists the FIs in targeting the right client through risk rating (profiling) which allows for ensuring the proper CDD documents are collected, and proper mitigating controls are established for relationship if onboarded. While lawyers have a better understanding of the ML/TF risks inherent to their profession and the importance of maintaining BO information, this level of understanding was not apparent among other entities in the DNFBP sector.
22. While most FIs understand their reporting obligations and fulfil this mandate through submission of STRs to the FIU, this was not evident in the DNFBP sector. For the period under review, there were no STR submissions from DNFBPs. This indicates a lack of policies and procedures to guide their processes to mitigate the ML/TF risks associated with their business activities. Immediate, and thorough training and guidance should be provided in relation to STR reporting especially in the DNFBP sector.

Supervision (Chapter 6; IO.3; R.14, R.26–28, 34, 35)

23. There are three AML/CFT supervisory authorities in Grenada – the FIU, ECCB and the AML/CFT Commission. The ECCB is the prudential and AML/CFT supervisor for banks licenced under the Banking Act, while Grenada Authority for the Regulation of Financial Institutions (GARFIN) is the licensing and prudential supervisor for all other financial institutions. In relation to AML/CFT supervision for banks, this is done jointly among the FIU, the ECCB and the AML/CTF Commission. For all other FIs and DNFBPs, the FIU and the AML/CTF Commission jointly supervise for AML/CFT compliance.

24. The FIU performed joint onsite examinations with the AML/CTF Commission and ECCB during the period under review. The FIU and the AML/CTF Commission is understaffed with regard to performing onsite examinations which is the reason for the low number of examinations conducted in the previous years. The FIU and the AML/CTF Commission provide AML/CFT training to the FIs and DNFBPs on an annual basis. However, during Grenada's assessment, it was not revealed if the DNFBP sector was aware of its AML/CFT risks. The ECCB conducts joint onsite examinations with the FIU and the AML/CFT Commission in the banking sector and provides AML/CFT training to this sector.

Transparency and beneficial ownership (Chapter 7; IO.5; R.24, 25)

25. Grenada has not assessed the ML/TF vulnerabilities of the legal persons within its jurisdiction. The CAs did not demonstrate that they have sufficiently identified, assessed, or understood the ML/TF risks that all legal persons may be susceptible to or the vulnerabilities for legal arrangements that can be established in Grenada.
26. The Corporate Affairs and Intellectual Property Office (CAIPO) maintains information on domestic companies, non-profit companies, and external companies, which the public can access by visiting the Registry and conducting manual searches. The information maintained includes articles of incorporation, bye-laws and information on addresses, directors, secretaries, and shareholders. Although there is a striking out process for defunct companies in ensuring that the requirements of the Companies Act are followed, there is the absence of a comprehensive compliance regime to ensure that files are kept accurate and up-to-date.
27. As outlined in Chapter 7, NPOs, external companies and IBCs are the only entities required to file BO information. GARFIN registers International Business Companies (IBCs)² cooperatives including credit unions, friendly societies, and building societies which maintain basic information only and BO is not required to be submitted by these entities.

International cooperation (Chapter 8; IO.2; R.36–40)

28. Grenada has the legislative framework to allow for the receipt, dissemination and completion of MLA matters as well as other means of formal and informal international cooperation. Grenada can provide MLA to Commonwealth countries and countries with which it has a mutual assistance treaty, and upon using other international instruments such as the United Nations Convention Against Corruption and the United Nations Convention Against Transnational Organised Crime to facilitate legal mutual assistance. The jurisdiction has received and disseminated a small number of MLAs and during the reporting period there were 16 incoming requests. Formal requests are pursued after information/ intelligence requests are made; therefore, MLA requests are only pursued if it is necessary based on the response obtained from the informal request. International cooperation has not been widely used to pursue ML in cases with transnational components and the jurisdiction has not identified cases of ML associated with foreign predicates. There are MOUs in place between the FIU and other foreign FIUs specifically facilitating the

² The International Companies Act was repealed pursuant to Act No. 17 of 2018, which provided that international companies incorporated under the International Companies Act shall continue to be valid after commencement of this Act and prior to the operative date, being December 31, 2021. Pursuant to the International Companies (Repeal)(Amendment) Act, 2021, which came into effect after the onsite visit, international companies incorporated under the International Companies Act, were allowed to continue under the Companies Act. Grenada advised that BO information held by GARFIN were handed over to CAIPO.

exchange of information. The response to Tax Information Exchange Agreement (TIEA) matters has not been timely. There have been no extradition matters. The Customs and Excise Division can provide timely and constructive exchange of information with regional counterparts and Caribbean Customs Law Enforcement Council (CCLEC). However, there are concerns surrounding the use of this information for AML/CFT purposes, when requested. There has been no exchange of information related to BO for legal entities.

29. Competent authorities are aware of and utilise the process of seeking MLA through the AG's Office for onward submission to foreign jurisdictions. A total of 10 MLA requests have been sent by Grenada during the reporting period. MLA requests for obtaining evidence in ML investigations has also been sought for investigation in relation to the following predicate offences: fraud (by false pretence and by electronic communication), drug trafficking, conspiracy and money laundering. This is in line with the risk and context of the jurisdiction. There has been limited use by competent authorities to seek MLA and other forms of international cooperation in relation to ML especially for the predicate offences of drug trafficking and fraud which Grenada believes generates the most proceeds from crime. Given the context of Grenada's geographic location, the jurisdiction is susceptible to being used as a transit point for drug trafficking and ML activities inclusive of bulk cash smuggling.

Priority Actions

- a) Grenada has a reasonable understanding of risk and vulnerabilities and should conduct a more robust ML/TF risk assessment which takes into account the risks associated with NPOs, Legal Persons and the CBI Programme.
- b) Grenada should provide guidance and sector specific training to FIs and DNFBPs in particular in relation to the detection of suspicious activity, and the filing of high-quality STRs.
- c) Grenada should pursue ML investigations and prosecutions for drug trafficking offences as a matter of priority and in line with the jurisdiction's risk profile.
- d) Grenada should revise the legislative framework for TFS in relation to TF, develop legislation for TFS in relation to PF in line with the FATF Standards, provide outreach to all natural and legal persons on the requirements to implement TFS for TF and PF as well as develop mechanisms for the supervision and monitoring of compliance of TFS requirements.
- e) Grenada should develop a mechanism to ensure that accurate and up-to-date beneficial ownership information on legal persons is available to competent authorities in a timely manner.
- f) The FIU and AML/CTF Commission should provide guidance to FIs and DNFBPs on the requirements and mechanisms to identify PEPs and associates of PEPs, as well as the requirements for on-boarding and on-going monitoring of PEPs.
- g) The AML/CTF Commission and the FIU should develop and implement a risk-rating mechanism to assign risk ratings to supervised entities to ensure its limited resources are allocated based on risk.
- h) The AML/CTF Commission and the FIU should strengthen its AML/CFT

supervision on a risk-basis, including enhanced frequency and comprehensiveness of the combination of off-site monitoring and on-site inspections for assessing safeguards in place, ensuring that dissuasive penalties and remedial measures are applied to ensure a positive effect on compliance by FIs, DNFBP and VASPs.

- i) Grenada should ensure that there is a complete understanding and identification of the NPOs at greater risk of abuse for TF by conducting a sector specific risk assessment, and Grenada should undertake outreach, guidance and monitoring of the NPO sector commensurate with the risks.
- j) Grenada should establish an outgoing cross-border currency and BNI declaration system and initiate measures to detect undeclared and falsely declared currency and BNIs and those suspected to relate to ML and predicate offences.
- k) CAs primarily the FIU and RGPF should ensure that appropriate statistics including information on the proceeds of crime from ML/TF and predicate offences are maintained in an easily retrievable manner and can be shared. This mechanism will enhance Grenada's awareness and understanding for future risk assessments. The data collected can be used to determine the success of investigations and prosecutions, including whether financial intelligence is being effectively utilized by these CAs.

Effectiveness & Technical Compliance Ratings

Table 1. Effectiveness Ratings

IO.1	IO.2	IO.3	IO.4	IO.5	IO.6	IO.7	IO.8	IO.9	IO.10	IO.11
ME	LE	ME	LE	LE	ME	ME	ME	LE	LE	LE

Note: Effectiveness ratings can be either a High- HE, Substantial- SE, Moderate- ME, or Low – LE, level of effectiveness.

Table 2. Technical Compliance Ratings

R.1	R.2	R.3	R.4	R.5	R.6	R.7	R.8	R.9	R.10
PC	LC	C	LC	PC	NC	NC	PC	C	LC
R.11	R.12	R.13	R.14	R.15	R.16	R.17	R.18	R.19	R.20
PC	PC	LC	PC	NC	PC	PC	PC	PC	C
R.21	R.22	R.23	R.24	R.25	R.26	R.27	R.28	R.29	R.30
C	PC	PC	PC	PC	PC	PC	PC	LC	LC
R.31	R.32	R.33	R.34	R.35	R.36	R.37	R.38	R.39	R.40
PC	PC	C	C	PC	LC	LC	C	C	LC

Note: Technical compliance ratings can be either a C – compliant, LC – largely compliant, PC – partially compliant or NC – noncompliant.

MUTUAL EVALUATION REPORT

Preface

This report summarises the AML/CFT measures in place as at the date of the on-site visit. It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of the AML/CFT system and recommends how the system could be strengthened.

This evaluation was based on the 2012 FATF Recommendations and was prepared using the 2013 Methodology. The evaluation was based on information provided by the country, and information obtained by the evaluation team during its on-site visit to the country from June 14th- 25th, 2021.

The evaluation was conducted by an assessment team consisting of:

- i. Mr. Horace Edwards, Director, Financial Intelligence Unit, Anguilla (Law Enforcement Assessor)
- ii. Ms. Nikitia Francis, Financial Compliance Examiner, Office of the National Drug and Money Laundering Control Policy, Antigua and Barbuda (Financial Assessor)
- iii. Ms. Caritza Schoot, Supervision Officer, Account Supervision, Insurances and Pension Funds, Centrale Bank van Curaçao en Sint Maarten, Curaçao (Financial Assessor)
- iv. Mrs. Vyana Sharma, Head, Anti-Terrorism Unit, Office of the Attorney General and Ministry of Legal Affairs, Trinidad and Tobago (Legal Assessor)
- v. Ms. Sunita Ramsumair, Legal Advisor, CFATF Secretariat (Mission Leader) and Mr. Kerry Lucio, Law Enforcement Advisor, CFATF Secretariat (Co-Mission Leader)

The report was reviewed by Dr Cassandra Nottage, The Bahamas; Ms. Shakuntala Yamraj, British Virgin Islands; Mr. Markus Forsman, Sweden; Mr. Timothy Underhill, Australia and the FATF Secretariat.

Grenada previously underwent a FATF Mutual Evaluation in 2009, conducted according to the 2004 FATF Methodology. The October 20th-31st, 2008 evaluation and September 25th, 2009 to December 3rd, 2014 Follow-Up Reports have been published and are available at <https://www.cfatf-gafic.org/documents/cfatf-mutual-evaluation-reports/grenada-2> and <https://www.cfatf-gafic.org/documents/cfatf-follow-up-reports/grenada-1>, respectively.

That Mutual Evaluation concluded that the country was partially compliant with 12 Recommendations and non-compliant with 23. Grenada was rated partially compliant or non-compliant with all 16 Core and Key Recommendations. Grenada was placed in enhanced follow-up in May 2009 and was removed from follow-up in December 2014.

Chapter 1. ML/TF RISKS AND CONTEXT

30. Grenada is an island country at the southern end of the Grenadines Island chain in the West Indies in the Caribbean Sea. Grenada consists of the island of Grenada itself, two smaller islands, Carriacou and Petite Martinique, and several small islands which lie to the north of the main island and are a part of the Grenadines. Its capital is St. George's. Located northwest of Trinidad and Tobago, northeast of Venezuela and southwest of Saint Vincent and the Grenadines, Grenada is 348.5 square kilometres (134.6 sq. mi) and has an estimated population of approximately 112,003 as at 2019. Grenada is also known as the “Island of Spice” due to its production of nutmeg and mace crops. As per 2019, the total GDP amounted to a total of US\$ 1.211 billion with a GDP per capita of US\$ 10,808. Grenada is an independent Commonwealth realm governed under a multi-party parliamentary system with political and legal traditions that closely follows that of the United Kingdom. The country has a Prime Minister and a Cabinet, and a bicameral parliament with an elected House of Representatives and an appointed Senate.
31. Grenada’s financial sector comprises of ten credit unions, 1 securities broker-dealers, 27 insurance companies (comprising 15 general companies and 12 life companies) and four retail banks - one indigenous, one regional and two foreign owned. Grenada’s banking sector is the most prevalent sub-sector of the financial sector with bank deposits to GDP (%) reported at 77.34 % in 2017, according to the WB collection of development indicators. According to the ECCB, the total liabilities for the commercial banks was XCD\$2.9 million (USD\$1.07 million) in 2017. Relative to the DNFBP sector, Grenada has four (4) dealers in precious metals and stones, thirty-six (36) real estate agents, two money transmission businesses and six micro financing businesses, 49 accountants and accounting firms, 80 notaries and 150 lawyers/law firms. There are no casinos in Grenada and no TCSPs outside of the accountants and lawyers which engage in this activity. There are no VASPs in Grenada. Although not a requirement of the FATF standards, Grenada has included car dealers under its AML/CFT regime, which demonstrates that Grenada is proactively including sectors it identifies as high risk in the NRA. However, for the purposes of the report, car dealers will not be considered in the overall weighting and conclusion.
32. The local currency in Grenada is the Eastern Caribbean dollar (XCD) which is also the currency of exchange for several neighbouring islands. The ECCB is the Central Bank of Grenada. The ECCB has maintained an exchange rate of 1 USD to XCD 2.70 since 1976

1.1. ML/TF Risks and Scoping of Higher Risk Issues

1.1.1. Overview of ML/TF Risks

33. Grenada’s NRA assessed the country as having the lowest crime rates in the region, with regards to ML risk. The NRA listed drug trafficking, fraud and theft as the crimes with the highest ML risk to which the country is exposed. According to the NRA, cross border drug trafficking is also of major concern for the jurisdiction given its geographical location to Latin America and the Southern Caribbean and North America, making the jurisdiction susceptible to being used as a transit point for ML activities. Although the CBI programme was not assessed during the NRA, there was a well-coordinated strategy and approach amongst the government agencies, local agents and marketing agents to mitigate against the inherent risk. Grenada also indicated that the CBI programme was captured under the

assessment of the banking sector and that the programme contributed 8% to the overall GDP in 2020. Grenada has not identified all its ML/TF risks at the national level, as no risk assessment was conducted for legal persons or NPOs. Grenada conducted a separate TF risk assessment in June 2021 which stated that the country's overall TF risk was rated as medium-low. The jurisdiction has indicated they have not detected any cases involving TF and further deduced their threat as being minimal. Although Grenada has no known VASPs, at the time of the onsite there was neither any VA specific legislation nor any other laws which would preclude this activity from taking place. Grenada has since passed the Virtual Asset Business Act 7 of 2021 which was enacted in July 2021 and which the assessment team was unable to consider given that it came into effect after the onsite.

34. The NRA indicated that Grenada's AML/CFT supervisory framework is based on a risk-based approach, however, it was noted that the DNFBP sector does not apply the same measures as the FIs due to a lack of understanding of their ML/TF risk and the supervision of the sector which is in a nascent stage of development.
35. Although the NRA assessed the country as having the lowest crime rate in the Caribbean region, Grenada's geographic location to known drug shipment routes makes it more susceptible for the island to be used as a transit point for drug trafficking and associated criminal activities. The NRA reflected that most vulnerable sectors included: the Banking Sector, Credit Unions, Money Services, Car Dealers, Other Financial Institutions and Lawyers. The vulnerabilities included *inter alia* weaknesses in AML controls, nature and culture of the sector and size of transactions.

1.1.2. Country's Risk Assessment & Scoping of Higher Risk Issues

36. The Government of Grenada undertook an NRA and subsequent TF risk assessment to identify vulnerabilities relating to ML/FT; and to arrive at vulnerabilities and threats and implement strategies to mitigate the related risks. The NRA process was carried out over a 24-month period, which began on May 15, 2017. Grenada's NRA was conducted on the basis of a self-assessment by the authorities, using the National ML/TF Risk Assessment (NRA) Tool developed and provided by the World Bank (WB) which consisted of seven modules. The FIU of Grenada took the lead role in co-ordinating the NRA under the ambit of the AML/CTF Commission. Stakeholders representing key government and private sector institutions, including the banking sector, insurance sector, securities sector, other financial institutions, credit unions, money service businesses, mortgage institutions, hire purchase companies, and DNFBPs including real estate agents, dealers in precious metals and stones, lawyers and notary public, accountants, car dealers and the gaming sector participated in the process.

Higher Risk Issues

37. ***Banking sector:*** Grenada's banking sector has combined assets of XCD\$3 billion (USD 1.1billion) as of December 2019. There are four retail banks in operation (one indigenous, one regional and two foreign owned banks) which provide products and services to local and international individuals and entities. These products/services include deposits, loans (retail, commercial and corporate), wire transfers, correspondent accounts and trade finance. The NRA noted that the sector, rated as medium-high ML risk, has been used by criminals in the commission of predicate offences for ML through techniques such as card skimming, identity theft and other fraudulent activities. During the period 2016 to 2019 the banking sector accounted for 45% of all STRs submitted to the FIU by reporting institutions. In addition, there were three (3) investigations coming out of STRs filed by FIs during 2013 to 2018. Given the foregoing factors, combined with the banking sector's

integral role in the country's CBI Programme (at the stage of placement of funds), the assessment team focused on the extent to which AML/CFT preventive measures are implemented to address the vulnerabilities of the products, services, customers, systems and threats in the banking sector. Investments with the purpose of obtaining residence or citizenship require the involvement of banks and therefore the Assessment Team focussed upon the AML/CFT measures implemented within banks relative to this programme.

38. *CBI Programme:* The CBI Programme was introduced in August 2013 by the Grenada Citizenship by Investment Act, 2013. An individual is eligible for economic citizenship with a contribution to the National Transformation Fund (NTF) of USD 150,000 per main applicant, contribution to an approved project (real estate), which costs USD 350,000 per main applicant or through a significant investment of a minimum of XCD\$4 million (USD\$1.48m) in the purchasing of real estate, a business or company, purchasing of shares or any investment as determined by the Minister responsible for citizenship. Children and parents, as well as unmarried siblings, are all included under one application. Under the CBI Act of 2013, the CBI Committee may utilize the services of independent, professional persons or bodies to conduct due diligence checks on the applicant.
39. Although the ML/TF risks relative to the CBI Programme was not assessed in the NRA, the CBI is inherently vulnerable to abuse for ML/TF. The NRA stated that banks have reported increased activity in wire transfers as a direct result of an uptake by foreign residents in Grenada's CBI Programme. Since real estate, the acquisition of businesses or companies and investments in Government funds and other shares are the primary means of engagement in the CBI programme, the assessors focused on the measures in place: (i) in the government sector such as vetting and approval processes, particularly relative to measure to prevent corruption and address PEPs; (ii) by the real estate agents engaged in the CBI Programme specifically relative to preventive measures, STR reporting, transparency and ownership; (iii) relative to the investments in shares and the CDD measures implemented as well as measures to ensure transparency of beneficial ownership; and (iv) whether there is cooperation/coordination between the relevant authorities approving the citizenship by investment programme and AML/CFT authorities.
40. *Beneficial ownership (BO):* The Proceeds of Crime Guidelines SRO No 6 of 2012 does not meet all the technical requirements of R.10 in relation to obtaining BO information. Moreover, the NRA indicates that the requirement to provide BO information is only mandatory for NPOs and foreign legal persons operating in Grenada and that compliance with this obligation has been extremely low. The Assessment Team examined how measures related to this issue were addressed within the country's AML/CFT system and the extent to which the limitations on the availability of BO information impact upon ML/TF investigations, the effectiveness of international co-operation and the implementation of TFS.
41. *DNFBP Sector – Real Estate Sector:* Due to the role of the real estate sector in the CBI Programme and the tri-island structure of the jurisdiction with much of the real-estate linked to the CBI Programme being off the mainland, the Assessment Team examined the measures that were implemented to address the vulnerabilities of the sector. Real estate property bought in the CBI Programme must be kept for at least 3 years following the granting of citizenship. The NRA stated that the vulnerability risk in this sector involves the sector's client profile based on the size of real estate transactions, the inability to conduct customer due diligence on beneficial owners and the inability to identify politically exposed persons (PEPs). There are approximately 32 registered real estate

agents including both local and foreign companies which do not capture the client information in their records in relation to PEPs and High Net Worth Individuals.

42. *Drug trafficking:* Grenada is in close proximity to drug shipment routes from Venezuela as well as the United States and Europe. Drug trafficking occurs mainly by maritime means, with thirty-three (33) maritime vehicles intercepted for this crime between 2016 and 2018. As a narcotic transfer point, money laundering in Grenada is principally connected to smuggling and narcotics trafficking by local organized crime rings. Illegal proceeds are laundered through a variety of businesses, as well as through the purchase of real estate, boats, and cars. The NRA also noted that due to limited resources, controlling the jurisdiction's borders is a considerable challenge to the Royal Grenada Police Force (RGPF), the Grenada Coast Guard and other agencies so mandated. The FIU received 404 STRs, with seizures and forfeitures valued at XCD\$564,044.58 (USD\$208,708.29) for the period 2016 to 2018. Of the 260 drug trafficking investigations for the same period 153 charges were brought before the Court with 130 persons convicted. The Assessment Team focused on the measures that are used to prevent drug traffickers from accessing the legitimate financial sector as well as the capacity and effectiveness of the investigative, prosecutorial and confiscation systems employed to address these risks including those systems to address risks from being a tri-island state.
43. *Other Predicate Offences:* According to Grenada's NRA, other relevant predicate offences are robbery or theft, fraud, and forgery that generate proceeds of crime which can be laundered in the jurisdiction. There were 1,357 robbery or theft, fraud and forgery investigations between 2016 and 2018, with 660 convictions. The Assessment Team's review of third-party sources also revealed indications that the country may be experiencing challenges in tackling corruption. Furthermore, the NRA states that not all businesses are registered with the IRD for the payment of applicable taxes, which may indicate a low detection rate of tax crimes. Assessors examined the extent to which authorities identify, investigate and prosecute ML cases and confiscate proceeds relative to these predicate offences. In parallel, the assessors analysed how capacity and resource limitations for investigations, prosecutions, and judicial processes influence the fulfilment of such responsibilities.
44. *Other financial institutions - Money services businesses (MSBs):* The money transmission vulnerability in the formal sector has been rated as medium high. Several challenges in relation to ML have been faced by this sector in Grenada, for example, the use of the sector by money launderers to transfer their illegal money to other third parties using remittance services. Given the volume of international transfers conducted through these services and the sector vulnerability in relation to predicate offences such as drug trafficking, an assessment of the AML/CFT framework in relation to these services, specifically the supervisory oversight, implementation of mitigating measures by such business and the domestic cooperation between competent authorities in relation to investigation of drug trafficking offences committed via the sector was conducted.
45. *Politically Exposed Persons (PEPs) and High Net Worth Individuals (HNWIs):* PEPs and HNWIs frequently use products and services such as deposit accounts, commercial and corporate loans, wire transfers, and trade finance offered by banks, as well as the services of real estate agents and legal professionals in Grenada. The gaming businesses have some high-risk clients such as PEPs as well. The Assessment Team analysed how well FIs and DNFBPs apply enhanced CDD and record-keeping measures to these types of clients. While examining these issues, the Assessment Team took into consideration the fact that the banking sector accounts for approximately 75% of the assets of the financial system,

the turnover of real estate activities, the difficulty of estimating the number of lawyers engaged in the activities covered by R.22 in the absence of any statistics or database, and the indication that both lawyers and notaries handle an important client base of foreign and high-risk customers.

46. *DNFBP Sector – Car dealerships:* The NRA identified car dealers as vulnerable to ML due to low levels of compliance with AML/CFT regulations, poor application of the regulatory framework and the high cash-intensive nature of the businesses. Although car dealers were brought under the AML/CFT regime in 2012, the NRA noted concerns relative to the understanding of the requisite obligations and the identification and reporting STRs. Given the high vulnerability of the sector to ML, the relatively large number of car dealerships operating in the jurisdiction (145) and the self-assessed low compliance in the sector, the assessors examined closely the supervisory systems as well as the AML/CFT measures in place to mitigate the risks associated with this sector.
47. *DNFBP Sector – Lawyers and Accountants:* According to the information provided by Grenada, both lawyers and accountants execute a high volume of transactions and are involved in the creation of complex legal structures for or on behalf of their customers, with heavy reliance on non-face-to face channels. Regarding these issues, the assessors examined how well law enforcement agencies detect, investigate, prosecute, and sanction ML cases related to these professionals, to what extent supervisors supervise, monitor and regulate them, and how well they understand and implement their AML/CFT obligations.

Lower risk issues

48. *Securities sector:* Grenada has one licensed broker dealer and the securities that are traded belong to three issuers. The Eastern Caribbean Securities Exchange product range only cover three types of securities: sovereign debt instruments, equities, and corporate bonds. As at 31 March 2017, the number of securities listed was 129, consisting of 109 sovereign debt instruments, 13 equities, and 7 corporate bonds. The vulnerability of the sector in Grenada is mainly related to the efficiency of the AML general controls. The overall capital market vulnerability ML risk is rated very low based on quality of AML general controls for the sole licensed broker firm.
49. *Insurance sector:* The country has a small insurance sector integrated by 27 companies whose products generally relate to pure life products with little investment-related components which have low market penetration. While some insurance products are not prone to ML due to their inherent characteristics, the characteristic of each product varies, and insurers provide some products which have cash accumulation features while other products include a benefit related to maturity. On the other hand, there are currently no investment type policies available. According to Grenada's NRA, the insurance sector received positive scores when analysing the quality of its AML general controls and products.
50. *Dealers in precious metals and stones:* This sector is purely retail based and has a low level of cash activity. This sector contributes less than 0.1% to the GDP. This sector is integrated by one large foreign company followed by many other small and mostly local businesses.
51. *Virtual Assets Service Providers (VASPs):* Virtual assets and the related services have been identified as having inherent ML/TF risks. Given the recent amendments to the FATF Recommendations relative to this activity and, as there is no legislation which prohibits or regulates the activity, the Assessment Team examined the jurisdiction's AML/CFT framework to assess how the activity is prevented, detected and addressed.

52. *Terrorist Financing:* Grenada has completed an assessment of Terrorist Financing risks. The jurisdiction has not detected any TF cases. However, the external exposure through international financial flows relative to the CBI Programme and the existence of international banks which provide products and services to customers within and outside of the geographical location, warrants the assessment team giving some attention to the adequacy of mitigating measures being implemented by the Grenadian authorities for TF.

1.2. Materiality

53. Grenada's economy depends primarily on tourism, agriculture and revenue generated by St. George's University as its main sources of foreign exchange. The Government of Grenada has expanded its sources of revenue, including by the creation of the CBI programme, and this produced a resurgence in the construction and manufacturing sectors of the economy. According to IMF estimates, GDP growth contracted by -13.5% in 2020, mainly due to international travel restrictions. According to the IMF's April 2021 forecast, GDP growth is forecasted to be still negative in 2021 (-1.5%) before picking up to 5.2% in 2022, subject to post-pandemic global economic recovery. According to the IMF, gross debt increased to 70.6% in 2020 and is expected to continue its upward trend in 2021, reaching 74.5%, before declining slightly to 73.4% in 2022. The fiscal budget was 0.9% in 2020 and is expected to rise to 3% and 3.4% in subsequent years. The inflation rate was recorded as 0.7% in 2020 and is expected to experience an increase to 1.8% in 2021 and 1.7% in 2022, according to the IMF's latest World Economic Outlook (April 2021).
54. The country's principal export crops are the spices nutmeg (for which Grenada is the world's second largest producer) and mace. Other crops exported include cocoa, soursop, citrus fruits, cloves, and cinnamon. Grenada also exports large amounts of fish, specifically yellow-fin tuna, to the United States and Europe. The Grenadian economy continues to grow robustly, with a GDP of USD\$1.211 Bn, which is also driven by strong activity in construction and tourism. Robust foreign direct investment flows, including from the CBI programme are financing the external deficit while supporting economic growth.
55. Whilst tourism, accounted for 23.3% of the country's GDP, the economy is also dependent on maritime transportation, aviation, business centre services, investments from the CBI, and the activities of its developing financial sector. Even though Grenada remains at risk to natural disasters such as hurricanes, the country hasn't been hit by any hurricanes in the past 15 years. As a result, Grenada's economic situation tends to be more stable than those countries that were hit by hurricanes.

1.3. Structural Elements

56. Grenada has established the key structural and institutional elements, within its national infrastructure, that is required for a sound and stable AML/CFT regime. The political hierarchy of the jurisdiction is committed to the improvement of the AML/CFT regime. Similarly, Grenada exhibited political and institutional stability which demonstrates a high-level commitment to addressing AML/CFT concerns and deficiencies. The AML/CFT framework is made up of the following competent authorities, the FIU, RGPF, AGO, DPP, Customs, IRD, AML/CTF Commission and the ECCB.

1.4. Background and Other Contextual Factors

57. Grenada's ability to carry out its schedule of onsite inspections of regulated sectors was severely affected during 2020 and the first half of 2021 because of the COVID-19 pandemic. For a period of six (6) months, the AML/CTF Commission and FIU were unable to engage in any form of outreach programmes, trainings and inspections due to the national protocols, particularly social distancing and work-from-home arrangements.
58. The COVID-19 pandemic also hindered the conduct of investigations as law enforcement personnel were required to adhere to all the national protocols, and this affected the regular timeframe within which investigations were conducted. Notwithstanding, the efficiency of cases prosecuted before the Courts relating to ML and predicate offences was not affected as matters were heard virtually initially. The courts then adopted measures to adjust the physical environment in conformity with national protocols.

1.4.1. AML/CFT strategy

59. AML/CFT co-ordination is spearheaded by the AML/CTF Commission which is the authority responsible with overseeing the country's AML/CFT regime and the development and implementation of national AML/CTF policies. The AML/CTF Commission consists of a wide range of authorities including the Attorney General, Ministry of Finance, Director of Public Prosecutions (DPP), Ministry responsible for the Police, Commissioner of Police (CoP), • Grenada Authority for the Regulation of Financial Institutions (GARFIN), Customs and Excise Division (C&E), National Security Advisor, the Inland Revenue Division (IRD), the Corporate Affairs and Intellectual Property Office (CAIPO) and the Integrity Commission (IC), all with a view to furthering the national objectives of combating ML and TF. Additionally, a national AML/CFT policy setting out Grenada's strategy for combatting ML, TF and PF risks was finalised during the onsite visit and approved in June 2021. This Policy was coordinated by the AML/CTF Commission with consultation from various public and private sector organisations and developed based on an understanding of the risks and findings of the ML NRA. The Policy reflects that the Government is committed to maintaining and updating the regime and exercises a zero-tolerance approach to ML/TF/PF activities within Grenada.

1.4.2. Legal & institutional framework

60. Grenada has criminalised ML in accordance with the 1988 UN Vienna Convention and the Palermo (2000) Convention. Preventative measures are contained mainly in the following legislations: the Proceeds of Crime (Anti-Money Laundering and Terrorist Financing) Regulations and Guidelines (and subsequent amendments). Supervisory provisions for compliance are encompassed in the Proceeds of Crime Act (and subsequent amendments), while the criminal justice provisions are found mainly in the Proceeds of Crime Act (and subsequent amendments) and the Criminal Code (and subsequent amendments).
61. The agencies responsible for the formulation and implementation of Grenada's AML/CFT systems or regime are:
 - *AML/CTF Commission*: The AML/CTF Commission is established under Sec 63 of the Proceeds of Crime Act 6 of 2012. The AML/CTF Commission is responsible for the issuance of all AML/CFT policies, legislations, guidelines and other enforceable means. The entity is also responsible for regulating and supervising all regulated entities and NPOs as well as conducting public education on AML/CFT matters.

- *The Attorney General's Office (AGO)*: The AGO is the primary legal advisor to the Government of Grenada and is also responsible for making and receiving mutual legal assistance requests, as well as the ratification of treaties. The AGC is the designated authority for civil asset recovery.
- *The Director of Public Prosecutions (DPP)*: The DPP is an independent agency responsible for criminal prosecutions and criminal seizure of assets in Grenada. The entity is established pursuant to section 71 of Grenada's Constitution Order of 1973. The DPP can also take over, continue or discontinue "any such criminal proceeding that have been instituted or undertaken by any other person or authority".
- *The Financial Intelligence Unit (FIU)*: The FIU is established as an independent agency with "responsibility for the conducting of investigations concerning financial crimes" relative to ML, predicate offences and TF. The FIU is also authorised to collect, request, receive, process, analyse and interpret information relative to financial crimes, transaction reports and any other reports received, as well as to undertake research into trends and typologies relative to financial crimes, ML and TF. The FIU also has supervisory powers in respect of Financial Institutions and DNFBPs.
- *Royal Grenada Police Force (RGPF)*: The RGPF is established under the Police Act and is responsible for the preservation of peace, the prevention of crime and the apprehension and charging of persons who have infringed the criminal laws of Grenada. The RGPF has several departments which includes the Immigration Department and The Drug Task Force. The RPGF is also responsible for the prosecution of summary matters relevant to ML/TF as well as financial crimes.
- *The Customs and Excise Division (C&E)*: The Customs and Excise Division is responsible for the management, monitoring and supervision of all importation and exportation of goods as well as the collection of revenues based on those processes. The Customs and Excise Division also manages Grenada's cross border declaration system.
- *Grenada Authority for the Regulation of Financial Institutions (GARFIN)*: GARFIN is established under the Regulation of Financial Institution Act CAP 125A and is responsible for the regulation and supervision of financial institutions as well as all non-banking institutions in Grenada.
- *The Corporate Affairs and Intellectual Property office (CAIPO)*: CAIPO is established under Corporate Affairs and Intellectual Property Office Act CAP 69A and is responsible for maintaining a register of all legal persons established pursuant to the Companies Act as well as the supervision and promotion of intellectual property rights and matters. CAIPO is also responsible for strike-offs.
- *Eastern Caribbean Central Bank (ECCB)*: Pursuant to Art. 3 of the Eastern Caribbean Central Bank Agreement set out as a Schedule to the Eastern Caribbean Central Bank Agreement Cap. 85, the ECCB is the central bank for the Eastern Caribbean Currency Union, which includes Grenada and is the prudential supervisor for licenced financial institutions (LFIs) pursuant to the Banking Act, 2015 as amended. The ECCB is also the AML/CFT Supervisor for LFIs pursuant to section 63A of the POCA, as amended by POC (Amendment) Act 19 of 2017.
- *The Eastern Caribbean Securities Regulatory Commission (ECSRC)*: The ECSRC is an independent, autonomous regional regulatory body, established by agreement (The Eastern Caribbean Securities Regulatory Commission Agreement) on 19 October

2001. The ECSRC is the sole regulator of the Eastern Caribbean Securities Market (ECSM). The ECSRC is the licensing supervisor for securities brokers (1) and agents (0) in Grenada.

- *Grenada Integrity Commission:* The Office of the Integrity Commission was established under the Integrity in Public Life Act No. 14 of 2007 with the objective “to ensure that public officials uphold high standards of integrity in the performance of their public functions and also to give effect to the provisions of The Inter-American Convention against Corruption”.
- *Inland Revenue Division (IRD):* The IRD is responsible for the administration of the Tax Administration Act and the collection of a wide range of taxes and licenses within Grenada as well as an investigative body for tax crimes.

1.4.3. Financial sector, DNFBPs and VASPs

62. This section gives general information on the size and makeup of the financial sector and DNFBP sector in Grenada. The Assessors ranked the relevant sectors operating in Grenada on the basis of their relative importance given their materiality and level of ML/TF risks. The sectors are divided into highly important, moderately important and less important.

Highly important

63. *Banking sector:* Grenada’s banking sector is the most prevalent sub-sector of the financial sector with bank deposits to GDP (%) in Grenada reported at 77.34 % in 2017, according to the World Bank collection of development indicators. According to the ECCB, the total liabilities for the commercial banks was XCD\$2.9 million (USD\$1.07 million) in 2017. The overall banking sector vulnerability to ML risk was rated medium high in the ML NRA due to weaknesses in the AML general controls and product specific variables which may arise.
64. *Credit unions:* Grenada’s credit union sector is the second most prevalent sub-sector of the financial sector of Grenada. There are a total of 10 functional credit unions in Grenada with 78,000 members and 204 employees. Total asset of the sector, as at June 2021, was XCD\$1.1B (USD\$407.02m). The vulnerability of credit unions to the ML was rated as a high in the ML NRA due to the nature and culture of the sector and the approach in relation to members and shareholders, which appear to be more relaxed.
65. *MSBs:* Grenada has a total of 8 MSBs, 2 companies licenced to conduct money transfer services in Grenada and 6 companies licenced to conduct micro lending activities, all of which were licenced pursuant to the Money Services Businesses Act. As of December 31, 2019, the total inflow of funds to Grenada, via MSBs, amounted to XCD\$151.9 million (USD\$56.21m) while the total outflow of funds from Grenada amounted to XCD\$55.2 million (USD\$20.4m). These transactions are highly cash intensive. The vulnerability of MSBs to ML was rated as medium high in the ML NRA due to relatively high AML/CFT threats facing this type of operation.
66. *Lawyers & Law firms:* Information obtained from the Supreme Court Registrar on the number of lawyers registered total 365. In addition, the Inland Revenue Department maintains a list of around 124 registered lawyers. However, considering the available information, the total number of lawyers could be estimated between 124 and 365. Notaries are governed by the Notaries Public Act of Grenada. Notaries can also be lawyers and lawyers who wish to practice as a notary public in Grenada must obtained a warrant authorizing them to practice from the Registrar. To date, the Registrar has recorded 73

registered notaries. The vulnerability of lawyers and notaries to ML was rated medium high in the ML NRA due to the size of transactions facilitated by the legal profession, the creation of complex legal structures, the difficulty in accessing transaction records and the use of non-face-to face channels.

Moderately important

67. *Real Estate:* There are 32 local and foreign real estate agents registered in Grenada. Information on the materiality of this sector was not available. The vulnerability of real estate agents to ML was rated as medium low in the ML NRA due to the sector's client profile base, the size of real estate transactions, the inability to conduct customer due diligence on beneficial owners and the inability to identify politically exposed persons.
68. *Accountants & Accounting firms:* At the end of 2017, there were 27 registered accountants with the IRD. It is believed that there are approximately 300 to 500 practicing accountants across Grenada. Most of these accountants are not registered or fall within any associations. The vulnerability of accountants and accounting firms to ML was rated as medium in the ML NRA due to some inherent vulnerability ties to the size of corporate transactions, the potential for use of the sector in tax evasion schemes, the possibility to create structures that permit anonymity, the possibility of conducting non-face-to-face transactions and the use of agents have all contributed to this rating

Less important

69. *Securities:* The securities sector is regulated by the ECSRC which is also the regulator of the ECSE and the licencing body. To date the ECSRC has granted 1 broker licence in Grenada and presently, there are four (4) locally registered firms listed on the ECSE namely, Grenada Co-operative Bank Limited (GCBL), Grenada Electricity Services Limited (GESL), General Property Corporation Limited (GPCL) and Republic Bank (Grenada) Limited (RBGL). The total value of securities traded was approximately EC\$20 million and the products offered are restricted to predominantly sovereign debt securities and equities. The vulnerability of the securities sector to ML risk was rated very low in the ML NRA due to the quality of general AML controls within the sole broker dealer firm.
70. *Development Bank/ Building society:* Grenada has 1 development bank with the main purpose to grant loans to Grenadian nationals for business development, housing, higher education and agricultural development, and 1 Building Society which primarily grants loans to its members for mortgage purposes and is currently under Judicial Management. As of December 2019, the Grenada Development Bank held total assets of approximately XCD\$89.4 million (USD\$33.1m) primarily secured by mortgages and the Building Society had assets amounting to XCD\$18.1million (USD\$6.7m). The vulnerability of the Development Bank and Building Society was rated as medium high in the ML NRA due to the favourable control measures. However, since most of the transactions of these entities are not cash intensive and involvement of foreign customers is relatively low, risks on ML/TF of this category is inherently lower.
71. *Insurance companies:* The insurance industry in Grenada comprises 28 insurance companies as of the end of December 2019, with 15 general companies, 11 life companies and 1 composite company conducting both long term and general insurance business. Total assets held by insurance companies amounted to XCD\$422.2 million (USD\$156.2m) in 2019. The vulnerability of the insurance sector to ML risk was rated medium low in the ML NRA given the relatively small size of the market and the low penetration of the life products.

72. *Dealers in precious metals & stones:* These businesses in Grenada are purely retail based. This sector contributes less than 0.1% to the gross domestic product. The vulnerability rating of DPMS was rated as medium low in the ML NRA.
73. *Casino:* Casinos are licenced pursuant to the Casino Gaming Act by the Casino Gaming Commission. As at the end of the on-site no licences had been approved. The vulnerability rating for casinos was medium low due to the size of the sector.

Table 1.1 Sector Type, Number of Entities and Weight

Sector Type	Sector	Number of Entities	Sector Weight
Financial Institution	Banking	4	Highly Important
	Credit Union	10	Highly Important
	MSBs (Money transfer services and /Micro-Lending)	8	Highly Important
	Development Bank/Building Society	2	Less Important
	Securities	1	Less Important
	Insurance	27	Less Important
DNFBPs	Lawyers and Notaries	233	Highly Important
	Real Estate	36	Moderately Important
	Accountants	49	Moderately Important
	Casinos	0	Less Important
	Dealers in Precious Metals and Stones	4	Less Important

1.4.4. Preventive measures

74. Grenada's legal basis for AML/CFT for FIs and DNFBPs is enforceable under a host of legislations, regulations and guidelines, with the principal enactments relating to ML/TF being the Proceeds of Crime Act No. 6 of 2012, Proceeds of Crime (Anti-Money Laundering and Terrorist Financing) Regulations SRO 5 OF 2012, Proceeds of Crime (Anti- Money Laundering and Terrorist Financing) Guidelines SRO 6 of 2012, and Terrorism Act 16 of 2012 (including subsequent amendments). Each sector has an authority that oversees the AML/CFT framework through licensing/registration and general supervision and other industry related best practices. FIs more so understand their inherent risk and have policies and procedures in place to mitigate those risks. DNFBPs are still at a stage of grasping the associated risk involved in ML/TF and do not have the stringent measures as outlined for FIs. These measures apply to the core AML/CFT requirements namely: CDD, Record Keeping, Reporting and Corporate Governance.

1.4.5. Legal persons and arrangements

75. Grenada's legal framework provides for the creation of a wide range of legal persons and arrangements, such as: profit companies, non-profit organisations, businesses, partnerships, cooperative societies, building societies, friendly societies, international trusts as well as offshore entities such as international companies, international trusts and international insurance companies. Basic ownership information in relation to companies incorporated under the Companies Act 1994, CAP 58A is available due to the requirement to maintain a share register where the identity of shareholders must be reported. The CAIPO registers, supervises and enforces compliance by legal persons within this Act.

International companies incorporated under the International Companies Act 1996, are subject to a similar requirement though the obligation to keep this register does not rely on the company itself but its registered agent. External companies (companies incorporated under a foreign law) are required to ensure that ownership information is available upon registration with the IRD. All external companies are required to file relevant changes to the business or corporation such as ownership, details of partner/directors, change of location, or addition or deletion to nature of business to the IRD and to CAIPO within 21 days, and the failure to do so will result in a fine of XCD2500 (USD925.05). No risk assessment has been undertaken in relation to these categories of legal persons and the risk understanding and nexus of activity for international companies operating in Grenada.

76. International Business Companies (IBCs) are regulated in accordance with the International Companies Act CAP 152³ which provides for the incorporation of international companies, distinguishable from external companies incorporated under the Companies Act.
77. In relation to trusts and international trusts formed under the International Trusts Act 1996, Grenada's POCA Regulations and Guidelines require the maintenance of information on beneficiaries when the trust presents a higher level of risk. The common law as it applies to domestic and international trusts in Grenada requires that trustees must maintain information on the identity of the settlor, trustees and beneficiaries as well as maintain accounting records sufficient to report to the beneficiaries. No risk assessment has been undertaken in relation to legal persons which can be created in Grenada.

Table 1.2 Incorporation/Registration of Legal Persons with CAIPO for the period 2016 to June 2021

Year	For Profit	Registration of Business	Non-Profit	External	Co-Operatives	IBCs	Total
2016	230	1068		9			
2017	258	1294	78	12	1	8	1561
2018	237	1208	53	6	0	5	1467
2019	259	1469	55	8	0	0	1719
2020	223	1548	42	7	0	0	1741
2021	264	1628	39	2	0	0	1009

Table 1.3 Legal Persons registered with GARFIN for the period 2016 to June 2021

Year	Credit Unions	Building Societies	Friendly Societies		IBCs
			Registered (Total)	Of which are functional	
2016	10	1	118	8	65
2017	10	1	118	8	84

³ The International Companies Act was repealed pursuant to Act No. 17 of 2018, which provided that international companies incorporated under the International Companies Act shall continue to be valid after commencement of this Act and prior to the operative date, being December 31, 2021. Pursuant to the International Companies (Repeal)(Amendment) Act, 2021, which came into effect after the onsite visit, international companies incorporated under the International Companies Act, were allowed to continue under the Companies Act. Grenada advised that BO information held by GARFIN were handed over to CAIPO.

2018	10	1	118	8	82
2019	10	1	118	7	74
2020	10	1	119	7	74
2021	10	1	118	7	74

1.4.6. Supervisory arrangements

78. There are 3 AML/CFT supervisors in Grenada, namely the FIU, the AML/CTF Commission and the ECCB. The AML/CTF Commission and the FIU jointly supervise all FIs (other than domestic banks) and DNFBPs for compliance with AML/CFT requirements. There are no known VASPs operating within Grenada nor is any of the supervisors designated with responsibility to supervise this sector. The authorities have not detected the operations of any VASPs in Grenada. At the time of the on-site, there was no legislation to regulate the operation of VASPs.
79. Pursuant to Art. 3 of the Eastern Caribbean Central Bank Agreement set out as a Schedule to the Eastern Caribbean Central Bank Agreement Cap. 85, the ECCB is the central bank for the group of eight (8) territories in the Eastern Caribbean Currency Union (ECCU), which includes Grenada. ECCB is the licensing authority and prudential supervisor for financial institutions licenced pursuant to the Banking Act, 2015 (LFIs) as well as the AML/CFT supervisor for LFIs pursuant to section 63A of the POCA, as amended by POC(Amendment) Act 19 of 2017. The ECCB also has the responsibility of conducting joint AML/CFT inspections and trainings for the LFIs.
80. GARFIN is the prudential regulator responsible for regulatory and supervisory oversight for the non-bank financial sector (other Financial Institutions) such as: MSBs (MVTS & Money Lending), Building Societies, Development Banks, Insurance Companies, and Credit Unions. The FIU and the AML/CTF Commission provides AML/CFT supervision and monitoring for these other Financial Institutions.
81. The ECSRC is the regulator for the ECSE and licenses, monitors and supervises the activities of Eastern Caribbean Securities Market (ECSM) securities intermediaries. However, the responsibility to regulate for AML/CFT requirements lies with the FIU and the AML/CTF Commission. LFIs are appropriately supervised and monitored for compliance with the established AML/CFT framework by the ECCB, the FIU and the AML/CTF Commission, while all other FIs and DNFBPs are supervised and monitored by the FIU and the AML/CTF Commission.

1.4.7. International cooperation

82. The AGO is the central authority for the receipt and making of mutual legal assistance requests. The Mutual Legal Assistance in Criminal Matters Act (MLACMA) enables legal assistance to be provided to foreign counterparts *inter alia* in obtaining evidence, locating, or identifying individuals, seizure of assets or property linked to a crime, arranging attendance of a witness, transferring of a prisoner and the serving of documents on the basis of reciprocity. Request can be made by a “designated country” which includes a Commonwealth jurisdiction and any country meeting the requirements pursuant to section 4 of the Mutual Legal Assistance in Criminal Matters Act (MLACA). Grenada has cooperation agreements with three (3) main foreign counterparts on international cooperation- United States of America, Cuba and China.

83. Other forms of international cooperation are conducted by the FIU, the RGPF, C&E and the IRD. The FIU has EGMONT group status, while the RGPF is the National Central Bureau (NCB) office for INTERPOL. The C&E is a member of the Caribbean Customs Law Enforcement Council (CCLEC) and the World Customs Organization (WCO). Grenada enacted tax information exchange legislation in 2011 and the IRD is in the process of establishing an Exchange of Information Unit. The MFA serves as the conduit to facilitate official communication with their foreign missions and other jurisdictions in relation to information sharing agreements on tax matters and information on the proceeds of crime. Additionally, Grenada is a member country in the Asset Recovery Interagency Network for the Caribbean (ARIN-CARIB).

Chapter 2. NATIONAL AML/CFT POLICIES AND COORDINATION

2.1. Key Findings and Recommended Actions

Key findings

- a) Grenada completed its ML NRA in March 2019 and demonstrated a reasonable understanding of its main ML risks. The ML NRA was well coordinated with extensive public and private sector involvement. Grenada acknowledged that there were data collection limitations and that the findings of the ML NRA were based on a combination of working group members' expertise and experiences, as well as all available external data. The ML NRA identified drug trafficking, fraud and robbery as higher risk predicate offences and recognised the vulnerabilities in the FI and DNFBP sectors such as resource capacity, training needs of investigators and prosecutors, and a lack of AML/CFT supervisory oversight. However, the ML NRA did not assess legal persons, NPOs and the CBI programme.
- b) Grenada completed and approved its National Risk Assessment for Terrorism, TF and PF on June 21st, 2021 (TF NRA) and has a fair understanding of its TF risk. The TF NRA rated the TF risk as medium-low; however, the assessment did not consider the CBI programme, NPOs or the vulnerability of the FI and DNFBP sectors to TF. The authorities commenced a data collection exercise to identify higher-risk NPOs which is currently ongoing. Grenada has not disseminated the results of the TF NRA.
- c) Grenada has made considerable efforts to disseminate the results of the ML NRA through outreach and training sessions, print media, radio programs, face to face sessions and symposiums as well as a high-level meeting with the Prime Minister and members of the public to address the ML NRA findings. However, interviews highlighted varying knowledge of the ML risks across the DNFBP sector arising from the ML NRA. Further, given the date of approval of the TF NRA, the AT was unable to determine whether the results of the TF NRA were disseminated during the period under review.
- d) Grenada displayed a strong will and commitment towards addressing its ML risks and made good progress towards finalising a National Action Plan (NAP) following completion of the ML NRA. However, the NAP did not clearly address how the ML threats identified would be prioritised. There is no corresponding NAP to address the results of the TF NRA and there is a lack of an overarching national strategy driven by the country's main ML/TF/PF risks.
- e) Grenada has completed a National AML/CFT/PF Policy approved by Cabinet on June 21st, 2021 and is expected to be reviewed on an annual basis. The AML/CFT/PF Policy addresses some ML risks which are mitigated by existing policies or measures. However, significant risks remain largely unaddressed for beneficial owners of legal persons and trusts, and criminal justice efforts are not yet directed towards effectively combating higher risks such as ML related to drug trafficking, fraud and forgery.

- f) Grenada has a good framework for national co-ordination and co-operation in respect of AML/CFT matters. This is demonstrated through the establishment of multiple groups and bodies such as the AML/CTF Commission, the Technical Working Group AML/CFT, SIC and Stem Flow. The AML/CTF Commission is the overarching body for the issuance of all AML/CFT policies. However, there is no clear mechanism for co-ordination and co-operation in relation to combating PF.
- g) Grenada has not used the results of the ML NRA or the TF NRA to justify exemptions from AML/CFT requirements and support the use of EDD for higher risk and SDD for lower risk situations.

Recommended Actions

- a) Grenada should develop a comprehensive understanding of its ML/TF risks by providing trainings and implementing data collection tools necessary for ML/TF assessments, as well as conducting comprehensive assessments on NPOs, legal persons and the CBI Programme.
- b) The Authorities should conduct targeted outreach on the results of the ML NRA to relevant sectors such as the higher risk DNFBPs and criminal justice entities such as the Judiciary, as well as ensuring that the results of the TF NRA are disseminated to all relevant stakeholders. Grenada should ensure that the dissemination of the results of the ML and TF NRAs promote a consistent understanding of the ML/TF risks.
- c) Grenada should develop an overarching national strategy driven by the country's main ML/TF/PF risks and develop a NAP for TF ensuring appropriate prioritisation of risk mitigating measures and risk-based allocation of resources. Grenada should update the national AML/CFT/PF policy to address the risks posed by beneficial owners of legal persons and trusts. The national AML/CFT/PF policy should reflect how criminal justice efforts are directed towards effectively combating higher risks such as ML related to drug trafficking, fraud and forgery.
- d) Grenada should develop co-ordination and co-operation mechanisms and policies amongst CAs to treat with PF, including but not limited to the establishment of appropriate inter-agency frameworks for co-ordination and co-operation, as well as ensuring that policy makers, FIU, LEAs and all other relevant authorities, at the policy and operational levels, have effective mechanisms to cooperate, coordinate and exchange information related to PF.
- e) Grenada should develop and implement policies to guide the use of risk assessments to justify exemptions from AML/CFT requirements and support the use of EDD for higher risk and SDD for lower risk situations.

- f) ML/TF risk assessments should be kept updated through a periodic review mechanism to ensure that the risk assessments are responsive to significant events or developments (including new threats and trends).

84. The relevant Immediate Outcome considered and assessed in this chapter is IO.1. The Recommendations relevant for the assessment of effectiveness under this section are R.1, 2, 33 and 34, and elements of R.15.

2.2. Immediate Outcome 1 (Risk, Policy and Coordination)

2.2.1. Country's understanding of its ML/TF risks

ML Risk

85. Grenada's reasonable understanding of its ML risks is based on the ML NRA which was concluded in 2019 with data over a 2-year period (May 2017-2019). In conducting the ML NRA, Grenada utilised the World Bank methodology which proved to be a sound and proven methodology known to produce a robust assessment of the domestic and international threats, vulnerabilities, and the potential impact of these on a country's AML/CFT system. The ML NRA was conducted via a coordinated approach between the public sector and wide cross section of private sector stakeholders.
86. Data for the NRA was collected through the employment of various data collection techniques, inclusive of face-to-face interviews; completion of questionnaires; accessing data and statistics held in the data bases of government ministries and departments; and accessing data and information available from open-source publications. However, the Authorities noted in the ML NRA that there were limitations at the data collection phase caused by the non-availability and non-disclosure of data from some entities and the unavailability of data from some institutions, particularly DNFBPs that did not maintain proper databases. Further, the assessment of the ML threats posed by predicate crimes lacked data on the proceeds generated or suspected from analysis of FIU intelligence reports (refer to IO 7). As such, the judgement of CAs and information from the wide cross section of participants heavily influenced the outcome of the ML NRA which led the assessment team to conclude that there is a reasonable understanding of the ML risks.
87. The NRA identified the key predicate offences for ML as drug trafficking, robbery and theft, fraud and forgery. These ML offences are understood consistently by the main AML/CFT authorities, but the authorities' understanding of the relative scale of such threats is questionable as the NRA was narrowly focused on the number of predicate offences detected and investigated and not simultaneously based upon the scale and volume of the proceeds generated by those offences. The overall ML risk per sector is as follows: Banking sector is medium-high; Credit Union, MSBs, Mortgage Companies, Hire Purchase, Lawyers and Car Dealers are medium; Real estate, Accountants, Dealers in precious metals and stones and Casinos are medium-low; and Securities and Insurance are low.
88. The onsite discussions highlighted that there is a general consensus among the CAs that banking sector is the most exposed to ML risks given the weakness in AML controls, lack of information on wire transfers and product specific variables in the banking sector through which proceeds can be channelled and lack of checks of customer information from independent sources such as credit bureaus or registries, as these do not exist in Grenada. The lack of sector-specific risk assessments and feedback from the authorities

has resulted in the absence of a more in-depth risk awareness and understanding. The ongoing supervisory work of the ECCB; relative to LFIs and that of the FIU and the AML/CTF Commission; relative to other FIs and DNFBPs, continue to advance the risk understanding of the sectors.

89. Further, the ML NRA did not consider the threats and inherent risks posed by NPOs, legal persons and the impact of the CBI programme in its entirety. The assessment team noted that the CBI programme was considered as a part of a product (wire transfers) under the banking sector in the NRA. The NRA found that banks found an increase in wire transfer activity due to the uptake by foreign residents in the CBI programme which made the wire transfer product attractive, resulting in a high rating for the product. Given that Grenada is not a company formation jurisdiction, and the CBI programme has a robust system in place, the foregoing was not significantly weighted and has led to a conclusion by the Assessment team that Grenada has a reasonable understanding of its ML risks. The assessment team noted that the results of the NRA were disseminated prior to and during the on-site visit. Grenada was unable to provide any strategy for its dissemination of the NRA findings in prioritising higher risk sectors and as such the NRA's dissemination was ad hoc and not strategic to ensure that all relevant entities clearly understood the NRA findings.

Higher risk NPOs

90. Grenada did not assess NPOs as part of its ML or TF NRAs. However, the AML/CTF Commission commenced an NPO data collection exercise in January 2021 as part of its efforts to clearly understand the existing ML/TF threats, vulnerabilities and risks associated with NPOs in an effort to develop appropriate mitigating measure to identify, forestall and prevent the abuse of the sector. This activity involved issuing specific correspondence to FIs and credit unions requesting information of the list and particulars including the registered name, address, contact information (beneficial owners/Directors) and email address of all NPOs that hold active bank accounts.

TF Risk

91. Grenada's understanding of its TF risks is based on the recently concluded TF NRA, which was completed and approved by the Cabinet of Ministers in June 2021. The TF NRA was conducted between 2020 and 2021 based on the WB's TF Risk Assessment tool. The TF NRA was led by the FIU and supported with input from the AML/CTF Commission, Immigration Department, Customs and Excise department, MFA, RGPF and the Judiciary. According to the TF NRA report, questionnaires to FIs, DNFBPs, Ministry of Legal Affairs and open-source information were utilised. Private sector entities provided data, perspectives, and insight to facilitate a comprehensive and credible analysis of the factors that were relevant in the determination of risk.
92. The TF NRA was the first formal assessment of the country's TF risks. The authorities have indicated that there is no evidence of any terrorist or TF activity in Grenada and as a result overall risk of TF is assessed as medium-low. The medium-low TF risk is explained by a combination of factors such as: (i) no known cases of funds generated in Grenada being specifically used to finance terrorism domestically or abroad; (ii) no known cases of terrorist fighters who are nationals of Grenada; (iii) no known cases of funds generated from ATM fraud intended for the financing of terrorism domestically or abroad; (iv) no known cases of domestic based terrorists targeting Grenada or foreign jurisdictions; (v) no known cases of terrorists on the global scale targeting Grenada; (vi) no nationals of Grenada known to have connections to any terrorists group; and (vii) no known cases of Grenada being used as a transit point for terrorism and terrorism financing activities.

93. The TF NRA does not show any consideration of sector vulnerabilities for banking, securities, insurance, other FIs and DNFBPs. The TF risk assessment did not demonstrate an assessment of the potential likelihood and consequences of specific TF risks unfolding by considering: the prevalence of known regional TF cases; intelligence, and typologies; capabilities and intent of terrorist organisations/individuals and supporters; and strength of Grenada's CFT controls and framework. The TF risk assessment findings also omitted to consider the potential threat of returning FTFs. Also, the TF risk assessment did not consider any inherent TF risks posed by the external exposure through international financial flows relative to the CBI programme that should be considered in the AML/CFT measures implemented by the CBI Unit.
94. The assessment team received the TF Risk Assessment at the end of the onsite visit and was unable to assess the level of understanding by CAs, FIs and DNFBPs or to raise questions on the sources of information and methodology used. In addition, the assessment team was not provided with information on the dissemination of the TF NRA. In light of the foregoing, the assessment team finds Grenada's understanding of its TF risk to be fair.

2.2.2. National policies to address identified ML/TF risks

95. Following the ML NRA, a National Coordinating Committee was established which formulated a National AML Action Plan which was finalised on December 19, 2019, identifying measures to mitigate the ML risks highlighted in the ML NRA, along with reasonable timelines for execution. The establishment of the National Coordinating Committee demonstrated commendable efforts by the authorities to address the NRA findings. The National Action Plan states that the priority areas are as follows: (i) banking, (ii) insurance, (iii) other financial institutions, (iv) car dealers and attorneys, (v) FIU, and (vi) improve the overall AML/CFT supervision. As a result of the ML NRA findings, the National Action Plan prioritised the FIU and the AML/CTF Commission with a view to improving the capacity and supervisory functions which resulted in the AML/CTF Commission being given an additional four (4) staff members for its supervisory function. However, there were no deadlines for any of the items in the National Action Plan.
96. Five policy documents were developed based on the National AML Action Plan in order to strengthen collaboration with the RGPF and C&E with the objective to collate data connected to predicate offences and to refer cases to the FIU and enhance cooperation and coordination between these 3 authorities. These five documents are 3 policies and 2 MOUs – (i) CA's MLA and International Cooperation Policy, (ii) Policy for Investigating Financial Crimes and Terrorists Activities between the FIU and RGPF, (iii) the FIU Asset Recovery Policy, (iv) MOU between FIU and C&E for cooperation and information sharing, and (v) MOU between FIU and C&E – for technical and operational cooperation inclusive of information sharing and data collection. The execution of these 5 documents demonstrates Grenada's commitment to addressing the NRA's findings particularly towards improving the operations of the FIU, RGPF and C&E.
97. In addition to the National Action Plan, a strategic planning and policy team was established on July 8, 2020, in the MNS to prepare the National AML/CFT/PF Policy (hereinafter referred to as "the Policy"). However, the assessment team is unaware of when the work of the policy team began. At the end of the onsite visit, the assessment team received the AML/CFT/PF Policy which was approved by Cabinet in June 2021 and finalised based on the understanding of risks and findings of the ML and TF NRAs. The AML/CFT/PF Policy is subject to review and approval every 3 to 5 years, and this process shall be led and coordinated by the AML/CTF Commission. The assessment team was

unable to determine the relationship between the National Action Plan and the Policy and whether the documents are meant to be complementary. Additionally, apart from these two policy documents, there is an absence of an overarching national strategy or framework by authorities.

98. The AML/CFT/PF Policy includes a table of the ratings for overall vulnerability, overall threat and risk levels identified for all sectors covered in the ML and TF NRAs and contains Grenada's strategic direction which is informed by the NRA and geared towards achieving the following outcomes:
- i. *Policy, coordination, cooperation and control to mitigate money laundering, financing of terrorism and proliferations financing risks to be a clearly defined responsibility of the Commission* – Grenada to make legislative changes to give the Commission the responsibility to coordinate activities between the Joint AML/TF Advisory Commission and a technical working group.
 - ii. *AML/CFT/PF legislative advisory body* – Grenada to establish the Legislative Advisory Body to review and advise on existing and suggested legislation and amendments in law from recommendations made by the FATF, CFATF or on the advice of the Commission through the MOF.
 - iii. *Coordination and collaboration between FIU, RGPF and other LEAs* – Grenada to allocated resources to continue to enhance collaboration between the FIU, RGPF and other LEAs for investigations, intelligence gathering and training consistent with ML/CFT/PF by improving capacity, data collection and information sharing with priority given to pursuing complex ML/CFT/PF schemes. Grenada commits to enacting pre-conviction disposal of seized assets legislation to reduce expenses associated with storing and maintaining seized assets.
 - iv. *Training for prosecution, magistracy and Judiciary to ensure its members are adequately trained to understand ML/TF/PF risks* – Grenada is committed to rigorously continuing training for LEAs, prosecutors, Magistrates and the Judiciary to sensitize and bring awareness to fully pursue matters with a focus on AML/CFT/PF legislative and evidential framework and enhance the understanding of the specialised local procedure and evidential peculiarities in ML/TF/PF cases.
 - v. *Financial Intelligence Unit* – Grenada will ensure that the FIU continues to receive up-to-date training provided by international and regional bodies
 - vi. *International Co-operation* – Grenada is committed to ensuring that authorities have the means to effectively share information spontaneously and upon request, make and receive MLA requests and engage in other forms of international co-operation starting with installing sophisticated software at the AGO to support MLA requests by tracking and monitoring these processes.
 - vii. *Risk-based supervision* – Grenada will increase the capacity of the Commission to adequately supervise and examine internal operations of non-bank FIs and DNFBPs via training and performing risk-based supervision by trends and vulnerabilities of the various sectors. The legislation would be amended to allow the Commission, FIU and ECCB to supervise and conduct inspections jointly or separately to foster a collaborative approach facilitating spontaneous and on-request information sharing and reporting.
 - viii. *Beneficial Ownership Information* – Grenada will modernise the technology and information management systems in CAIPO to provide accurate, readily accessible

and easily searchable information to assist stakeholders and include accurate and up-to-date information on beneficial ownership provided on a timely basis to appropriate competent authorities including foreign counterparts. The Companies Registry will establish enforcement and compliance monitoring systems to ensure corporate obligations to file up-to-date and accurate information and appropriate penalties for non-compliance are imposed.

- ix. *Border Control* – The jurisdiction intends to implement a written declaration system for travellers leaving Grenada that mirrors the framework for incoming travellers on whether they are carrying currency or BNIs supported by human, technical and financial resources. A legislative amendment to introduce a penalty for persons making false declarations or disclosures and persons carrying currency or BNIs related to ML/TF or predicate offences will be introduced.
 - x. *Public awareness initiatives* – Grenada will engage with the public using various means to share global, regional and domestic trends regarding AML/CFT/PF at least twice per year and introduce a mechanism to facilitate feedback from the public.
99. These ten (10) initiatives mirror key areas of the ML NRA that require improvement based on the findings and should be reflected in revisions to those 6 higher priority areas identified in the National AML Action Plan so that the CAs are clear on their approach given the limited resources dedicated to coordinate national AML/CFT efforts.
100. While the AML/CFT/PF Policy broadly sets out Grenada's objectives for combating ML/TF/PF, the Policy does not detail specific objectives on the banking sector which was rated as medium-high nor does the Policy establish any deadlines for addressing the areas identified.

2.2.3. Exemptions, enhanced and simplified measures

101. Grenada can apply exemptions and standards for enhanced and simplified due diligence measures as set out in the POCA Guidelines and Regulations. The POC (AML/TF) Guidelines and the POC (AML/TF) Regulations have not been updated since the completion of the ML or TF NRAs or based on any other risk assessment conducted. The Assessment team did not encounter any instance where Grenada applied enhanced or simplified measures, including consideration of exemptions to activities considered by the FATF, based on the findings of the NRA.

2.2.4. Objectives and activities of competent authorities

102. The FIU, the AML/CTF Commission and the RGPF have begun to some extent align their objectives and activities with the findings of the ML NRA. These activities are ongoing and are in early stages of implementation. Based on the results of the NRA, the FIU and the AML/CTF Commission commenced onsite inspections of supervised entities from sectors identified as higher risk in the ML NRA. Also, in recognition of the vulnerability arising from the lack of supervision, four (4) additional staff members were provided to the AML/CTF Commission to bolster its supervisory function. Additionally, arising from the findings of the ML NRA, the CoP, in recognising the need for the sharing of information within the RGPF, established the Strategic Intelligence Cell (SIC) and Stem Flow. SIC was created to assess the threat and risks from an LEA standpoint and to generate intelligence packages for investigation. Stem Flow is a joint operational team based in Carriacou created for the purpose of addressing the illicit drug trade between Carriacou and Grenada.

103. No other competent authorities have sought to align their objectives and activities with the findings of the ML NRA. Further, given the recent completion of the TF NRA, the CAs have yet to align their objectives and activities with the findings of the TF NRA.

2.2.5. National co-ordination and co-operation

104. There exists a good framework for national co-ordination and co-operation in respect of AML/CFT matters or issues in Grenada. This is demonstrated through the establishment of multiple groups and bodies such as the AML/CTF Commission, the Technical Working Group AML/CFT, SIC and Stem Flow.
105. The AML/CTF Commission is the overarching body for the issuance of all AML/CFT policies, development of legislations, guidelines and enforceable means and comprises relevant stakeholders pursuant to s.63(3) of the POCA in Grenada such as: the Attorney General; the FIU; Permanent Secretary, Ministry of Finance; Permanent Secretary, Ministry of National Security; CoP; DPP; Comptroller of Customs; Accountant General; GARFIN and ECCB. The AML/CTF Commission ensures the implementation of the National Action Plan, which is currently ongoing. During meetings of the AML/CTF Commission, members use this forum to share updates on activities that are currently engaging their institutions such as proposed trainings, areas or sectors of high-risk identified and the mitigating measure implemented.
106. The AML/CTF Commission also established the Technical Working Group AML/CFT which cooperates and coordinates on AML/CFT issues and develops and implements policies, procedures and activities to mitigate or address such issues. This Technical Working Group AML/CFT is comprised of most members of the AML/CFT Commission. The Technical Working Group AML/CFT met frequently with 20 meetings between 1st January 2017 – May 2021 (2 – 2017, 3 – 2018, 8 – 2019, 1 – 2020 and 6 – 2021). The number of meetings held increased whilst the NRA was being conducted, however, due to the COVID-19 situation, there was only one meeting in 2020. The number of meetings held during 2021 were increased to facilitate the planning for the MEVAL onsite in June 2021.
107. Authorities in Grenada have established both formal and informal means of co-operation and co-ordination. There were four MOUs signed between CAs in Grenada between 2018 – May 2021. These MOUs demonstrated the willingness to formalize and strengthen the domestic efforts in facilitating timely and efficient cooperation and coordination in relation to AML/CFT activities. The FIU has entered into agreements in 2019 and 2021 with the RGPF and Customs respectively to increase cooperation and coordination for the prevention and detection of money laundering, terrorist financing and other financial crimes. This includes the sharing of information, the conducting of joint investigations and the facilitation of training. In 2018, the FIU and the Integrity Commission entered into an agreement for the sharing of information and conducting of joint investigations related to anti-corruption matters. The assessment team found that there was limited use of the MOUs to further cooperation, coordination and information sharing. Additionally, in 2019 the ECCB, FIU and the AML/CFT Commission entered into an agreement to bolster cooperation and information sharing as well as improve the coordination and cooperation in the conducting of joint inspections.
108. There is no centralised intelligence sharing platform utilised among the LEAs for AML/CFT purposes. The LEAs do however share information through the use of other established mechanisms such as AML/CTF Commission meetings and through the Technical Working Group AML/CFT.

109. There is a high level of co-operation and co-ordination among the LEAs in treating with the main risk of drug trafficking in Grenada. The SIC was developed as a mechanism for LEAs to generate intelligence packages. Additionally, the authorities have created a joint operational group comprising the Drug Squad of the RGPF, the C&E and the Coast Guard, which seeks to tackle the threat of drug trafficking between Grenada's sister isle Carriacou and surrounding jurisdictions, termed 'Stem Flow', which has resulted in some success.
110. There were no identified mechanisms for co-ordination and co-operation in relation to combating of financing of proliferation of weapons of mass destruction.
111. Grenada's CAs demonstrated active national co-operation and co-ordination mechanisms to allow for the development and implementation of policies, procedures and activities to address AML/CFT matters. However, no similar focus was placed on matters relevant to the financing of proliferation of weapons of mass destruction.

2.2.6. Private sector's awareness of risks

112. Grenada took an all-inclusive approach in undertaking its NRA and included private sector participants (both FIs and DNFBPs) in different sectoral working groups to identify and assess Grenada's ML/TF risk. As part of the NRA process, private sector entities who participated in the NRA were made aware of the findings of the NRA through the concluding meeting of the NRA workshop.
113. In addition to sharing the findings of the NRA results with participants, the NRA Report was also shared with all FIs and select DNFBPs. Interviews highlighted that some DNFBPs only received the NRA report shortly before the onsite interview. For the remainder of the private sector (mostly DNFBPs), outreach and training sessions were done through print media, radio programs, face to face sessions and symposiums, to facilitate the dissemination of the findings of the NRA. The Prime Minister also held high-level meeting to address the findings of the NRA with members of the public. In these latter instances, the entire NRA report was not shared but only pertinent findings, and while the NRA report is not publicly available, the findings of the report are.
114. While Grenada made efforts to disseminate the results of the NRA, interviews indicated varying knowledge of the results of the NRA, which indicated that the mechanisms used for dissemination were moderately effective. The assessment team noted that the FIs interviewed had better understanding of their risks as opposed to the DNFBP sector. DNFBPs interviewed indicated that the NRA process increased their level of awareness of ML risks associated with their business activity and level of exposure.
115. Given that the TF NRA was completed during the onsite, the assessment team is unable to assess the private sectors awareness of the results of the TF NRA.

Overall Conclusion on IO.1

116. Grenada has completed the identification of ML/TF risks within the framework of two (2) separate NRA documents. The jurisdiction has demonstrated that it has a reasonable understanding of the ML risks and a fair level of its TF risk understanding. In relation to the ML NRA, there was participation from a wide cross section of representatives from the public and private sector and these activities received significant resources and

support from the highest level of the Government. The assessment team found that the dissemination of the results of the ML NRA to be moderately effective given that the interviews highlighted a varying knowledge of the ML risk across DNFBPs, with FIs having a more sound and consistent understanding of the ML risks.

117. Given the recent completion of the TF NRA, the assessment team could not assess the dissemination of the results, private sector understanding of the TF risk and the impact of the TF NRA on CAs' activities. Further, Grenada has not assessed the risks associated with legal persons, NPOs and the CBI programme.
118. Coming out of the ML NRA exercise, the authorities developed a National AML Action Plan and consequently finalised the National AML/CFT/PF Policy. The assessment team was unable to determine the relationship between these two (2) documents. Following the NRA exercise, some CAs sought to align their objectives and activities such as the RGPF restructuring its operations by creating special operations such as Stem Flow and SIC.
119. Grenada has demonstrated that there is adequate AML/CFT co-ordination and co-operation mechanisms at the policy level via the AML/CTF Commission, however no similar mechanism exists for counter proliferation financing of weapons of mass destruction.
120. **Grenada is rated as having a moderate level of effectiveness for IO.1.**

Chapter 3. LEGAL SYSTEM AND OPERATIONAL ISSUES

3.1. Key Findings and Recommended Actions

Key Findings

Immediate Outcome 6

- a) Grenada's FIU has demonstrated to a reasonable extent that it uses financial intelligence for ML and associated predicate offences investigations to develop evidence and to trace criminal proceeds. Further, the use of financial intelligence by LEAs other than the FIU to conduct ML and associated predicate offences investigations is limited. This is evidenced by the low number ML and associated predicate offences investigations undertaken by other LEAs as a result of the low spontaneous disseminations from the FIU and low requests to the FIU. Given the absence of TF investigations the assessment team was unable to determine the extent to which financial intelligence is used by LEAs, including the FIU, to support TF investigations.
- b) Grenada's FIU is a hybrid FIU performing administrative functions to produce financial intelligence, in addition to the conducting of financial investigations. The FIU currently has the necessary resources to conduct analysis on the low number of STRs received, as well as to investigate financial crimes, ML and TF. There are currently no mechanisms to prioritise STRs for analysis given the limited number of STRs which resulted in all STRs being analysed. There is no electronic filing system for STRs which are hand delivered to the FIU. This poses risks and may hinder the analysis and subsequent investigation of ML/TF and predicate offences.
- c) LEAs in Grenada have demonstrated that there is some level of cooperation evidenced by the sharing of financial intelligence through the existence of SIC and Stem Flow. These cooperation and coordination mechanisms have resulted in successful outcomes in ML and predicate offence matters.
- d) There is a lack of feedback provided to the FIU from other LEAs. Where feedback is provided to the FIU, this is done either informally or verbally, thus making it difficult to assess whether the report meets the operational needs of the LEAs.

Immediate Outcome 7

- a) There are limited avenues for identifying potential cases for investigations given the low number of STRs received by the FIU and lack of intelligence sharing amongst all LEAs.

- b) ML investigations and prosecutions are largely in line with the risk profile, with investigations primarily focused on high-risk offences of fraud and theft, however there are very few matters related to drug trafficking which was also identified as high-risk in the NRA.
- c) ML matters in Grenada are either prosecuted by the RGPF police prosecutors at the Magistrates' Court level or by the ODPP at the High Court level. However, the overwhelming majority of ML prosecutions were conducted by the RGPF police prosecutors at the Magistrates' Court. While Grenada has evidenced more training for the ODPP for the prosecution of ML cases, no evidence was provided regarding the sufficiency of training provided to police prosecutors.
- d) Grenada has pursued the investigation of standalone ML, self-laundering and 3rd Party ML matters which have progressed to the stage of prosecution with relative success. However, the delay in the prosecution of matters has resulted in a high number of matters still pending.
- e) While Grenada has a wide range of sanctions for ML offences (see recommendation 3), the sanctions imposed are not effective, proportionate and dissuasive given that the majority of ML matters are dealt with by the Magistrates' Court which is limited to imposing a lower penalty than that of the High Court. Additionally, no matters were concluded at the High Court during the period under review.
- f) In the instances where Grenada cannot secure an ML conviction, Grenada can utilize civil asset recovery mechanisms and has successfully utilised cash forfeiture provisions.

Immediate Outcome 8

- a) The FIU pursues confiscation as a policy objective. A specialised asset recovery unit (ARU) was created within the FIU to facilitate the pursuit of conviction-based confiscation and forfeiture, cash forfeiture, civil recovery matters and management and disposal of recovered assets. The ARU consists of a mix of legal and law enforcement personnel to further confiscation and forfeiture matters. However, the RGPF, C&E and IRD do not pursue confiscation as policy objective.
- b) Grenada has at its disposal a range of confiscation measures including civil and criminal cash forfeiture, civil recovery and criminal confiscation. These measures except for civil recovery provisions have been moderately utilised during the period under review.
- c) The pursuit of criminal confiscation is adversely affected by the backlog that obtains in the criminal matters in both the High Court and Magistrate Courts.
- d) There is an absence of specialised training on the adjudication of confiscation and forfeiture matters in the Magistrates' Court and High Court.
- e) In Grenada there is no requirement to declare outgoing cross border transportation of currency or BNI (see deficiencies in R.32). There is no evidence of a systematic or proactive approach to treat with the detection of incoming cross border movements of currency or BNIs which are not declared or falsely

declared, or which is suspected to be related to ML/TF or predicate offences. Consequently, the number of incoming declarations is low and no falsely or non-declared cross-border movements have been detected. Similarly, no cross-border movements suspected to be related to ML/TF or predicate offences have been detected. The results of the declaration system are inconsistent with Grenada's risk profile.

- f) While Grenada obtains confiscation from matters relating to drug trafficking, the extent to which confiscation as a whole is consistent with the risk profile is limited. There were no confiscations associated with other higher risk offences such as fraud, theft and robbery. The absence of confiscation of falsely or undeclared cross border transportation is inconsistent with the high ML risk from drug trafficking.

Recommended Actions

Immediate Outcome 6

- a) LEAs should enhance the use of financial intelligence and other relevant information to further potential investigations for ML/TF and associated predicate offences.
- b) The FIU should implement a secure electronic system for the receipt of STRs from FIs and DNFBPs.
- c) The FIU should develop internal procedures to prioritise STRs based on higher-risk predicate offences or potential investigations.
- d) Grenada should address the technical compliance deficiencies in recommendation 32 and ensure that the information from the implementation of a cross border currency declaration regime is made available to the FIU to enhance strategic and operational analysis and to support ML/TF and associated predicate offence investigations.
- e) The FIU should formalise feedback procedures with LEAs in respect of the intelligence reports disseminated to LEAs with a view to ensuring that the intelligence reports align with the LEAs operational needs.
- f) The FIU should strengthen and make greater use of strategic analysis ensuring that such analysis is sufficient to identify patterns and methods and address the main ML/TF risks.

Immediate Outcome 7

- a) Grenada should ensure that LEAs can identify a wide range of ML cases. FIU should identify, prioritise and pursue parallel financial investigations with other LEAs.
- b) Grenada should continue to prosecute fraud and robbery cases in line with its risk profile with added priority given to drug trafficking.
- c) Grenada should prioritize specialised ML prosecutors training for the RGPF police prosecutors engaged in the prosecution of ML matters.
- d) Grenada should ensure that training on the adjudication of ML matters is provided to members of the Judiciary and priority should be given to disposing of matters, including civil asset recovery matters that have been delayed both in the Magistrates' and the High Court.
- e) Grenada should ensure that ML matters are prosecuted at the appropriate level to ensure that effective, proportionate and dissuasive sanctions are applied upon conviction.

Immediate Outcome 8

- a) The RGPF, C&E and IRD should develop procedural documents and pursue confiscation as a policy objective for ML, associated predicate offences and TF investigations.
- b) Authorities should demonstrate consistent use of the various confiscation measures as afforded by the legal framework with emphasis on the use of the civil asset recovery mechanisms and criminal confiscation.
- c) Grenada should address the backlog in the Magistrates' Court and the High Court with a view to ensuring that confiscation matters for ML and higher risk associated predicate offences are prioritised.
- d) Specialised training should be provided to Magistrates and Judges on the adjudication of confiscation and forfeiture matters. Grenada should continue providing confiscation training to LEAs and prosecutors on the range and use of confiscations mechanisms available in Grenada.
- e) Grenada should address the technical deficiencies in recommendation 32. Grenada should also implement a mechanism to detect cross-border transportation of currency and BNIs which is undeclared or falsely declared or which is suspected to be related to ML/TF or predicate offences. Training should be provided to the C&E including, but not limited to training on cross-border ML typologies, profiling, other detection methods and the use of powers and tools under the respective legislations to pursue confiscation as an effective, proportionate and dissuasive sanction.
- f) Grenada should pursue confiscation in line with its risk profile and national AML/CFT policies and priorities.

121. The relevant Immediate Outcomes considered and assessed in this chapter are IO.6-8. The Recommendations relevant for the assessment of effectiveness under this section are R.1, R. 3, R.4 and R.29-32 and elements of R.2, 8, 9, 15, 30, 31, 34, 37, 38, 39 and 40.

3.2. Immediate Outcome 6 (Financial Intelligence ML/TF)

3.2.1. Use of financial intelligence and other information

- 122. Intelligence can be obtained through various sources both domestic and international. The domestic sources of information include local LEAs and CAs. The FIU, LEAs and other Competent Authorities in Grenada have access to the information held within the following databases or by the following government departments: the Supreme Court Registry, Traffic Department, Inland Revenue Department, Customs, RGPF's Criminal Investigation Department, Criminal Records Office and Special Branch intelligence and INTERPOL.
- 123. Grenada's FIU is the primary user of financial intelligence and other information obtained informally and formally. This information can be obtained directly or indirectly to conduct further analysis. This information is also used to identify and develop leads in an investigation, develop evidence in support of investigation and trace criminal proceeds

related to ML/TF and associated predicate offences. The FIU can request information through a notice in writing through its Director, or an authorized person pursuant to s. 22 of the FIU Act. Over the period under review, the FIU issued 1274 Directors' Letters (Table 3.1). The information was used to support the analysis of disclosures from REs, other CAs, LEAs, and other Government Departments.

124. The reporting entities are also required to submit large wire transfer information for transactions of XCD50,000 (USD\$18,501) or above to the FIU on a monthly basis pursuant to Section 20 (7) of the Proceeds of Crime (Anti-Money Laundering and Terrorist financing) Guidelines SRO.6 of 2012 & section 5 of the Proceeds of Crime (Anti-Money Laundering and Terrorist financing) (Amendment) Guidelines SRO 24 of 2013. This information is hand delivered by the RE on a flash drive or disk. Some institutions will password protect the record. Between 2020 and 2021, the FIU received 2,888 large transaction reports from 4 financial institutions. MSBs have a similar provision whereby all remittances over XCD\$10,000.00 (USD\$3,700) are also submitted to the FIU on a monthly basis. This information was not made available to the assessment team for review, however, this information was requested by the FIU and received as part of the strategic analysis which was conducted on remittance transactions by MSBs. An example of a case generated from i2 analysis of remittance information from an MSB which led to a ML investigation is presented at Box 3.1. Additionally, the FIU indicated during onsite interviews that information is also obtained by informal means to conduct analysis, one such avenue is through the ARIN-Carib network. The FIU is a member of ARIN-Carib and has sought information through this medium to support analysis and investigations. Information to determine the extent to which information was sought was not provided.

Table 3.1. Number of Directors Letter issued to reporting Entities between 2018 to 2021

Institution	2018	2019	2020	2021	Total
Reporting Entities					
Credit Unions	18	207	116	80	421
Banks	20	261	157	143	581
Insurance Companies	-	-	1	1	2
MVTS Providers	0	51	34	75	160
Public Authorities					
Births and Deaths Registry	-	1	2	2	5
Immigration Department	-	11	2	-	13
National Insurance Scheme	6	45	28	14	93
Law Enforcement Authorities					
Inland Revenue Division	-	-	2	1	3
RGPF/ Drug Squad	-	11	7	5	23
RGPF/ Special Branch	-	-	2	-	2
RGPF/ CID	-	-	2	-	2
Customs & Excise Division	-	1	1	2	4

125. The FIU made 3 requests for information from IRD to support their analysis. Two requests were in 2018, a response was received for one of the requests within 7 seven days while the other response took over 6 months. The other request was made in April 2021 with a response being sent on the same day. IRD has indicated that they have dedicated officers to deal with FIU related matters.
126. The FIU is a member of the EGMONT GROUP and utilizes the Egmont Secure Web (ESW). There were 13 requests for intelligence made through the ESW portal between the

period 2017 – May 2021. (2 – 2017, 4 – 2018, 6 – 2019, 1 – 2020 and 0 – up to May 2021). The associated predicate offences linked to these requests through ESW were money laundering, drug trafficking and robbery with violence. This is in keeping with the risk and context of the jurisdiction.

127. The FIU has direct access to the Immigration Passenger Information System. Information on the number of queries made by the FIU or other LEAs, the type of information searched for, and the associated offences was not available to the assessment team. The FIU accesses information from C&E through informal channels of communication such as WhatsApp and formally through a Director's Letter to aid in analysis. There were four Director's letters issued to Customs by the FIU between 2018 and 2021. C&E made 42 formal requests for intelligence to the FIU between 2017 – April 2021. (9 – 2017, 6 – 2018, 19 – 2019, 4 – 2020 and 4 – up to May 2021). The requested intelligence was intended to advance analysis of matters related to suspected under invoicing and fraudulent documentation. While the RGPF indicated that they can also use Interpol and Police to Police information sharing to assist in the analysis and investigation of matters and to trace assets, no additional information was made available to the assessment team for a determination to be made as to the effective use of such provisions.

Box 3.1 Use of Financial Intelligence and Relevant Information

During the early part of 2018, the FIU began receiving financial information on subject A and a number of other persons identified by the Unit as his associates. The FIU obtained a production order (PO) for information from a MSB to assist in the investigation. Enquiries were also conducted at Customs & Excise Division which revealed that there was no legitimate trade between subject A nor his associates and the country to which they were sending the money. Information concerning gainful employment for subject A was sought at the social security institution. The i2 iBase analytical tool was used to account information and information obtained from the MSBs. As such it was observed that subject A was sending a large volume of cash using various senders to multiple receivers in a neighbouring jurisdiction over a particular period. This resulted in the commencement of a money laundering investigation. Investigation and analysis revealed that Subject A and his associates sent approximately XCD\$450,000.00 (USD\$166,509) through MSBs to the neighbouring jurisdiction. Subject A was subsequently charged for ML along with drug trafficking charges. The matters are presently pending before several magistrates' court given that the investigation spanned several districts. Some matters are already at the prosecution stage.

128. The FIU can obtain POs to facilitate investigations in suspected ML matters. These orders are granted by the High Court in Grenada through an ex-parte application by a "law enforcement officer". An affidavit in support of the application is prepared by the law enforcement officer using intelligence and additional information obtained from other CAs and Government departments. The FIU has indicated during the onsite interview that LEAs enjoy a 100% success rate in their application for POs and that POs are regularly utilized to provide financial information during investigations. There were 16 POs served on the entities (banks and MSBs) for information held on subjects under investigation. The associated predicate offences relating to the POs were fraud, drug trafficking, stealing and possession of a firearm. Additionally, while there is evidence that financial intelligence is being used by CAs in the investigations of ML matters, the delay of matters within the

Court Systems as evidence in the information in Box 3.1 and IO 7 stymies the overall effectiveness

Table 3.2 Number of Production Orders and the associated predicate offences for the period 2017 – March 2021

Year	Number	Predicate Offence
2017	2	Fraud by False Pretence
2018	2	Drug Trafficking
2019	2	Fraud by False Pretence, Drug Trafficking
2020	8	Drug Trafficking, Possession of Firearm
2021	5	Stealing & Drug Trafficking

3.2.2. STRs received and requested by competent authorities

129. The FIU office is located in a building shared with other Government Offices. There is, however, limited access to the office as it is in a secured location and is secured with a key in system as visitors have to be buzzed in to access the FIU's offices. There is also an RGPF Officer assigned as a Sentry to the front of the building. STRs are hand delivered to the FIU's office. The STR is received by the receptionist where it is registered in a STR register book in which the person delivering the STR will sign to acknowledging delivery. The STR will then be passed on to a Senior Financial Analyst who will review the STR and pass it to the floor supervisor who then assigns it to an investigator. The STR register book is kept in an office which is secured by keypad access to which only the Senior Financial analyst and floor supervisor have access. The STR will stay with the analyst/investigator until it is completed. It is noted that the STR given to the analysis/investigator is the original submitted STR and that it is kept in a locked cabinet that was not fireproof at the analyst's desk. The FIU utilizes the IBM i2 iBase intelligence software to which all STRs are updated once they are received. At the completion of analysis, the STR is stored in a fireproof cabinet located in a room which also houses the servers. The servers are backed up on a regular basis and the backed up hard drive is kept in a safety deposit box at a local bank. At the completion of the analysis of a STR feedback is provided to the reporting entity. However, based on interviews reporting entities have indicated while onsite that they will also receive verbal feedback from the FIU as it pertains to a submission. The FIU's Policy on International Cooperation and Information Exchange and SAR (section 10) provides that at the closing of the STR after the completion of the analysis of a STR feedback is to be provided to the reporting entity. Information on the number of feedback provided over the period under review was not available to the assessment team.
130. Between the period 2016 – March 2021, the FIU received a total of 653 STRs. These STRs were received from 4 of the 10 identified sectors. The MSB sector accounted for 51% of all STRs received while the Banking and Credit Union sectors accounted for 42% and 7%, respectively. The Insurance sector only reported 3 STRs which were submitted in 2016, 2017 and 2020. No STRs were received from the remaining 6 sectors for the period under review. Table 3.2 provides a breakdown of the number of STRs received during the period. Overall, there was an increase in the number of STRs received between 2018 and 2019,

however, in 2020, there was a 55% decrease, which could have been due to COVID-19. This trend has continued in 2021 with only 6 STR being reported up to March 2021.

Table 3.3 STRs filing by sectors between 2016 – March 2021

		2016	2017	2018	2019	2020	2021	Totals
Regulated Entities	Banks	71	58	55	50	36	2	272
	Credit Unions	6	9	13	12	8	0	48
	Insurance Companies	1	1	0	0	1	0	3
	Securities	0	0	0	0	0	0	0
	Money Services Businesses	48	62	47	129	40	4	330
	Real Estate Businesses	0	0	0	0	0	0	0
	Lawyers	0	0	0	0	0	0	0
	Accountants	0	0	0	0	0	0	0
	Non-Profit Organizations	0	0	0	0	0	0	0
	TOTAL	126	130	115	191	85	6	

131. The vulnerability of both the MSB and Credit Union sectors to ML risk were assessed and rated “high” while the Banking sector was rated as “medium high”. This is somewhat proportionate to the distribution of STRs that are received from the 3 sectors. However, there were only 42 STRs received from Credit Unions over the period which is not proportionate to its assessed rating of high. Although the low reporting from the Credit Union sector may be attributed to the inherent nature of products offered there may be underlying issues which may be hindering a higher level of STR reporting. It would therefore mean that there is a need for guidelines; for more focused/sector specific outreach or training geared towards the identification of suspicious activities and a digitization of the process for the submission of STRs to the FIU. This should also be done for the sectors that have no submissions over the period. The jurisdiction advised that the low level of STRs for the high-risk sector such as the Credit Union was due to the fact that high percentage of the members and customers are government employees who are on the government payroll and as such their source of funds is not suspicious in any way because the funds are received directly from government accounts. There was no information to discern the reasons for no STRs reported to the FIU from the DNFPBs.
132. Additionally, Table 3.4 below provides details of the number of STRs received and the associated predicate offences between the period under review. The predicate offences associated with the STRs were consistent with the overall risk and context of the jurisdiction except in cases where the stated predicate offence was ML (which occurred in 58% of STRs received). The assessment team notes that the offence of ML was not identified by the NRA as high risk. The assessment team also notes that the prescribed STR form has a list of offences to which ML is listed. The NRA stated that the ML threat was “primarily derived from predicate offences⁴” and that the “origin of the ML threat to Grenada is predominantly local and regional to a lesser extent⁵”. Table 3.4 shows that 58%

⁴ Grenada NRA Report pg. 26

⁵ Grenada NRA Report pg. 26

of the reported STRs were classified as ML, while 32% and 9% were related to the predicate offences of drug trafficking and fraud, respectively. Four (4) STRs were related to tax evasion and one (1) STR was received relative to stealing.

133. The classification of STRs with the offence of ML seems to indicate that there may be inherent issues with how STRs are reported, classified and recorded in the FIU regarding the identification of suspected predicate offences. Overall, however, a review of a sample of 34 STRs submitted during the period shows that the REs have a good understanding of how to fill out the STR form as most of the STRs were of a high quality with extensive narrative and supporting information, however, they were limited to four of the ten reporting sectors. Only four of the STRs were observed as having limited information or an inadequate narrative to support the submission. The FIU has indicated that they provided training on the completion of STRs in two instances. Additionally, there are guidelines for the completion and filing of a STR contained in Form 7 (Suspicious Activity Report) in the POCA Guidelines SRO 6 of 2012. The FIU utilizes the policy on International Cooperation and Information Exchange and STR for the handling of a STR once it is received by the FIU.
134. During the period under review, the FIU did not receive any financial intelligence from the C&E authorities pertaining to suspicious cross-border transportation incidents or any other declaration information. (See IO 7 for more on this). Furthermore, the hand delivery of STRs maybe the cause of the low number of STRs received from the Credit Union and DNFBP sectors, which inherently causes a delay in the analysis and hampers the detection of ML, associated predicate offences and TF.

3.2.3. Operational needs supported by FIU analysis and dissemination

135. The FIU can disseminate the reports or information to the following persons or body pursuant to section 6 (2) (e) of the FIU Act which states that: “where the Director considers it necessary in relation to the investigation of a financial institution, disseminate the reports or information referred to in paragraph (b) to–
 - i. the Commission;
 - ii. the Attorney General;
 - iii. the Commissioner of Police;
 - iv. the Comptroller of Inland Revenue;
 - v. the Comptroller of Customs;
 - vi. the Director of Public Prosecutions;
 - vii. or any other public body, law enforcement authorities or foreign financial intelligence unit.
136. The CAs rely on the FIU to gather, analyse and provide information which will support their analysis or investigations. The information can be provided upon request or spontaneously. Table 3.3 below shows that the FIU has disseminated intelligence to the C&E, the RGPF and foreign partners. In total, there were 45 intelligence products disseminated by the FIU to C&E, and 51 to the RGPF for the period under review. 47 reports were disseminated to regional and international competent authorities. The FIU’s Policy on International Cooperation and Information Exchange and SAR (section 3) provides for the data processing procedure for the receipt of a STR and the subsequent dissemination of intelligence to an investigator. Section 5 – 8 of the said policy sets out the various sources of information and analytical procedures that should be utilized to add value to the STR received and ensure that a proper analytical is followed.

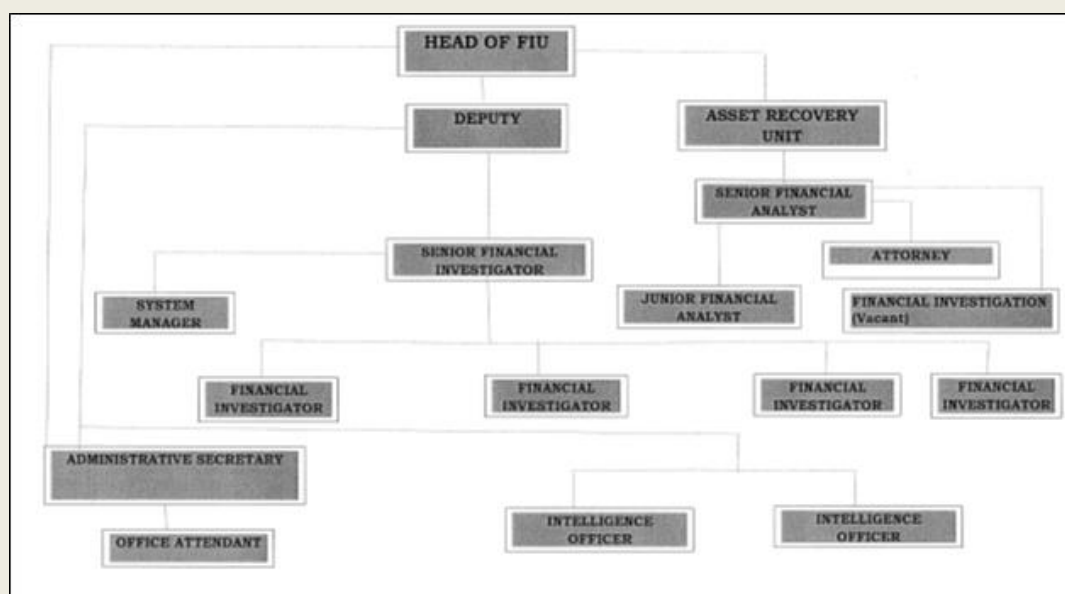
137. The FIU is the designated entity to pursue ML and TF investigations and is also authorised to pursue investigations into predicate offences and financial crimes. As such, it is likely to be the biggest consumer of financial intelligence.

Table 3.4 Intelligence Disseminated to CAs between 2016 – March 2021

Years	Customs	RGPF	Foreign Cooperation (International/Regional)
2016	7	4	15
2017	10	7	8
2018	8	8	9
2019	21	16	6
2020	4	18	24
2021	2	2	0
Total	52	55	62

138. The FIU is a hybrid unit, which conducts administrative, supervisory and investigative functions. It is staffed with 16 persons with the Director being the head of the unit. The unit also comprises of a Deputy, Senior Financial Investigator, Senior Financial Analyst, Financial Investigator, Financial Analyst, Intelligence Officers, Administrative Secretary and Office Attendant. The FIU also has an Asset Recovery Unit which has a dedicated Attorney assigned to it. Box 3.2 illustrates the organizational structure of the FIU.

Box 3.2 Organisation Structure of the FIU



139. The Director of the FIU can hire staff as required to meet its operational needs. The FIU utilizes Microsoft excel and the IBM I2 iBase intelligence software to analyse financial intelligence and information. The FIU is well resourced with computers and software to conduct such analysis and investigations. This process is supported by its systems manager.
140. STRs received by the FIU are analysed by examining the identified suspicious activity, the subject of the STR along with any other associated information which would include criminal background, links and associates. The dissemination of the analysis of the STR will take place at any time during its analysis. FIU Policy on International Cooperation and Information Exchange and SAR (section 3) provides guidance on the analysis of STRs and the dissemination of intelligence reports for investigations. The FIU, during the onsite interviews, indicated that as the unit is small, there are no fully dedicated analysts or investigators and that all persons in the unit would conduct such task, as necessary.
141. The FIU provided a demonstration to the Assessors of how the STRs are received, documented and processed to the point where it is assigned to a financial investigator/analyst. All information from a STR is inputted onto the IBM I2 iBase intelligence software. The server for the IBM I2 iBase intelligence system is housed in a secure room to which only the System manager, the Director, the Deputy Director, Senior Financial Investigator and Senior Financial Analyst have access. The demonstration showed that the financial analyst had a high level of competency with the software, and he was able to illustrate how the software was used to develop intelligence in an ongoing matter.
142. The FIU conducts both operational and strategic analysis. Within the period under review, the FIU completed one strategic analysis report in 2020 which examined the high volume of monies being transferred through the MSBs to a neighbouring jurisdiction which had a high-risk of drug trafficking. The document outlined varying typologies within the prescribed scope of analysis and recommendations to address the high-risk of drug trafficking as well as provided several indicators or key findings which could be used by the CA, the MSBs and other reporting entities to identify transactions possibly linked to drug trafficking. Pertinent aspects of the said report were disseminated to the CAs to provide an awareness of the findings. This product has had a positive impact on the effectiveness of Grenada's AML/CFT regime. Nevertheless, the FIU has not generated any strategic intelligence products in relation to fraud, which poses the highest ML risk to Grenada and other higher ML risk predicate offences. Consequently, there is an absence of such intelligence to inform policy/ legislative or other changes which would mitigate the risk to FIs, DNFBPs, other CAs and the public at large
143. The SIC requires that the FIU meets once a month to discuss national intelligence matters such as what was assessed by the FIU in its strategic report. Additionally, the SIC develops intelligence packages which are used to support investigations. The SIC was developed to leverage the competence of the relevant stakeholders in addressing issues of national security. The FIU has a close working relation with C&E, Immigration and the RGPF as cooperation is provided formally and informally. Table 3.5 below shows the associated predicate offences linked to the number of STRs received by the FIU. The associated predicate offences related to the STRs were fraud, tax evasion, stealing and drug trafficking. This is in keeping with the risk and context identified by the jurisdiction for the higher risk predicate offences. The assessors note that there was a significant decrease in the number of STRs received in 2020 and 2021; this can be attributed to the COVID-19 situation within the jurisdiction and across the world.

Table 3.5 STRs filing by predicate offences between 2016 – 2021

Years	Total No. of STRs	ML	Fraud	Drug Trafficking	Tax Evasion	Stealing
2016	154	96	10	47	1	0
2017	130	81	12	37	0	0
2018	115	95	3	17	0	0
2019	191	77	23	89	1	1
2020	85	44	12	27	2	0
2021	34	20	3	11	0	0

144. There were no STRs linked to a suspicion of TF over the period under review which is consistent with Grenada's risk profile. The case study below in Box 3.3 demonstrates the use of FIU information in support of the RGPF's operational need.

Box 3.3 Use of FIU information in RGPF investigation

In 2018 the FIU analysed information received from MSBs of over XCD\$5000 (USD\$1,850) being sent to a foreign jurisdiction by two non-nationals. Investigation was conducted with Immigration Department on the arrival information concerning both individuals. It was ascertained that there was a high level of suspicion associated with the suspects and the remittance to the foreign jurisdiction.

As a result, the intelligence was shared with CID and Drug Squad and an operation involving CID, Drug Squad and FIU was carried out at a local hotel. Enquiries at the front desk revealed that neither of the persons had reservations there. Further efforts to locate them proved futile.

One of the suspects was apprehended whilst checking in at the airport to travel to the USA and was searched by Drug Squad officers on duty. 2.9 pounds of cocaine was found hidden in a false compartment of his suitcase. He was arrested and interviewed under caution by members of Drug Squad and FIU and was subsequently charged with Drug Trafficking. The subject pleaded guilty and was sentenced to four (4) years in prison.

145. The FIU has disclosed intelligence spontaneously and upon request to CAs after the analysis of STRs when the information is relevant to that CA. Of the 681 STRs received there were a total of 460 spontaneous disseminations to investigators within the FIU during the period (Table 3.6). While there were 460 spontaneous disseminations sent to the investigation arm of the FIU only 13 of the 236 ML prosecutions were initiated from the analysis of STRs (Table 3.13). Box 3.3 provides a case example of where the analysis of STRs from MSBs resulted in the arrest and conviction of a defendant for drug trafficking. The assessment team notes that there was no information which suggest that the case initiated any ML investigation or provisions under the POCA. Sixty-seven (67) STRs were analysed and closed with no further action or dissemination of intelligence. Information received from IRD during the onsite visit indicates that the FIU spontaneously disseminated three (3) matters on 14th June 2021.

Table 3.6 Number of spontaneous disseminations to Investigators within the FIU between 2017 – 2021

Years	Total No. of STRs	Total Number of Spontaneous Disseminations
2017	130	97
2018	115	91
2019	191	187
2020	85	83
2021	6	2

**Statistics are reflected up to March 2021*

146. There is no indication that there was written feedback to the FIU to discern the effectiveness of the disclosures. However, the vast majority of the disclosures remained within the FIU, and it is likely that this feedback would have occurred informally within the FIU. Also, during interviews CAs indicated that they have provided verbal feedback to the FIU concerning disseminations. There was no information provided to ascertain if the spontaneous disclosures disseminated to other LEAs resulted in investigations of any predicate offences.
147. The number of ML and predicate offence investigations that have been started from STRs are highlighted in Table 3.7 below. The information within the table suggests that a very small number of ML and predicate offence investigations are emanating from the STRs being analysed by the FIU. On average between 2016 – 2019 only 3% of STRs received resulted in a ML and or predicate offence investigation. In 2020 this rose to 4%, while from January – March 2021 33% of STRs received resulted in a ML and predicate offence investigation. According to Grenada's NRA, the ML threat originates predominantly from domestic offences and regional offences to a lesser extent. The regional offences are understood to emanate from drug trafficking offences. As such it is very likely that STRs received and analysed are predominantly related to domestic ML and predicate offences. Despite the relatively large number of spontaneous disseminations of intelligence reports to the FIU for investigation (Table 3.6), a relatively low number of ML investigations or investigations into the suspected predicate offences were initiated from STRs as illustrated in Table 3.7. The FIU indicated at the onsite that two analysts are tasked to conduct the analysis of STRs. Based on the statistic and information gleaned from onsite interviews, the assessment team has determined that there is insufficient analysis of the information contained in the STRs. This is due to insufficient training received by the analysts.

Table 3.7 Number of ML and Predicate Offence Investigations emanating from STRs between 2017 – 2021

Year	STRs	No. of ML Investigations	No. of Predicate Offences Investigations
2017	130	3	1
2018	115	3	0
2019	191	3	2
2020	85	3	0
March2021	6	1	1

**Statistics are reflected up to March 2021*

3.2.4. Cooperation and exchange of information/financial intelligence

148. The FIU sits on several high-level national AML/CFT committees along with other CAs and LEAs, these including the NRA Committee, The AML/CFT Technical Working Group and the AML/CFT Commission.
149. The FIU is the primary user of financial intelligence in Grenada. The exchange of financial information between CAs in Grenada is facilitated through the legislative provision for the FIU and CAs as well as the MOUs signed between CAs. There were 4 MOUs signed between the FIU and other CAs between 2017 to May 2021 (as seen in table 2.1 at 2.2.5). These CAs include the Integrity Commission, the RGPF, C&E, ECCB and the AML/CTF Commission. The FIU has indirect and direct access to information held by the Immigration Department and C&E. The FIU made fourteen (14) requests for information from C&E between 2017 – April 2021. These requests were in relation to import and export activity of subjects. The requests were made through emails. The FIU received responses to the requests within a matter of days on some occasions but generally within 1 – 2 months. There are three (3) requests still pending (1 from 2020 and 2 from 2021). C&E made forty-two (42) formal requests for intelligence to the FIU between 2017 – April 2021. The requests were in relation to the suspicion of under invoicing, false declaration (not in relation to currency/ BNIs), altered documents and to verify account information. Approximately 55% of the requests received a response within 2 – 3 months. The assessor could not effectively assess the timeliness of the remaining requests as there was no response date provided. In one instance in 2018 response received from the FIU led to a PO being obtained to assist with the investigation, this matter ultimately ended with administrative sanctions being levied against the individual. Information held by all CAs can also be shared with the SIC.
150. There is a good working relationship between the FIU and the other LEAs. The cooperation and exchange of information among the CAs are exhibited through the number of requests for intelligence and disclosure of information between both entities as well as the meetings that are held between the agencies. However, the delay in providing a timely response to 55% of the requests from C&E can hinder the analysis or investigations of matters being undertaken by the C&E.
151. C&E being a part of both SIC and Stem Flow, routinely shares information with other LEAs. This is especially important as a mitigating measure to address the high-risk of drug trafficking for the jurisdiction. This has led to the seizure of cash, drugs/narcotics and illegal arms in the sister island of Carriacou. Information sharing within SIC and Stem Flow is facilitated through the use of emails between the CAs. The information contained in these emails are not password protected and therefore not exchanged in a secure manner. Box 3.4 provides information which shows an example of the cooperation and the exchange of information among the CAs in Grenada.

Box 3.4 Cooperation and exchange of information involving FIU

In 2020, intelligence received by the Drug Squad from another source filtered through the Stem Flow group (consisting of Drug Squad, Coast Guard and SSU) led to the interception of a pirogue along the coast of Carriacou. The vessel was escorted into the Tyrell Bay Port and a search was carried out of it. During the search, cash in the sum of Ten Thousand Euros (€10,000.00) was found concealed in the cover of the engine of the boat. The cash was seized by the Drug Squad Unit and the two occupants were detained on suspicion of money

laundering and taken to the Carriacou Police Station. Both detainees were subsequently charged with the offences of money laundering and conspiracy to commit money laundering and taken before the Magistrate's Court. They pleaded guilty on the money laundering charge and the conspiracy charge was withdrawn. They were fined XCD \$5,000 (USD\$1,850) each forthwith, in default of one year in prison. The €10,000 was forfeited to the State.

Overall conclusion on IO.6

152. The FIU has conducted its primary function of analysing STRs through the use of a wide array of information and intelligence. The FIU also generated a strategic analysis product which was shared with CAs. The FIU and other LEAs share information on an informal, formal and spontaneous basis in keeping with established MOUs. STRs received by the FIU are of a high quality with relevant details and adequate narrative, however, they were limited to four of the ten reporting sectors. There were 16 POs obtained during the period by CAs during investigations. These PO were supported by financial intelligence and were within the scope of the risk and context of the jurisdiction. There is some level of cooperation which is evidenced by the sharing of information through the SIC and Stem Flow mechanism.
153. No STRs referencing TF were received by the jurisdiction, which is in line with the overall risk and context associated to TF.
154. There are currently no mechanisms to prioritise STRs for analysis in line with the risks and context of Grenada and the hand delivery system creates risks and may impact upon STR filing. The assessment team was unable to discern the effectiveness of disclosures made by the FIU to CA/LEAs or whether the same has met the operational needs of the requesting/receiving agency as there are no written feedback mechanisms to determine the relevance and usefulness of information. These deficiencies greatly affect the overall assessment of the core issues of the IO.
155. **Grenada is rated as having a moderate level of effectiveness for IO.6.**

3.3. Immediate Outcome 7 (ML investigation and prosecution)

3.3.1. ML identification and investigation

156. The FIU is the primary agency for the investigation of ML in Grenada. The FIU is staffed with 16 persons with the Director being the head of the unit. FIU officers have been trained in ML investigations, confiscation, asset recovery, counter terrorism financing and i2 iBase (See Table 3.8 below). The FIU has been providing training to LEAs in the area of identifying and investigating cases of ML. The FIU also conducts training with the police recruits/cadet on a frequent basis. While authorities have stated that officers with the drug squad and CID have received basic and intermediary financial investigation training, no evidence of this was provided.
157. Four (4) staff members at the FIU have gained CAMS accreditation through personal funding and from the United States Embassy in Barbados and the World Bank. Staff of

the CAs have participated in several training over the period as shown in Table 3.7 below. These trainings covered the following areas of Asset Management and Disposal, Confiscation and Courts Orders. In December 2019, the Magistracy participated in the Court order training delivered by the US Department of State Bureau of International Narcotics and Law Enforcement Affairs et al. The IRD participated in a training that covered Asset Recovery, Confiscation and Crypto currency in 2018.

Table 3.8 List of Training for CAs 2017 –2021

Date	Training	Delivery Method	Training Delivered By	Participants
21-23 March 2017	Combating Cash Smuggling in Central America and the Caribbean	Face to Face	UNODC – United Nation on Drugs and Crime (Canada)	DPP
13-14 December 2017	Auditing Assets Declaration	Face to Face	United Nations Office on Drugs and Crime in collaboration with the Office of the Integrity commission Training Workshop	DPP
5-7 February 2018	Case Building Training	Face to Face	British Crown Prosecution Service	DPP
30 November – 2 December 2019	Court Orders Cash Forfeiture & ML Workshop	Face to Face	1. U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs 2. Grenada FIU 3. US National Center for State Courts	FIU, RGPF, DPP, AGC, Magistracy
May 2020	Understanding the Mindset of a Fraudster, Fraud Trends and Investigation Snafus			DPP
September 2020	Financial Crimes Technical Working Group		INL/CARICOM	DPP
21 and 28 October 2020 4 November 2020	Confiscation workshop	online	U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs	FIU, RGPF, DPP, Customs, AML/CFT Commission
26 April 2021	Asset Management and Disposal Workshop	virtual	1. U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs 2. Grenada FIU 3. US National Center for State Courts	FIU, RGPF, DPP, AGC, Customs, AML/CFT Commission

***Statistics are reflected up to April 2021**

158. Other LEAs, specifically the RGPF, also have a remit to investigate ML matters. The RGPF has been preferring charges for ML either through the Drug Squad or the CID. ML cases were detected from parallel financial investigations associated with fraud, stealing and drug trafficking offences detected by the RGPF. However, there is an absence of detection of potential ML cases from matters being investigated by Customs and IRD.
159. ML investigations are prioritized through the establishment of the FIU, and its mandate under the FIU Act where it is responsible for the investigation of “financial crimes pursuant to the provisions of the Proceeds of Crime Act, the Terrorism Act or any other related

enactment”. There is an existing policy called ‘Policy for Investigating Financial Crimes and Terrorist activities between the FIU and RGPF which treats with the provisions of guidelines for the investigation of financial crimes and terrorist activities and the promotion of parallel investigations. Part 2 of the policy sets out its purposes which are: “the investigation and referral of all matters relating to money laundering, terrorist financing, and the financing of the proliferation of weapons of mass destruction, the recovery of criminal proceeds, the promotion of parallel financial investigation.”

160. The senior management team within the FIU determines the priority of the ML investigations. When information is received by the unit it is reviewed and the following factors are then considered to determine the prioritization of the matter: -
 - i. Whether the information is related to an MLA request,
 - ii. Whether the matter relates to loss or gain above the threshold of XCD\$5,000. (USD\$1,850).
 - iii. Whether the matter concerns suspected corruption by a government officials/departments and statutory bodies,
 - iv. Matters that emanate from a breach of the Customs Act,
 - v. Whether the matter is an emerging ML investigation that will require possible restraint applications, cash detentions/ forfeiture applications and property freezing orders.
 - vi. Whether the matter is requesting the identification and production of financial and other records.
161. While the above factors were provided, the assessment team observed that the greatest priority for initiating ML investigations is given to item number (ii) and (v) above. That is, matters which relates to loss or gain above the threshold of XCD \$5,000 (USD\$1,850) (largely fraud matters) and matters where there is an emerging ML investigation which might require a cash detention/forfeiture (cash seizures). There were no instances where a ML investigation was initiated based on any of the other factors mentioned. The authorities further advised the assessment team that potential cases are identified by way of reports received from the public (See Box 3.6 below), the RGPF and financial intelligence from relevant businesses (See Box 3.5 below).
162. The C&E and FIU has signed an MOU which at Sec. 3.6.6 details the mechanism by which the FIU is informed of investigations into predicate offences initiated by C&E or reported to C&E. However, no ML investigations were initiated via this mechanism. Given the high risks posed by drug trafficking, and well-known ML typologies concerning bulk cash smuggling, the assessment team weighted more heavily the absence of mechanisms to detect undeclared or falsely declared cross-border currency transportation (See I.O 8), the deficiency regarding outgoing declarations (See Rec. 32) and the lack of parallel financial investigations associated with customs offences.
163. Interviews with the IRD revealed that the entity does not undertake ML investigations. Over the period, there were no referral of matters to the FIU for investigation nor any parallel financial investigations undertaken relative to tax offences. There is no policy nor measures taken to identify, initiate and prioritise ML cases as it pertains to C&E and IRD.
164. ML activities are also identified through the analysis of STRs (See Table 3.7 above). Over the period an average of three (3) ML investigations annually are initiated from STRs despite the high quality of STRs received as described in I.O 6. There is domestic co-

operation between LEAs in Grenada during the course ML investigations and prosecutions and other forms of financial investigations. LEAs within Grenada utilize informal channels to communicate on a regular basis in the development and investigations of predicate offences and ML cases. The RGPF will seek the assistance of the FIU to acquire the information needed to seek a PO and other orders when necessary. The investigative and analytical tools utilized during a ML investigation includes: - i2 iBase, surveillance, production and restraint orders, property freezing order, official requests, Law enforcement operations, search warrants, open-source information, interviews and intelligence and data analysis.

165. The table below (Table 3.9) records all of the ML investigations undertaken in Grenada by the RGPF and the FIU during the period 2016 – June 2021. There was a total of 188 ML investigations. The following cases provided at Box 3.7 and Box 3.8 below is demonstrative of the LEAs and units within the LEAs which identify and conduct ML investigations and also the associated predicate offences. While the FIU conducted over 50% of the investigations, a notable number of investigations (approx. 30%) was undertaken by the CID.

Table 3.9 Total ML investigations by LEAs between 2016 – 2021

Years	Drug Squad	CID	FIU	Total
2016	0	3	14	17
2017	6	8	28	42
2018	3	9	10	22
2019	6	7	14	27
2020	10	11	26	47
2021	3	23	7	33
Total	28	61	99	188

*Statistics are reflected up to June 2021

Box 3.5 Intelligence from Money Remitter resulting in ML investigation and prosecution

Over a period of several months beginning 2019, the FIU received several pieces of financial information from a money remitter on a subject who regularly sent moneys, to multiple receivers in a neighbouring country. A production order was obtained and served on the money remitter to which it complied and handed over transaction records. Analysis of the information received was done using i2 iBase analytical tools. The link chat produced, connected many of the receivers either by telephone, address or other methods to other senders in Grenada who also sent moneys to the said receivers. Over a period of fourteen months, the subject sent in excess of XCD\$225,000 (USD\$83254.70).

Enquiries at C&E revealed no imports or exports of commodities between the subject and the receivers.

Additional enquiries also revealed that the subject was not gainfully employed for many years and held an account at a financial institution with a substantial amount of cash. A restraint order was obtained from the High Court and enforced on that account.

Surveillance was conducted on a money remitter which operates in the parish in which the subject resides, and he was nabbed by officers of the Financial Intelligence Unit while attempting to send money to the said neighbouring country. The cash in his possession was seized and he was detained

in connection with money laundering.

A search warrant was subsequently executed on the dwelling house of the subject where a number of items including but not limited to; a scale in a bag with residue resembling that of cannabis and a partially used roll of plastic wrap were found.

The subject was interviewed under caution during which he gave conflicting versions concerning the reason for sending the monies to the receivers and the origin of the funds.

Advice on the matter was sought from the ODPP and instructions were received to prefer money laundering charges. The subject was later charged with two counts of money laundering; one concerned the cash he was nabbed with and the other concerned the over \$225,000 he sent out.

The subject's cellular phone was analysed by our expert and was found to contain items of evidential value. The scale and plant material residue which were previously sent to the Produce Chemist Laboratory for analysis confirmed the presence of the substance Sativa L.

166. The ODPP conducts the prosecution of indictable ML matters whereas the police prosecutors conduct the summary prosecution of ML matters and will seek advice from the DPP if need arises. The overwhelming majority of ML matters are prosecuted at the summary level. The DPP is a small unit with a staff of 4 persons, and there are no specialized personnel for ML matters. There was no identified policy as it relates to the prioritization of prosecution of ML matters by the DPP or Police prosecutors.
167. Table 3.10 below details ML investigations and resultant prosecutions which were initiated from STRs. Very few ML investigations emanated from the analysis of STRs. Convictions were secured in five (5) matters while seven (7) of the thirteen prosecuted matters were pending at the end of the onsite. This is consistent with the delays being experienced at both the Magistrate and High Court.

Table 3.10 ML Investigations and Prosecutions from STRs between the period 2017 - 2021

Years	STRs	No. of ML Investigations	No. of ML Prosecutions	ML matters pending	ML matters withdrawn
2017	130	3	3	0	0
2018	115	3	3	0	0
2019	191	3	3	3	0
2020	85	3	3	3	0
2021	6	1	1	1	0

**Statistics are reflected up to March 2021*

168. During the period 2016 – March 2021, there were 86 standalone investigations and 83 parallel investigations conducted by LEAs in the jurisdiction (Please see Table 3.11 below). Box 3.8 provides an example where LEAs undertook a standalone investigation which resulted in a successful conviction and forfeiture of funds. The number of standalone investigations varied largely during 2016 - 2018, but from 2019 onwards a greater level of intelligence was received by the FIU from money remitters in relation to the flow of money in and out of Grenada. The use of the i2 iBase analytical tool assisted with the analysis of financial intelligence and information to build cases for investigations which resulted in prosecutions. Additionally, the Drug Squad also pursued standalone ML investigations as a result of seizures of cash from operations conducted which were eventually prosecuted.

169. The parallel investigations all related to the predicate offences of drugs, stealing and fraud. Stealing accounted for 53% of the number of parallel investigations while fraud and drug trafficking contributed 34% and 13%, respectfully. Information on the source of the standalone ML investigations was not provided. These parallel investigations revealed Self-laundering of the proceeds as well and 3rd Party ML. Statistics on the nature of the ML investigated are detailed at Table 3.11 below.

Table 3.11 Stand-alone ML and Parallel Investigations 2016 – March 2021

Years	Standalone	Parallel Investigations		
		Drugs	Stealing	Fraud
2016	0	0	3	14
2017	21	0	18	3
2018	1	2	17	2
2019	19	2	4	2
2020	35	4	2	6
2021 ⁶	10	3	0	1
Total	86	11	44	28
			83	

Box 3.6 Investigation from a direct deposit to the FIU

During May 23 and 24, 2016 **Subject A**, withdrew US \$38, 700.00 from an account at two branches of a local financial institution using a fake passport which carried her photo but the name of a customer of that financial institution.

During an attempted withdrawal at one of the branches of the financial institution accompanied by **Subject B**, on May 24, FIU was informed, and she was nabbed and EC \$8, 010.00 plus US \$15, 620.00 were recovered from her possession. **Subject B** elude capture.

Investigation which ensued revealed that sometime in May 2016 **Subject A**, accompanied by **Subject B**, departed a South American country enroute to Grenada via another Caribbean country. In the country through which they passed, they met with **Subject C** who gave them money, an account statement for a bank account in Grenada and a fake passport for **Subject A** bearing her photograph and the name of the account holder of the bank. Investigation further revealed that both **Subjects A and B** remitted a quantity of the stolen monies, via two money remitters, to the Caribbean country they visited before arriving in Grenada.

Subject A was charged for Fraud and Money Laundering offences. She pleaded guilty and was fined. The fine was subsequently paid, and **Subject A** was removed from Grenada.

⁶ As at June 2021

Box 3.7 Investigation from confidential source

In late October 2016, subject A arrived in Grenada from a Caribbean Island.

On November 7, 2016, information received from a confidential source led FIU to carry out a search of his hotel room. That search yielded a large quantity of US and EC cash, one lap top computer, sixteen dummy ATM cards, one router, two flash drives, one external drive, one ATM card reader and two USB cables.

Subject A was interviewed under caution, and he confessed to cloning ATM card holders' information onto the dummy cards, in his possession, and using those cards to make withdrawals from persons account through ATMs in Grenada.

It turned out that the subject was in Grenada and receiving information from an accomplice overseas who was stealing information from persons in that region who used ATMs. That information he cloned on dummy cards he possessed and used the cards to make withdrawals at ATMs.

He was subsequently charged with fraud and money laundering offences. He pleaded guilty and was fined. The fine was subsequently paid, and he was removed from Grenada as ordered by the court.

3.3.2. Consistency of ML investigations and prosecutions with threats and risk profile, and national AML policies

170. Grenada's 2019 ML NRA identified the predicate offences of theft and robbery, drug trafficking and fraud as posing higher ML risk to the jurisdiction. The ML threats were assessed to originate predominantly from domestic offences and regional offences to a lesser extent. The regional offences are understood to emanate from drug trafficking offences occurring domestically through the illegal importation of the narcotics. Robbery and theft were rated as a medium-high risk largely based on the high incidence of this crime. The NRA acknowledged that proceeds from this predicate offence mostly go undetected and there is a degree of estimation based on law enforcement understanding of the country's crime detection level. While Grenada's NRA data collection methodology mentioned the FIU as an information source, it is not certain the extent to which the number of STRs or the suspected value of those reports were considered in the assessment of this risk as this was not stated in the threat assessment component of the NRA. However, Grenada's national AML/CFT policy has no guidance to LEAs on the ML risk of associated predicate offences and considerations to take when initiating investigations and for prioritizing prosecutions.
171. Drug trafficking was also identified as medium-high risk for ML activities and offences are investigated by the Drug Squad of the RGPF. According to the NRA, there were 260 trafficking cases investigated and prosecuted over the period 2016 – 2018. The RGPF reported that they seized 11,418 Kgs of Cannabis valued at XCD\$56,522,188.80 (USD\$20.9m) and a total of 517 kgs of cocaine valued at XCD\$51,700,000.00 (USD\$19.1m) over the period 2017 to March 2021. Table 3.8 below provides a breakdown of the seizures. No information on related STRs associated with drug trafficking activity or the suspected proceeds involved in those transactions were presented in the NRA.
172. Over the period 2016 to March 2021 there were 11 parallel investigations conducted with the underlying predicate offence of drug trafficking for the period (see table 3.12). While there were seizures and resultant investigations during the period 2016 – 2018, the

information provided suggests that the remaining seizures during the period under assessment did not result in ML investigations or prosecutions.

Table 3.12 Drug seizures in KG and value between 2017 –March 2021

Year	Cannabis Seized (Kgs)	Cannabis Seized Value (XCD\$) (USD\$)	Cocaine Seized (Kgs)	Cocaine Seized Value (XCD\$) (USD\$)
2017	1,514	\$7,554,254.40 (\$2.8m)	13	\$1,300,000.00 (\$1.4m)
2018	4,178	\$20,846,548.80 (\$7.7m)	39	\$3,900,000.00 (\$1.4m)
2019	2,723	\$13,586,680.80 (\$5.03m)	465	\$46,500,000.00 (\$17.2m)
2020	2,234	\$11,146,766.40 (\$4.1m)	0	0 (\$0)
March 2021	769	\$3,387,938.40 (\$1.3m)	0	0 (\$0)
TOTAL	11,418	\$56,522,188.80 (\$20.9m)	517	\$51,700,000.00 (\$19.1m)

173. Fraud was assessed as a high-risk ML predicate offence. According to the NRA, during the period 2016 and 2018 the RGPF reported 159 fraud investigations. Fraud is estimated to generate a large amount of illicit proceeds in Grenada. It encompasses a wide range of criminal activity including tax fraud and other crimes that are based on deception. While Grenada's NRA data collection methodology mentioned the FIU as an information source, it is not certain the extent to which the number of STRs or the suspected value of those reports were considered in the assessment of this risk as this was not stated in the threat assessment component of the NRA.
174. The Data provided by Grenada at Table 3.8 demonstrates that high threat offences for the ML are investigated and prosecuted. Stealing, fraud and drug trafficking offences made up all the offences which were investigated for ML. While fraud and stealing accounted for 55% and 35%, respectively, of the number of parallel investigations, drug trafficking offences contributed just 10% of the cases. ML investigations and prosecutions undertaken by authorities are consistent with the threats and risk profile of the jurisdiction. However, it appears that the assessment of risk is based largely on the detection of the offences and as such it is self-fulfilling. In such an instance, reports of the occurrence of the crime and its subsequent investigation, by and large, is what drives the understanding of risks. While information on the number of incidents of the respective offences is an element to understanding the ML risk, the NRA omitted critical financial information to better understand the ML risk.
175. Table 3.13 below identifies the predicate offences associated with ML investigations and prosecutions in Grenada. The statistics presented did not allow the assessment team to determine how many prosecutions for a given year were associated with any specific offence.

Table 3.13 No. Criminal Investigations for ML activity and Prosecution with predicate offences identified between 2016 – March 2021

Year	No. of Criminal Investigations for ML activity	No. of Prosecutions	Type of Predicate Offence
2016	6	6	Fraud and Stealing
2017	15	15	ATM Fraud, Stealing by reason of employment,

2018	13	13	Fraud, Stealing
2019	14	14	Drug trafficking, Fraud,
2020	47	35	Fraud, Stealing, Fraudulent breach of trust, Fraud by false pretence, falsification of accounts
2021	5	5	No data provided
Total	100	88	

176. Grenada did not provide information from which to determine whether there is a comprehensive governance structure to ensure that ML investigations and prosecutions are geared towards addressing the threats identified. There were no policies from the FIU, the RGPF nor the DPP which are geared towards tackling the threats identified in the NRA. However, the RGPF did allocate resources to ML investigations in line with the threats and risk profiles of the country. Both the SIC and Stem Flow were developed as strategies to disrupt drug trafficking and associated ML activities.

3.3.3. Types of ML cases pursued

177. All ML investigations conducted by the FIU and the RGPF and subsequent prosecutions are linked to the three higher-risk predicate offences. Grenada has investigated standalone ML, self-laundering and 3rd Party ML matters. The investigations in some instances have been advanced to the point of prosecution.
178. The prosecution of each matter that has been completed for the period under review takes an average of one (1) to three (3) years to come to a conclusion. However, there are 112 matters currently pending and this is consistent with the delay of matters being experienced by the jurisdiction both in the Magistrate's and High Courts.
179. The jurisdiction experiences a high rate of prosecution for ML investigations where there is an underlying predicate offence when compared to the total number of such investigations undertaken. Eighty-eight percent of all ML investigations with underlying predicate offences resulted in a prosecution (see table 3.13). Additionally, 79% of all stand-alone ML matters, 72% of all self-laundering investigations and 100% of the 3rd party matters resulted in prosecution (see table 3.14).

Table 3.14 Stand-Alone, Self-Laundering and 3rd Party Prosecutions for the period 2016 - 2021

Years	Stand-Alone Prosecutions	Self-Laundering Prosecutions	3 rd Party Prosecutions
2016	0	6	0
2017	2	14	0
2018	1	13	0
2019	23	6	2
2020	23	11	1
2021	19	28	1
Total	68	78	4

*Statistics are reflected up to March 2021

180. The statistics provided by Grenada shows that there were 88 prosecutions for ML offences with an underlying predicate offence during the period 2016 – March 2021 (Table 3.12).

The prosecutions were all linked to the three higher-risk predicate offences of drug trafficking, fraud and theft. Of these 88 prosecutions for the period under review, there was a 19% conviction rate where a total of 17 persons were convicted of 45 counts of ML (Table 3.15). Grenada has shown moderate success in the investigation and prosecution of ML matters pertaining to self-laundering and 3rd party ML. Nevertheless, effectiveness in this area is impeded by lengthy delays within the court system. Grenada has indicated that 112 matters are currently pending before the Courts. This delay in the completion of matters at the Magistrate's and High Court impedes the progress of the confiscation matters.

Table 3.15 Number of ML Convictions with underlying predicate offences between the period 2016 - 2021

Years	ML Convictions (# of persons convicted)	Charges/Counts	Underlying Predicate Offences
2016	3	8	Fraud and stealing
2017	4	10	Fraud and stealing
2018	4	8	Stealing and drug trafficking
2019	2	9	Stealing
2020	3	9	Drug Trafficking
2021	1	1	NIL
Total	17 persons	45 charges	

Note: *Statistics up to May 2021

181. Concerning standalone ML, Grenada provided information in support of investigations and prosecutions undertaken during the review period. The assessment team considered the information and noted inconsistencies which could not be reconciled. Additionally, it was difficult to distinguish from the data given whether the statistics related to cases, persons or charges laid. As such the assessment team could not determine the extent to which this type of ML activity was pursued. This has highlighted the need for improvements in the recording and retrieving of statistics. However, Grenada did provide a case (See Box 3.4 below) which demonstrated that LEAs have in fact successfully investigated and prosecuted standalone ML.
182. The sentencing for the matters which were successfully prosecuted ranged from a fine of XCD\$1,000.00 (USD\$370.00) to XCD\$20,000.00 (USD\$7,400) and custodial sentences of up to two (2) years. Additionally, there were instances where several matters resulted in a reprimand and discharge. Of the prosecutions undertaken over the period, only 9 cases were withdrawn from prosecution and required no further proceedings (see table 3.15). Statistics submitted by Grenada indicated that 112 (47%) of these matters are still pending in the Court system and no matters were withdrawn over the period.

3.3.4. Effectiveness, proportionality and dissuasiveness of sanctions

183. The penalties for ML related offences in Grenada ranges from a term of five years, a fine of XCD\$500,000.00 (USD\$185,000) or both for summary offences while indictable matters range from imprisonment for a term not exceeding fourteen (14) years, an unlimited fine, or both. Based on the statistics provided Grenada has experienced a high

rate of prosecutions which results in a moderate rate of conviction. Most of the convictions have resulted in fines ranging from XCD\$1,000.00 (USD\$370.00) to be paid forthwith or 3 months in prison to a fine of XCD\$71,500.00 (USD\$26,500) to be paid in 8 months or 2 years in prison. Additionally, several matters ended in a reprimand and discharge. There were several matters where there was direct incarceration of the defendant for a period not exceeding 6 months. In one instance, a defendant received a period of sentence of 3 years imprisonment suspended for a period of 2 years on condition that the convicted man completes 200 hours of unpaid work in the area of his expertise. In another instance a defendant was placed on a bond in the amount of XCD\$20,000.00 ((USD\$7,400) for two (2) years. The assessment team is of the view that the wide range of sanctions available are effective, proportionate and dissuasive. However, the assessment team is of the view that while the legislative provision allows for a wide range of sanctions which can be applied proportionately for a dissuasive effect, the jurisdiction has not effectively applied such measures. There was no evidence of a ML conviction being issued through the High Court. Additionally, there are currently ten (10) money laundering cases pending before the High Court. No information was provided to ascertain when these matters were initiated nor the present status of the matter. The jurisdiction advises that due to the length of time and delay experienced with matters at the High Court a decision was made to dispose of matters at the summary level when it satisfies the requirements. There are no general policies to guide this process and the DPP will determine whether matters will be prosecuted summarily or on indictment.

Box 3.8 Investigation resulting from Stem Flow

In September 2020, acting upon information received, members of Operation Stem Flow (Drug Squad, Coast Guard, CID and SSU) intercepted a motor vessel with four men onboard in the waters just outside of Harvey Vale, Carriacou.

The vessel was escorted into the Tyrell Bay Port at Harvey Vale and boarded by Drug Squad officers. The occupants were questioned about cash and other items in their possession and they all denied having any substantial amount of cash in their possession. A search of the personal items of one of the occupants yielded a large quantity of cash subdivided into four bundles concealed in four pockets of a pair of jeans pants which was among other items of clothing in a bag. When questioned about the amount, he disclosed that it was XCD \$5,000 (USD\$1,850.10).

The four occupants of the vessel were detained on suspicion of money laundering and taken to Carriacou Police Station where the subject in whose possession the cash was found was immediately interviewed under caution during which he admitted selling cannabis to accumulate the funds. The cash which was counted in his presence amounted to XCD \$19,200.00 (USD\$7,104.40).

The other occupants of the vessel were also interviewed under caution and denied any prior knowledge of the cash that was found.

The subject was subsequently charged with the offence of Money Laundering and taken to court. He pleaded guilty and was fined XCD \$7,500.00 (USD\$2,775.16) forthwith, in default of one year in prison. XCD \$16,200.00 (USD\$5,994.34) of the \$19,200 (USD\$7,104.40) was forfeited to the State with the remainder going towards legal fees.

3.3.5. Use of alternative measures

184. Grenada has measures in place that can be deployed when ML prosecutions are not accessible, or the matter cannot be disposed of due to various factors. Only 7 of the 236 ML prosecutions over the period were discontinued between 2016 –March 2021. During the period, there were 13 successful cash forfeiture applications which resulted in forfeiture of XCD\$281,901.13 (USD\$104,309). Grenada has demonstrated continued success with the use of cash forfeiture proceedings over the period.
185. Another alternative measure available to LEAs is the Civil Recovery provision under s. 31A of the Proceeds of Crime (Amend) No. 2. LEAs utilize the Practical Guide for Civil Recovery in Grenada as guidance in the conduct of civil recovery matters. This guide was developed through funding from the US Embassy in 2015. There have been no civil recovery matters concluded over the period. However, there is one recovery claim being pursued by the ARU which was started in 2016 and was scheduled for a Pre-trial review hearing in October 2021. The recovery claim application is seeking to obtain a recovery order of the court to realise the values of 39 assets of an approximate value of XCD\$1.3 million (USD\$.48m).

Overall conclusion on IO.7

186. Based on the information and data received and assessed, the assessment team is of the view that Grenada has a solid framework in place to identify, investigate, prosecute ML offences. LEAs have the capacity and competency to effectively pursue the investigation and prosecution of ML within the risk and context of the jurisdiction. This is demonstrated by the success Grenada has had in the investigation and prosecution of self-laundering and 3rd Party ML investigations. Grenada has also investigated and prosecuted standalone ML. The FIU and RGPF have developed a policy for the investigation and prosecution of ML matters and the RGPF officers have successfully investigated ML offences. The Police Prosecutors conduct all ML summary prosecutions with a moderate level of success although they will benefit from additional training. The use of cash forfeiture proceedings by the FIU has been effectively utilized during the period as an alternate measure.
187. However, the identification of potential ML cases through the analysis of STRs is low. Shortcomings relative to Grenada's declaration regime (See I.O 8) and the lack of sharing of declaration information with the FIU cascades as it affects the identification of potential ML cases. The rate of conviction for the prosecution of ML matters with underlying predicate offences and self-laundering were impeded by delays within the broader criminal justice system as 112 matters or 47% of all ML matters being prosecuted are still pending. Improvements are needed in the recording of relevant statistics. While there was one civil recovery matter initiated during the period under review this matter has not been concluded. Additionally, the sanctions imposed based on the convictions were not proportionate and dissuasive when compared with the legislative provision and there was no matter concluded at the High Court level.
188. **Grenada is rated as having a moderate level of effectiveness for IO.7.**

3.4. Immediate Outcome 8 (Confiscation)

3.4.1. Confiscation of proceeds, instrumentalities and property of equivalent value as a policy objective

189. Grenada has demonstrated its commitment to the recovering of proceeds of crime and instrumentalities. Grenada recently completed its National AML/CFT/PF policy which was approved by Cabinet on 21st June 2021. The policy prioritizes the Government of Grenada's commitment to the utilization and continuance of the Asset Recovery Unit to facilitate asset recovery for the jurisdiction. More specifically, the policy prioritises the need for continued coordination between the RGPF, FIU and other LEAs to ensure the identification of cases suitable for asset recovery initiatives. Additionally, the policy stated Grenada's "Government also gives its commitment to enact pre-conviction disposal of seized assets legislation which would be a cost-effective measure to reduce the expenses associated with storing and maintaining seized assets". Further priority is given to confiscation as demonstrated in the creation of an asset recovery unit in the FIU.
190. The FIU is the central authority involved in the confiscation or forfeiture of property linked to criminal and unlawful conduct. Grenada launched the Asset Recovery Unit (ARU) in December 2019 which began its work in earnest in February 2020. The asset recovery policy dated March 2020 formally established the Asset Recovery Unit (ARU) and dictates that confiscation would be pursued in cases that involve proceeds, instrumentalities and property of equivalent value of at least XCD\$5,000 (USD\$1,850). The ARU acts as the central authority for supervising the enforcement of the FIU Asset Recovery Policy. The ARU is led by a senior attorney and occupies a separate office space within the FIU. The unit is adequately staffed and is responsible for pursuing conviction-based confiscation, cash forfeiture and civil recovery. The policy established that all arrests linked to associated predicate offences should be reported to the FIU. Upon receipt of the report the FIU would then provide guidance and support as it relates to the use of confiscation provisions under the POCA. The policy ensures that there is systematic mechanism for the FIU and other LEAs to utilize the full range of asset recovery provisions especially from the early stages of a criminal and civil recovery investigation. There are no similar policies within the RGPF, IRD and C&E which prioritises confiscation.
191. The NRA of Grenada identified the predicate offences of drug trafficking, fraud and theft as higher-risk offences for ML activities. Grenada is amongst the countries having the lowest crime rates in the region. While the ML NRA identified drug trafficking as posing a medium-high ML risk on account of the quantity and value drugs interdicted, primarily in maritime waters, financial investigations often do not identify proceeds or assets associated with these activities. The authorities have advised that this is also the case for fraud matters which was rated as high risk for ML. During the period 2016 and 2018, the RGPF reported 159 fraud investigation with 45 in 2016, 44 in 2017 and 70 in 2018. While fraud is an acquisitive crime, the authorities have advised that the sums involved are usually quite small and upon conviction proceeds are often returned to the victims in lieu of pursuing confiscation. Between 2016 – 2018, convictions were obtained in one hundred and twenty- one (121) cases. However, Grenada did not maintain statistical data to evidence restitution to victims of the proceeds of fraud offences. Robbery and theft were assessed as posing a medium-high ML risk and is by far the most prevalent predicate offence in Grenada. For the period of 2016 to 2018 Grenada reported investigating one thousand one hundred and forty-three (1,143) robbery and theft offences. Grenada advised that although this type of criminal activity occurs most frequently, the crime and therefore proceeds yielded either goes undetected or the proceeds are below the XCD\$5,000

(USD1,850). As such it was in Grenada's best interest to prioritize the uses of provisions for seizures, detentions, forfeitures, confiscation and civil recovery on drug trafficking and standalone ML in order to dismantle drug trafficking operations and prevent and remove the profit or proceeds from crime. The ARU is thus focusing on actively pursuing the recovery of proceeds of criminal conduct through close collaboration with other LEAs, external agencies and international partners. The ARU also provided continued technical assistance and support to the respective CAs to aid in the investigation and prosecution of financial crimes.

192. There were two trainings conducted by the U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs with relation to confiscation and asset management and disposal in 2020 and 2021, respectively. These training were attended by officers or members from the FIU, RGPF, DPP, Customs and AGC. Additionally, the Magistracy benefited from a Cash Forfeiture and Money Laundering Workshop in 2019. There was, however, no information which would suggest that the Judiciary (excluding Magistrates) or IRD have benefited from confiscation or civil recovery training.
193. The ARU is also engaged in one civil recovery matter which is expected to commence pre-trial hearing in October 2021.
194. Between the years 2016 – 2021, the Government of Grenada allocated an annual grant/subvention of XCD324,476.00 (USD\$120,062) from the Consolidated Revenue Fund to the AML/CTF Commission for use in its operations. Over the period 2016 – 2020, Parliament approved the allocation of XCD375,657.78 (USD\$139,001.23) from the Confiscated Assets Fund (CAF) to the AML/CTF Commission. Yearly breakdowns are listed at Table 3.16 below. The moneys are used for expenses which includes AML/CFT training sessions for authorities, and in particular, training aimed at enhancing the confiscation regime and the application of confiscation as an effective, proportionate and dissuasive sanction. Section 40 of the Proceeds of Crime Act No. 6 of 2012 details how the CAF is credited.

Table 3.16 Yearly allocations from CAF to the AML/CTF Commission

Years	Amount (XCD) (USD)
2016	N/A
2017	\$178,814.53 (\$66,165.11)
2018	\$48,670.50 (\$48,670)
2019	\$53,879.93 (\$19,936.70)
2020	\$94,292.78 (\$34,890.30)
Total	375,657.74 (\$139,001.23)

3.4.2. Confiscation of proceeds from foreign and domestic predicates, and proceeds located abroad

195. The authorities have indicated that the identification and tracing of assets is undertaken as a matter of course during all money laundering investigations (See IO. 7). As indicated in the analysis of IO.7, there is evidence that the authorities conducted parallel financial investigations despite the need for improvements in this regard (see paragraph 169). The goal of the parallel financial investigations conducted in that regard not only lead to the identification of ML offences but also the identification and tracing of assets for confiscation. The authorities advised that in Grenada's context of low levels and scale of

crime, asset tracing investigations seldom identified proceeds or assets for seizure and confiscation.

196. Grenada recorded one confiscation order in which assets were restrained between 2016 to March 2021. The confiscation order was made in 2017 against the defendant in the amount of XCD\$22,835.35 (USD\$8,449) which was to be paid in 3 months and it was stipulated that if the defendant was in default, he would have been subject to 5 years in prison. This matter was related to a drug trafficking prosecution. Additionally, there were two confiscation orders granted in 2018 for which no assets were restrained. This resulted in the confiscation of XCD\$172,835.35 (USD\$63,952.69).
197. During the period, the jurisdiction obtained 5 Restraint Orders (ROs) for property valued at XCD\$478,042.19 (USD\$176,885.60). The Ros related to the predicate offences of drug trafficking and ML. Four (4) of the five (5) Ros are still in place pending confiscation based on the outcome of the matters.

Table 3.17 Restraints/ Confiscation obtained in relation to criminal investigations between 2016 – March 2021

Years	No. Of Ros	Type of Matter	Quantum of Property Restrained	Date Granted	No. Of Cos	Final Determination of Assets
2016	0	-	0	-	-	-
2017	1	Drug Trafficking	XCD\$72,460.14 (USD\$26811.77)	11/8/2017	1	Confiscation Order against the defendant in the amount of XCD\$22,835.35 (USD\$8,449) to be paid in 3months in default 5 years in prison
2018	0		0		2	Confiscation Order against the defendant in the amount of XCD\$172,835.35 (USD\$63,952.69) ⁷
2019	1	Drug Trafficking	XCD\$300,222.35 (USD\$111088.55)	17/06/2019		Ongoing
2020	3	Money Laundering	XCD\$75,359.70 (USD\$27884.66)	28/06/2020		Ongoing
		Drug Trafficking	XCD\$30,000.00 (USD\$11100.63)	0/09/2020		Ongoing
2021	0		0		0	

198. The number of Ros obtained as identified in Table 3.17 demonstrates a lack of utilization of the tool based on the total number of investigations and prosecutions identified in IO 7. This ultimately allows for the dissipation of assets and reduces the effectiveness of the confiscation regime.
199. Grenada has not recorded a completed civil recovery claim, however there is one claim at the pre-trial phase (See Box 3.10 for a description of the case). Grenada has not encountered an opportunity to assist foreign counterparts in restraining criminal property during an investigation. This is consistent with the low risk of ML from foreign predicates.
200. Section 59 of the POCA (No. 6 of 2012) authorizes the forfeiture of cash which was intended by any person for use in criminal conduct; or directly or indirectly represents any person's proceeds of criminal conduct. While the FIU indicated that numerous civil cash forfeiture investigations were conducted in matters where it is applicable (See Box 3.9

⁷ No assets were restrained prior to granting of two confiscation orders in 2018.

below), Grenada did not provide information on the number of civil cash seizure investigations or the suspected associated predicate offences. Over the period, Grenada obtained 13 Civil Cash Forfeiture Orders totalling XCD\$281,901.13 (USD\$104309.31). The jurisdiction demonstrated continued use of their civil cash forfeiture provisions between 2016 – June 2021.

Box 3.9 Cash Seizure matter

On November 3, 2017, members of the Drug Squad of the Royal Grenada Police Force, acting on information received, conducted an operation at the Carenage St. George's. While there, Subject A was observed boarding a ferry which travels between Grenada and Carriacou. The officers followed him inside the ferry and spoke with him. Subject A accompanied them to a Police Station where an ensuing search of his person yielded four plastic bags containing cash. One of the plastic bags contained USD and XCD cash and the others XCD cash. A search of Subject A luggage yielded a small digital gram scale wrapped among items of clothing.

Subject A was detained in connection with Money laundering and drug trafficking and the money also seized pursuant to the Proceeds of Crime (Amendment) #2 Act 35 of 2014.

In an interview under caution Subject A stated, among other things, that the USD and XCD cash in the black plastic bag was money he had saved, at his home, in a teddy bear before he was arrested in Barbados in 2010 on drug charges.

The serial numbers and denominations of all the cash were recorded and subsequently sent to the Headquarters of the Eastern Caribbean Central Bank (ECCB) in St. Kitts for assistance in determining when the notes were first introduced in circulation.

A detention order was sought and received from the court with respect to the cash and the conviction record of Subject A in Barbados was also sought and received from Barbados through a MLAT request.

On November 24th, 2016, the conviction record of the Respondent, inclusive of the type of drugs involved, was sought from Barbados through a MLAT request. A response containing the requested information was received by Grenada on March 6th, 2017.

Along with other evidence and the documents provided by Barbados, the Applicant applied for forfeiture of the cash involved.

At the hearing on March 9, 2018 the Magistrate found that the seized cash was recoverable and ordered its forfeiture. However, the Respondent requested a stay of the order to consider an appeal.

After the expiration of the period for the appeal and with no such appeal filed, the Applicant moved the court to enforce the forfeiture order to which the court agreed.

Box 3.10 Civil Recovery matter

An application was made on behalf of the Attorney-General for a property freezing order under the Proceeds of Crime (Amendment) Act 35 of 2014 to freeze property owned by AB and the Respondents. AB is presently serving a 200-month prison sentence in the United States for conspiracy to import into the United States cocaine aboard one of his vessels and it is believed that the assets which are the subject of the property freezing order were obtained through the AB's involvement in drug trafficking. The property freezing order was obtained on April 25, 2016 against AB and nine other Respondents and was made against several assets owned by the Respondents including motor vehicles, bank accounts, vessels and real estate, a total of about 39 recoverable properties. A Recovery Claim was filed on 5th of December 2019 to realise the value of the said assets pursuant to the provisions of the Proceeds of Crime (Amendment) Act No. 35 of 2014. Case management conference directions were given by the court on April 22, 2021 and a pre-trial review hearing is scheduled for October 21, 2021 for the recovery claim.

201. Regarding forfeiture of instruments used in commission of crime, over the period under review there were 17 cases involving vehicles and 25 cases involving vessels for which the jurisdiction is seeking forfeiture pending the outcome of the drug trafficking matters in court. The estimated value of the vehicles is XCD175,000 (USD\$64753.66) in total and the estimated value of the vessels is XCD305,000 (USD\$112856.38) in total. Grenada has obtained the forfeiture of 5 vessels valued at XCD\$42,500.00 (USD\$15725.89) and 3 motor vehicles valued at XCD\$17,000.00 (USD\$6290.36). These forfeitures were obtained by way of S. 47 of the Drugs Abuse (Prevention and Control) Act Cap84A. The assessment team notes that no ML provisions under the POCA were utilized pursuant the matters to which these motor vessels and motor vehicles were forfeited.
202. Additionally, Grenada's advised that between 2016 and March 2021 the total of XCD\$986,963.70 (USD\$365197.20) was forfeited by the Court pursuant to forfeiture of property provisions under s. 49 of the Proceeds of Crime Act No. 6 of 2012 (see Table 3.18 for breakdown). The forfeitures related to matters which were in line with the offences identified as high risk in the jurisdiction's risk profile. The provision allows for the Court to apply forfeiture powers to property seized and held as exhibit during the investigations of offences under the Proceeds of Crimes Act No. 6 of 2012 and upon the conviction of the defendant.

Box 3.11 Use of confiscation provisions in drug related matters

In November 2020, an operation involving Drug Squad and the FIU was conducted on a guest house where two Trinidadian nationals were residing as guests. During a search of the bedroom of the subject, a large quantity of ecstasy tablets, US \$19, 826.00, three large gold chains with pendants approximate value of EC \$90, 000.00, two gold rings, one Rado wristwatch were found. The US dollars were found hidden in a compartment of a bag belonging to one of the subjects.

Both subjects were charged with drug trafficking and money laundering offences pleaded guilty to the charges and were fined. The US\$ and jewellery were forfeited to the State.

In December 2020, an operation involving Drug Squad and the FIU was conducted at a hotel where two Trinidadian nationals were residing as guests. During a search of the bedroom of one of the subjects, a small quantity of cannabis, US \$8, 702.00 and three large gold chains with pendants were found. That subject was detained, questioned under caution and subsequently charged with drug possession and money laundering offences. He pleaded guilty to the charges, was fined and the US and jewellery which had an approximate value of EC \$50, 526.00 were forfeited to the State. However, upon an application to show cause why the jewellery should not be forfeited, the court released them to the subject.

Table 3.18 Forfeiture of cash pursuant to s.49 POCA between 2016 - 2021

Years	Forfeiture (XCD)
2016	\$66,883.59
2017	\$247,487.00
2018	\$307,615.84
2019	\$148,121.12
2020	\$207,382.15
2021	\$9,474.00
Total	\$986,963.70

203. The FIU, which the ARU is a part of, has a mandate in law to, among other things; manage property seized, restrained or forfeited in connection with proceedings relating to financial crimes. The ARU has initiated a process to identify all previously seized assets and those for which forfeiture orders have been obtained. In January 2020, shortly after the formation of the ARU, a request was made to the Drug Squad and CID for information on the vehicles and vessels seized by them. The ARU inspected the assets and obtained estimates of their value. The Unit then engaged the ODPP & RGPF concerning the status of the matters before the courts involving assets. Since implementing the ARU, there has been an increase in the number of restraint orders obtained (see table 3.17 below). These orders are relative to both drug trafficking and money laundering offences. The impact of the ARU is also demonstrated in the number of production orders obtained as there was a noticeable increase over the previous years (see table 3.2 IO 7). The assignment of a dedicated attorney within the ARU translated into the disposing of civil cash forfeiture matters in a timely manner as between January 2020 to June 21, 2021, seven forfeiture matters were disposed-off which resulted in a total of EC \$59, 219.71 (US\$22,029.50) being forfeited. This is notable when compared to the disposal of six forfeiture matters during the period 2016-2019. Guidance given by the ARU to personnel within the FIU and RGPF has resulted in an increase in standalone ML investigation and prosecution as evidenced in tables 3.11 & 3.14. The composition of the ARU enabled the ARU to provide timely and salient legal advice and

direction to the FIU and RGPF which improved the quality of asset recovery investigations in Grenada.

204. Grenada has received commitment for funding assistance to erect two buildings for the purpose of storing seized assets, including boats and vehicles. Site visits of a possible location were made and draft plans for the storage building are already drawn up
205. There has been no repatriation, sharing and restitution of proceeds of crime to foreign counterparts during the period nor has there been any request to enforce external confiscation orders on behalf of a foreign counterpart. This is consistent with the assessment that predicate offences for ML originate predominantly from domestic threats. Additionally, there were no cases where the competent authority traced and located proceeds which have been moved to other countries. The jurisdiction's stymied use of MLA (international cooperation) negatively impacts the effectiveness of its confiscation regime

3.4.3. Confiscation of falsely or undeclared cross-border transaction of currency/BNI

206. Grenada's Customs and Excise Division (CED) is responsible for monitoring the cross-border movement of cash and other BNIs. Travelers entering Grenada are required to declare whether they are carrying XCD\$10,000.00 (USD\$3700.21) or more and or its equivalent by way of an embarkation card. Once an affirmative declaration is made, the traveller will be required to complete a source of funds form. To verify a passenger's declaration, Customs and Excise will ask follow-up questions and conduct an examination of passenger's baggage. The authorities have advised that for the period under review, there were 31 cross-border declarations made relative to currency or BNIs coming into Grenada. The AT has serious concerns about the accuracy of the statistics submitted by Grenada. Often, and particularly regarding information relative to Customs and Excise, statistics presented to the assessment team were at odds with each other.
207. The Source of Funds Declaration form captures information on the name, identification numbers, address, telephone number and status of the traveller (resident/ non-resident). The value and currency of the cash/ BNIs are also recorded as well as a declaration of the source of the funds. However, information on the Last or Next Port of Call is not captured. For the period under review the total value of Cross Border declarations were USD829,569.46, EURO7,630.00, CAD69,000.00 and XCD214,141.09 (USD\$79236.68).
208. Within Grenada, there is no similar disclosure or declaration provision for persons or mail or cargo leaving the jurisdiction. As such there is no outgoing cross border transportation of currency and BNI information. This is a major deficiency which impacts the amount of intelligence available to the FIU and the RGPF for domestic investigations and diminishes the amount, type and quality of information to provide international assistance to international cooperation requests. Moreover, cash or BNIs associated with ML/TF or predicate offences can go undetected by the jurisdiction.
209. Additionally, information received from Grenada indicates that there were no cases or instances where incoming declarations were disseminated to the FIU from the C&E. Authorities stated that whilst there is no set policy and procedure in place, information is transferred to the FIU via email or hand delivery as the need arises. The assessment team is of the view that there is therefore a gap in the FIUs intelligence which hinders the initiation of proactive ML investigations based on such intelligence when added to the FIUs STR database. For the period under review there were zero Money Laundering investigations emanating from Source of Funds Declarations Forms.

210. Passengers that make a false declaration and are caught smuggling are subject to penalties pursuant to s. 176 and 179 (1) (b) of the Customs Act respectively. There were no instances of a false declaration or a failure to declare. As such, there have been no sanctions imposed under s. 176 and 179 (1) (b) for the period under assessment. The jurisdiction has not recorded a case which involves confiscation regarding falsely/ not declared or undisclosed cross-border movements of currency and bearer negotiable instruments.
211. While Grenada has however articulated the formation of the SIC and Operation Stem Flow as an approach to detect and confiscate cash suspected to relate to ML/TF and associated predicate offences, no such strategy to detect and confiscate cross-border currency and bearer negotiable instruments that are suspected to relate to ML/TF and associated predicate offences or that are falsely / not declared or disclosed has been articulated. This is in the context of drug trafficking being a higher risk for ML, close geographical proximity to a cannabis producing country also with a high ML risk for drug trafficking and internationally known instances of cash smuggling as a ML typology.
212. Customs has available to them the Advance Cargo Information System and Advance Passenger Information System to treat with and manage the risk of the illicit cross border cash movement in relation to passenger, mail and cargo. However, it does not appear that this is being utilized as there has been no evidence that confiscating falsely or undeclared cross-border transaction of currency and BNI is proactively targeted. There is no articulated strategy or mechanism to assist in detection nor have there been any instances of confiscation.
213. The Customs and Excise Division can request information from the FIU to assist with investigations based on established intelligence sharing protocols. A decision is made on a case-by-case basis as to whether a matter can or should be assigned/handed over to the FIU. No such matters have been passed on to the FIU.
214. The Customs and Excise Division is presently in the preliminary stage of developing investigative capacity. While the Customs and Excise Department has received training to identify and deal with matters involving cross border movement of cash and other BNI and further training on Asset recovery, ML and cryptocurrency, cash smuggling, cash seizure detention and forfeiture and trade-based ML, the effect of this is not seen. Training was also provided to ensure that officers are more competent in interview and examination techniques and their authority regarding detecting cash smuggling. Whilst the C&E has received these training, there is no evidence that they have actively pursued confiscation as an effective, proportionate and dissuasive sanction. Additionally, despite the strategic positioning of officers who were exposed to training at the main seaport and airport and within the Customs Enforcement Unit, the regime has borne zero results.

3.4.4. Consistency of confiscation results with ML/TF risks and national AML/CFT policies and priorities

215. Grenada's NRA identified drug trafficking, fraud and theft and robbery as presenting higher ML risks. Three (3) confiscation orders in the sum of XCD\$195,670.70 (USD\$72,401) were granted during the period in relation to drug trafficking which is in line with Grenada's risk and context. However, there were no confiscation orders obtained in respect of the predicate offences of fraud, theft or robbery nor were there confiscation for ML offences associated with these predicate offences.
216. For the period 2016 to March 2021 the use of civil cash forfeiture provisions resulted in the sum of XCD\$281,901.13 (USD\$104,309) being forfeited to the State. The jurisdiction has one civil recovery matter which is ongoing and concerns a drug trafficking matter. No

cross-border confiscation proceedings were initiated through or conducted by C&E. No information was provided to ascertain which predicate offence were linked to the cash forfeited under s.59 (civil forfeiture) or s.49 (criminal forfeiture), as such the assessment team could not determine whether or the extent to which the results were consistent with the risk profile.

217. Grenada has forfeited instrumentalities of the crime in connection with drug trafficking offences. The C&E is not detecting undeclared or falsely declared cross-border movements of cash and BNIs or cash suspected to be related to ML/TF or predicate offences.
218. Grenada also developed a National AML/CFT/PF policy in June 2021 which identified, to a limited extent, confiscation in the areas of border control (in relation to confiscation of BNIs and currency) and training for the prosecution, Magistracy and Judiciary to ensure its members are adequately trained to understand ML/TF/PF risks. However, there are no detailed national policies or plans which ensure that confiscation is prioritized and effected, particularly for high-risk ML offences, consistent with the risk profile.

Overall conclusion on IO.8

219. Grenada has a stated commitment and most of the necessary powers for the authorities to confiscate and forfeit property and instrumentalities of crime. The jurisdiction established the ARU within the FIU to focus on the criminal or civil recovery of assets. Three Confiscation Orders were granted during the period in relation to drug trafficking activities. There is consistent evidence to show the effective use of forfeiture of property provisions where a person has been convicted of higher-risk drug trafficking offences. The ARU, despite being recently established in December 2019 and beginning its operations in February 2020, has positively impacted the criminal and civil recovery regime. Civil cash forfeiture provisions have also been used consistently and effectively; however, information was not provided to make an assess whether the cash forfeiture results reflect the risks identified by the jurisdiction.
220. The jurisdiction has also initiated civil recovery proceedings; however, this proceeding began in 2016 and is somewhat stymied by the lengthy delay in the Court system and has not been concluded. Additionally, the lengthy delay in Court process has also affected criminal recovery matters. While the jurisdiction has not conducted repatriation, sharing and restitution of the proceeds of crime to a foreign counterpart, this is consistent with their low ML risk from foreign predicate offences.
221. While the jurisdiction has shown reasonable application of the available confiscation powers, there are several issues which have hindered the overall effectiveness of the regime. The jurisdiction does not have a strategic approach to detecting falsely or undeclared cross-border movement of currency or BNIs. Consequently, Grenada has not recorded any instances of the confiscation of falsely or undeclared cross-border movement of currency or BNIs. Additionally, there is no disclosure or declaration provisions for cash leaving the jurisdiction (deficiency at R32). Overall, while the jurisdiction has recorded 3 confiscations over the period, this would be considered low based on the total number of ML investigations, prosecutions and convictions obtained (see IO 7). However, given the relatively low levels of criminality in Grenada and the focus by Grenada on drug transshipment interdiction, there is often an absence of proceeds or assets of equivalent value

to render the pursuit of confiscation prudent. Nevertheless, Grenada demonstrated success in forfeiting instrumentalities utilized in furthering drug trafficking offences

222. **Grenada is rated as having a moderate level of effectiveness for IO.8.**

Chapter 4. TERRORIST FINANCING AND FINANCING OF PROLIFERATION

4.1. Key Findings and Recommended Actions

Key Findings

Immediate Outcome 9

- a) Grenada has technical deficiencies in the law relative to the requirements of Recommendation 5.
- b) Grenada recorded no TF investigations, prosecutions or convictions during the period under review. In addition, the CAs particularly the ODPP and the Judiciary have not received basic or specialised training and there is a general lack of understanding of the complexity involved in prosecuting TF matters. The AT was unable to determine whether the lack of TF cases was consistent with the TF risk profile given the concerns indicated in IO. 1 on the TF risk assessment.
- c) The FIU and the RGPF are the principal CAs responsible for the identification and investigation of TF cases. The RGPF recently commissioned a terrorism desk within the Special Branch to investigate terrorism and TF. However, the RGPF is not equipped to identify terrorist, terrorist organisation or terrorist support networks to aid in furtherance of a TF investigation due to a lack of specialised training. Further, the FIU can use STRs as leads to identify cases, however, during the period under review, the FIU did not receive or make any disclosures linked to TF. Similarly, there is a lack of basic or specialised training for the FIU to detect and investigate TF cases.
- d) Grenada does not have national counter-terrorism strategies, nor are there any policies, MOUs or SOPs amongst LEAs to guide investigation of TF cases. The authorities did not demonstrate the extent to which TF investigations can be integrated into or reflected in a national counter-terrorism strategy.
- e) In the absence of TF investigations, Grenada has not demonstrated other measures to disrupt TF activities should this be required for any scenario. No sanctions or other measures have been used to address TF and therefore there is no opportunity to measure the effectiveness.

Immediate Outcome 10

- a) Grenada does not have a mechanism to identify targets for designation by both UN and domestic regime, while most competent authorities do not have clear understanding of their responsibilities in this regard. The FIU disseminates the

UN lists to all reporting entities, but not on a regular basis. There is no legal requirement for reporting entities to take actions. FIs interviewed maintain a good understanding of TFS obligations, but screening programs are implemented at varied levels among FIs and DNFBPs. Only ECCB is monitoring LFIs on their compliance on TFS.

- b) Grenada does not have necessary legislation(s), procedure(s) or mechanism(s) in place to implement requirements provided under FATF Recommendation 6.
- c) Grenada has not applied focused and proportionate measures to NPOs identified as being vulnerable to TF abuse and therefore does not allocate resources accordingly to effectively supervise higher risk NPOs. However, Grenada is in the early stages of identifying higher risk NPOs. Authorities have issued questionnaires and received responses as part of the data gathering exercise for the risk assessment.
- d) Grenada has not identified any funds or assets of designated persons. As a result, no TF assets or instrumentalities were seized due to the lack of TF investigations and TFS legislation.
- e) Grenada recently completed a TF NRA in June 2021. Grenada's TFS regime is not sufficiently developed and does not contain sufficient measures to assess consistency with the TF risk profile.

Immediate Outcome 11

- a) Grenada does not have any legislation(s), procedure(s) or mechanism(s) in place to implement requirements provided under FATF Recommendation 7 against proliferation financing.
- b) No actions have been instituted by competent authorities for PF-TFS in Grenada, including any guidance and training to reporting entities on their obligations on PF-TFS.
- c) One financial supervisor, the ECCB, has some understanding of requirements on PF-TFS. Larger FIs and DNFBPs are aware of the consolidated UN sanctions list and use them in their customer on-boarding processes and on-going monitoring but are unable to execute any asset freezing mechanism based on the lack of legislative provisions.

Recommended Actions

Immediate Outcome 9

- a) Grenada should address the technical deficiencies in Recommendation 5 by enacting necessary legislative provisions.

- b) Whilst there have been no investigations, prosecutions and convictions related to TF, the CAs in Grenada can significantly benefit from specialised TF training which should cover the areas of detection, investigation and prosecution and the use of different sources of information.
- c) Grenada should develop a national counter terrorist financing strategy and ensure that LEAs have in place the necessary policies and procedures to make sure they are able to identify and pursue various terrorist financing activities, should these arise.
- d) Grenada should develop and implement alternative measures and policies to disrupt terrorist financing where a TF conviction cannot be obtained.
- e) Grenada should take actions to raise the awareness and understanding of TF risks and obligations by both public and private sectors.

Immediate Outcome 10

- a) Grenada should establish necessary legislation(s), procedure(s) or mechanism(s) in order to fully implement requirements provided in FATF Recommendation 6.
- b) Grenada should complete its current data gathering exercise of NPOs and take steps in line with R8 to identify NPOs at risk of terrorist financing abuse. Grenada should develop policies and programs and continue to raise the awareness of the NPO sector about their vulnerabilities and TF risks and take steps to protect them from terrorist financing abuse with targeted approach.
- c) LEAs and prosecutors should be trained on the procedures to promote a more proactive approach in the use of available tools, including TFS and alternative processes, to deprive terrorists of their assets and instrumentalities.

Immediate Outcome 11

- a) Grenada should establish necessary legislation, procedure or mechanism in order to fully implement requirements provided in FATF R7.
- b) Grenada should take proactive actions, including take trainings or seeking technical assistance from relevant stakeholders, etc to raise awareness and understanding of both public and private sector on requirements of PF-TFS

223. The relevant Immediate Outcomes considered and assessed in this chapter are IO.9-11. The Recommendations relevant for the assessment of effectiveness under this section are R. 1, 4, 5–8, 30, 31 and 39, and elements of R.2, 14, 15, 16, 32, 37, 38 and 40.

4.2. Immediate Outcome 9 (TF investigation and prosecution)

4.2.1. Prosecution/conviction of types of TF activity consistent with the country's risk-profile

224. The criminalisation of TF is covered under the provisions of the TA 16 of 2012 and amended by the TA (Amendment) No. 11 of 2013 and TA Act No. 35 of 2013 and TA No

3 of 2015. The deficiencies in Recommendation 5 have a cascading effect as this would hinder law enforcement's ability to identify and pursue potential TF cases based on the legislative gaps in the law. Based on the TF Risk Assessment, the overall risk of TF is assessed as medium-low. The assessment of Grenada's vulnerability was based on potential risks and for most sectors, the TF vulnerability was deemed to be low or medium low. The authorities indicated that there was no evidence of any terrorist activity or financing of terrorism activity in Grenada and based on the TF risk assessment provided by the authorities in June 2021, the authorities' operational activities are consistent with the results of the Risk Assessment. (See Chapter 2 on IO.1)

225. The authorities have presented no cases of TF prosecution and conviction for the reporting period, which is consistent with the country's TF risk profile. In addition, consistent with Grenada's risk and context associated to TF, there have been no incoming or outgoing MLA requests, related to TF nor have there been any investigations by LEAs. Whilst there have been no investigations, prosecutions and convictions related to TF, the Assessment Team is of the view that CAs particularly the ODPP and the Judiciary have not received basic training to prosecute and convict TF cases and do not receive specific training on TF prosecutorial techniques given the small size of allocated resources to TF. Generally, there was a lack of understanding of the complexity involved in obtaining prosecutions in TF matters and no formal guidance is available to junior prosecutors for TF matters. Although there is an absence of these matters, the ODPP was unable to demonstrate sufficient ability to successfully prosecute potential TF cases and knowledge on how to present evidence in TF matters before the court. Due to the absence of TF cases, the ODPP has not assigned a specific prosecutor to handle TF cases. The authorities indicated that there is a need to establish a cadre of competent and specialised TF investigators and prosecutors. The CAs in Grenada can benefit from enhanced TF training which should cover the areas of prosecution and conviction. Such training which would assist in their knowledge, awareness and ability to easily detect TF as part of the overall prosecutorial approach by authorities.
226. Information provided from the CBI Unit during the onsite demonstrated that the CBI programme is not promoted in jurisdictions with known terrorist activity and there are no CBI applications granted to persons from these jurisdictions. However, given the nature of the CBI programme in granting Grenadian citizenship to persons, the Assessors are concerned that there was no consideration of same in the TF risk assessment.

4.2.2. TF identification and investigation

227. There have been no ongoing or potential investigations in TF nor have the authorities adequately demonstrated that they can detect, identify and conduct parallel investigation on TF should a case arise. LEAs are unable to identify the specific roles played by terrorist financiers in TF matters. The key agencies primarily responsible for the investigation of terrorism, TF and related threats are the FIU, RGPF supported by the AGO, ODPP and AML/CTF Commission. The RGPF commissioned a Terrorism Desk within its Special Branch unit as the lead agency which focuses upon the development and review of intelligence and information and finalise target packages related to terrorism or TF cases. The authorities have indicated that the process flow once a threat is detected through intelligence or other means of information gathering, the Special Branch Unit team will investigate to determine the veracity of the threat, if the report is substantial, a report is made to the Commissioner of Police who then engages the FIU, AGO or DPP to advance the appropriate action before the High Court. This process flow is not documented to be shared with new officers joining the Special Branch Unit. Although there has been no

investigation of TF, there is a willingness to share information and to develop intelligence in relation to terrorism and TF by the Special Branch Unit. The RGPF demonstrated a good understanding and awareness of internal, external and regional TF factors and TF risks. In addition, the RGPF demonstrated a reasonable understanding for the requirement of coordination and collaboration by necessary authorities should a TF related case arise in Grenada. The assessment team was informed that RGPF has overarching responsibility to conduct investigation into all matters of criminality, which includes money laundering and terrorist financing. During the on-site, the CoP confirmed that law enforcement authorities, the FIU, counter-terrorism units and other security and intelligence agencies cooperate and coordinate their respective tasks which can encompass TF matters.

228. The RGPF also supports the FIU during ML investigations (see Chapter 3 – IO.7) and the same powers and operational resources will be used to conduct a TF investigation if one should arise.
229. The majority of intelligence is sourced from the FIU who is responsible for receiving and analysing STRs related to TF; they also receive the quarterly reports from various financial institutions and DNFBPs regarding terrorist property. The assessment team did not receive information on the nature and content of the quarterly terrorism reports. During the period under review, the FIU did not receive any SARs linked to TF. The MOU executed between the RGPF and FIU provides for a sharing mechanism in relation to terrorism and TF cases. However, Grenada has not utilised the MOU for this purpose as there has been no TF investigations.
230. Based on the onsite interviews, most of FIs and DNFBPs are aware of their obligation to send STRs to the FIU, where there is a suspicion of TF. In 2018, the FIU provided training to MSBs on TF. Officers of the FIU have received analyst training which featured elements of TF detection. The FIU provided TF training to a number of FIs and DNFBPs on reporting TF related suspicious activities.
231. The FIU, RGPF and Immigration have received training in the investigation and prosecution of matters relating to terrorism and TF. However, TF specific training has not been provided to a significant number of authorities namely the AGO – CA, C&E, IRD, the ODPP and the Judiciary.
232. Regarding cross border movement of cash and detection by the C&E; due to the lack of information from the C&E on collecting information on out-going cash, the analysis of any data by the FIU for TF and by extension the opportunity for the RGPF to conduct a TF investigation based on intelligence from the FIU would be affected. Therefore, although the FIU had access to STRs on funds leaving Grenada through other channels including MSBs and wire transfers, the gap in relation to disclosures or declarations for outgoing cross-border transportation of funds hinders the operational work of the Customs officials in its ability to file disclosures to the FIU for TF. Given the absence of information in relation to the dissemination of the TF Risk Assessment, the ongoing work of Customs officials would benefit from the findings of the TF risk assessment. The absence of a requirement and practice of obtaining information on outgoing cross border transportation of currency affects TF detection and investigation as this information is not available to the LEAs.
233. The TF Risk Assessment stated that Grenada is geographically located away from terrorist prone regions and has not been a target for any terrorist attack but did not articulate upon any empirical data relied upon by the authorities as the basis for this conclusion as TF can occur in jurisdictions that are not in close physical proximity to known conflict areas. The

TF risk assessment also did not address the threat of funds that may be flowing into Grenada from high-risk jurisdictions or from countries that are close to high-risk jurisdictions. This therefore reflects that the TF Risk Assessment was not comprehensive. The authorities need to take an in depth and broad approach when considering terrorism threats, as TF risk may be linked to terrorism occurring in Grenada that are not within close proximity and will therefore likely need to collect information on domestic and international terrorism threats

234. The TF risk assessment recognised Grenada's inability to comprehensively identify and investigate TF. Accordingly, the assessment identified three recommendations in the TF framework which can consequently serve to assist in identifying TF matters in relation to (i) enhancing training and capacity building to build stakeholders expertise in the relevant aspects of CFT, (ii) international case studies demonstrating effective procedures and models of domestic information-sharing in relation to a real-life TF threat and (iii) greater allocation of resources to respond to any threat or potential threat.

4.2.3. TF investigation integrated with –and supportive of- national strategies

235. The National AML/CFT/PT Policy and the TF Risk Assessment were approved simultaneously in June 2021. The AML Policy was developed based on the results of the ML NRA only, and broadly indicated that focus will be placed on strengthening institutional capacity among entities to facilitate the examination of the UNSC list of individuals and terrorists' organisations against their systems, in order to reduce vulnerabilities against terrorist financing. Given the timeframe of completion for both documents, the AML Policy referenced TF Risk Assessment and indicated that Grenada is in the process of formulating a national anti-terrorism strategic policy based on the recently approved TF Risk Assessment. The authorities did not have a finalised national strategy or Action Plan for TF investigations. (See Chapter 2 – IO.1)
236. The FIU and RGPF executed a Policy in May 2021 for investigating financial crimes and terrorist activities with a framework to (i) fine-tune and bolster Grenada's approach in anti-money laundering and combating the financing of terrorism best practices; (ii) encourage the sharing of information through the daily crimes emanating from activities of the RGPF, which will allow the FIU to gather pertinent data, (iii) to ensure that all matters of financial crimes and terrorist activities are executed expeditiously and with a high level of urgency as outlined in the referrals; (iv) provide direction to other competent authorities and other stakeholders in anti-money laundering and combating the financing of terrorism strategies; (v) enhance Grenada's reputation to support compliance with international standards and best practices, domestic legal and regulatory framework and being committed to quality and integrity; and (vi) facilitate Grenada's work to effectively participate in the global anti-money laundering and combating terrorist financing fight.
237. In the absence of a national TF strategy, both authorities demonstrated that they are cognizant of the need to have an effective and cohesive working relationship in the fight against terrorist activities and with a common understanding taking into account international standards and regional trends for combating TF

4.2.4. Effectiveness, proportionality and dissuasiveness of sanctions

238. There have been no TF prosecutions and convictions during the period under review in Grenada: therefore, the Assessment Team could not assess or determine whether the sanctions or measures applied against natural and legal persons convicted of TF offences

were effective, proportionate, and dissuasive, including by considering the scope of criminal penalties from Grenada's legislative framework for TF. (TC Annex R. 5 and 35).

4.2.5. Alternative measures used where TF conviction is not possible (e.g. disruption)

239. Apart from the legislative framework in place for TFS which has not been implemented, there are no disruption measures in place to prevent TF activities. There has never been an investigation or prosecution for TF, therefore there has been no opportunity to measure the effectiveness of alternative measures should a conviction not be possible.

Overall conclusions on IO.9

240. In addition to the technical deficiency in relation to Recommendation 6, there is the lack of a policy and strategic mechanism to respond to TF risks, should they arise, by the authorities. This in turn results in the lack of a coordinated and effective mechanism for identifying potential TF threats by the FIU and RGPF and fundamental improvements are required to enhance Grenada's ability to pursue cross-border TF investigations. Similarly, deficiencies in Recommendation 5 have a similar cascading effect. Grenada is therefore not pursuing investigations of TF offenses consistent with the FATF Standards.
241. There were no STRs filed for TF, and no TF matters detected or potential investigations before law enforcement authorities. There were no incoming or outgoing requests for assistance or MLATs on terrorism or TF and the authorities indicated that there were no TF investigations. On the basis of this information, the TF Risk Assessment reflected the TF to be medium-low. A Special Branch Terrorism Desk has been developed to lead the investigation of TF with other authorities. However, comprehensive CTF training has not been conducted with all authorities directly involved in potential investigations, nor does it appear that the ODPP or Judiciary are adequately trained to prosecute TF cases. Accordingly, Grenada has not clearly demonstrated that the authorities are able to effectively use alternative measures when a TF conviction is not possible.
242. **Grenada is rated as having a low level of effectiveness for IO.9.**

4.3. Immediate Outcome 10 (TF preventive measures and financial sanctions)

4.3.1. Implementation of targeted financial sanctions for TF without delay

243. Overall, Grenada does not have an adequate system to implement TF TFS, based on legislative deficiencies and there are significant gaps and areas where these measures could be implemented more effectively. The assessment team based its conclusions on the absence of actions taken by authorities for designations and discussions with relevant authorities and a wide range of entities from the private and NPO sectors. (See TC Annex R.6)

UNSCR 1267 and its successor resolutions

244. Grenada's legislative framework enables the Attorney General to apply to a judge for an Order to list persons or entities where the entity is a designated entity by the Security

Council of the United Nations as listed entities in Grenada. The AGO has not utilised this legislation and made no applications to the High Court or orders granted in relation to designations. The MFA serves as the conduit to facilitate official communication to receive the UNSCR1267 list from Grenada's permanent mission in New York and upon receipt passes this via Memorandum to the FIU who has the mandate for dealing with the information. The authorities were unable to demonstrate mechanisms to address likely delays in transmission of notifications via the MFA to the FIU. The FIs and DNFBPs are not executing the freezing mechanism without delay, nor did these provide information in relation to communication to the FIU on the results of their searches for assets linked to designated persons and entities.

245. There is no coordinated mechanism in place among CAs to identify domestic targets for designation. There are also no specific procedures or mechanisms for unfreezing and delisting. (TC Annex R.6)
246. The legislative gaps combined with a lack of any mechanism for proposing persons or entities to the 1267/1989 Committee to be designated and for identifying targets for designation as required by the UNSCRs to allow for operational agencies to propose targets which are reviewed against the UNSCR 1267/1989 and 1988 sanctions regimes criteria are fundamental measures that the authorities should address in Grenada's national TFS regime in order to deprive resources and means to finance or support terrorists activities and organisations.

UNSCR 1373

247. Grenada does not have a regime to implement UNSCR 1373 and the authorities have not designated any individuals or entities in relation to UNSCR 1373 and its successor resolutions nor did the authorities demonstrate a clear understanding of the requirement to implement a 1373 regime. Given that there is no system of designations at Grenada's own motion, there were no examples or cases to assess the time that authorities would take to implement all the measures from receipt of the UN designation to actual freezing of funds in order to ascertain that the freezing is implemented without delay. Nor was it possible to assess how designations are communicated to FIs, DNFBPs and the public in a timely manner. As there are no measures to freeze without delay terrorist funds and assets, terrorist's individuals and groups can easily use Grenada as a conduit for facilitating terrorist financing given the risk of their funds and/or assets being frozen by the authorities is low. The assessment team found that most competent authorities were not aware of any responsibility to identify targets for designation pursuant to 1267 or 1373.
248. The FIU has issued the UN Sanctions List to the reporting entities at various instances, but this is not done on a regular basis and upon changes to the respective UNSCRs. Although the FIU informed the assessment team that they had distributed the list on previous occasions via written correspondence, the information provided as to the last occasion the list was disseminated to the FIs was not in conjunction with the most recent addition to the UNSC 1267 list which occurred on June 17, 2021, during the onsite.

The role of the FIU

249. In addition, the FIU has issued directives as reminders to entities including MSBs, Credit Unions and real estate agents on their obligations with respect to actions to be taken pertinent to the UN Sanctions List – Directive on Combating Financing of Terrorism was issued on November 15, 2019 and February 11, 2020 which calls upon persons engaged in relevant business to pay special attention to the UNSC website with the URL to access the 1267 and consolidated list on its website. The FIU Directives issued to regulated entities

are not enforceable. The issuance of the FIU Directive on TF is a good start at providing notifications to regulated entities as the document calls upon regulated entities to remain vigilant to ensure that their businesses are never used to facilitate the financing of terrorists. The entity's written policy and procedures must identify a mechanism to remain current with regional and international affairs, in an effort to identify individuals, businesses and organisations engaged in any aspect associated or aligned to terrorism or TF so that appropriate action can be taken. The FIU Directive directs REs to conduct regular screening of clients and to freeze any property found, as well as to submit the terrorist property reporting form on a quarterly basis. This guidance provides a basic summary of the REs obligations however, it is insufficiently detailed on the full requirements for a comprehensive TFS regime required to demonstrate adherence by such entities. The FIU Directives should speak to specific measures that need to be implemented and provide detailed guidance on alerts and information to guide the entity on the appropriate course of action.

250. The FIU delivered training on TF in 2018 to MSBs which included the steps to be taken for the 1267 UN sanctions list pursuant to section 14AB Terrorism Act 28 of 2014 - (i) freeze without delay all funds held in the name of a designated entity, (ii) inform the Attorney General and the FIU and (iii) inform the designated entity that the funds held by the institution have been frozen.
251. During the on-site, the Assessors discussed TFS with a wide range of FIs who all had a good understanding of the TFS process and its implementation to the extent that names of individuals and entities on the list would be screened for and detected. Larger FIs and insurance companies issued terrorism quarterly property reports to the FIU as part of their screening process which determines whether matches are true or false positives. The banks and the largest Credit Union were aware of the screening process for customers against the relevant UN Sanctions List. All banks have conducted screening of their customers' databases by cross-checking against the UN sanctions lists via commercial automated screening systems on a quarterly basis and at the point of on-boarding new customers which demonstrated a good understanding of their obligations under UNSCR Sanctions Lists.

Supervision and implementation by FIs and DNFBPs

252. The Supervisor (ECCB only) for LFIs do incorporate TF TFS as part of their supervisory activities in conducting ongoing monitoring as part of its wider regional supervisory framework to assess LFIs to ensure that they are screening against the relevant sanctions list. Accordingly, the ECCB has assessed screening mechanisms for the supervised banks during the reporting period. The ECCB noticed improvements with a reduction of false positives or alerts in these exercises but concluded there was still a lot of work to do at many FIs. The ECCB continues to monitor compliance with TFS reporting.
253. In terms of application of TFS for TF by relevant businesses and DNFBPs, this was not consistently and uniformly applied with some entities using commercial screening systems and, in some instances, smaller MSBs, Accountants and Attorneys at law use manual screening systems to check customers against the sanctions lists on an inconsistent basis. In addition, knowledge and understanding were basic. However, other smaller entities did not understand the concept of TFS which translated into poor application in their compliance framework. Some entities indicated that they used Google to do screening however, this is not an appropriate screening tool for TFS once used in isolation. Additionally, outreach and guidance from the FIU and AML/CTF Commission in relation

TFS is lacking and does not provide the entities with the necessary understanding on how to apply TFS.

4.3.2. Targeted approach, outreach and oversight of at-risk non-profit organisations

254. At the time of the onsite, Grenada underwent a drive to identify the active NPOs through assistance from the banking sector to determine NPO accounts that are active. The information included the registered name, address, contact information (BO/Directors) and email address. The process also included submitting questionnaires to the NPOs to assist in determining existing threats and vulnerabilities to apply appropriate mechanisms and to also determine the high risk NPOs. Grenada has taken measures to require all NPOs existing within Grenada to be registered with the AML/CTF Commission and CAIPO. This registration process has provided Grenada with a database of all NPOs which operate within the jurisdiction. Further, Grenada has implemented preliminary measures to mitigate against TF abuse: (1) through the requirement for the AGO to vet all NPOs before approval by CAIPO; and (2) outreach sessions by the FIU to raise awareness of TF abuse to NPOs.
255. At the time of the onsite assessment, Grenada's NPOs registered with the CAIPO included charities, non-governmental organizations, faith-based organizations and sporting clubs. Onsite interviews revealed that entities in the sector have had interactions with the FIU and AML/CTF Commission in relation to training and outreach to all high-risk NPOs in the sector. The FIU and AML/CTF Commission started an outreach program to NPOs on the ML/TF risk to the sector. The FIU and the AML/CTF Commission, together with CAIPO, conducted a series of radio programs on the obligations to comply with the Companies Act and the other applicable legislation which was uploaded to the FIU and the AML/CTF Commission's websites. Grenada indicated that they would undertake a risk assessment initiative to identify the subset of high-risk NPOs that are susceptible to TF risk. Some NPOs had SOPs to guide their operations and understanding of the TF risk and the mitigating factors that follow.
256. The FIU and AML/CTF Commission also indicated that a risk assessment to identify the subset of NPOs susceptible to TF is ongoing and the authorities have provided the questionnaires and responses provided by NPOs as part of its data gathering exercise for the risk assessment.
257. Interviews conducted with NPOs onsite revealed that some monetary contributions are derived from several avenues depending on their mandate and type of NPO. Faith based organizations interviewed indicated that parishioners offering and donations were the main source of income. Some NPOs also derive their donations from the 11th EDF Fund through project financing and through the Government of Grenada's subvention from the Ministry of Health. In terms of NPO making monetary contributions, that would be done via wire transfer through the associated banks as a NPO revealed onsite that they did aid the neighbouring island of St. Vincent and the Grenadines during the recent volcanic eruption.
258. NPOs are required to file an application through the AGO in the initial stage of the registration process. The assessment team noted that individuals would write to the AGO expressing their desire to set up an NPO and would provide the necessary details. A junior crown council is assigned to the application to ensure all requirements on the checklist for NPO application are satisfied. Information on the principals of the NPO and their affiliated members, together with requisite BO information is presented for vetting and pre-approval by the AGO. Once approval of the articles is completed by AGO, CAIPO approves the

NPOs name and registration follows. NPOs are also required to register with the FIU and the AML/CFT Commission to keep track of the entrance in the sector and to inform them of their obligations under the applicable legislation for AML/CFT compliance.

259. Although Grenada has a registration process to identify and register NPOs, the FIU and the AML/CFT Commission should continue its data gathering exercise and complete the assessment to determine the higher risk NPOs to implement a targeted approach to supervision and continued outreach.

4.3.3. Deprivation of TF assets and instrumentalities

260. Grenada does not have provisions or a range of measures to give effect to the deprivation of TF assets and instrumentalities both in relation to TF investigations and TFS. In addition, no assets or other funds of terrorist individuals or entities pursuant to the relevant UNSCRs have been identified in Grenada by FIs and DNFBPs as of the conclusion of the on-site visit. Grenada has had no investigation to allow for applications before the Court towards freezing, seizing, and forfeiture including non-conviction-based forfeiture of terrorists' funds, assets, or instrumentalities either by way of a TF investigation or due to a TFS mechanism. This is in line with the rating of TF risk in Grenada which is medium low. Additionally, there are no TF or TFS guidelines or national strategic plan to treat with such matters. However, pursuant to s. 14 B(4) of the Terrorism Amendment (No. 2) Act 35 of 2013 as amended by the Terrorism Amendment Act 3 of 2015, there is provision for an Order granted by a Judge to make provision for the payment of basic and necessary expenses of a designated entity.

4.3.4. Consistency of measures with overall TF risk profile

261. Prior to June 2021, Grenada did not have a TF risk assessment to inform its TF risk profile. As such, while Grenada did implement limited measures to address TF, gaps in those measures continue to exist as stated above. Further, the assessment team could not confirm that the limited measures were consistent with the overall TF profile at the time.
262. In June 2021 Grenada completed a national TF risk assessment which supplemented the NRA. Based on the TF Risk Assessment, Grenada determined that there is no evidence of terrorism or TF in Grenada, which has placed Grenada's risk to TF at medium-low. The TF Risk Assessment stated that Grenada is geographically located away from terrorist prone regions and has not been a target for any terrorist attack but did not articulate the empirical data relied upon by the authorities as the basis for this conclusion, as TF can occur in jurisdictions that are not in close physical proximity to known conflict areas. Further, the TF risk assessment did not take into account NPOs and the potential risk for TF abuse.
263. Given that Grenada has recently assessed its TF risk, no new measures have been put in place which are consistent with its TF risk profile. Further, although Grenada has a National AML/CFT Action Plan, there is no singular strategy or policy that addresses how to detect and investigate TF. Similarly, the RGPF and FIU do not have an overall policy document or comprehensive SOPs for TF.

Overall conclusions on IO.10

264. Grenada's regime to prevent terrorists, terrorist organisations and terrorist financiers from raising, moving, and using funds, and from abusing the NPO sector require fundamental improvements. The shortcomings in the framework impede the implementation of TFS without delay for UNSCR 1267, and appropriate identification and proposal of targets for designation. In addition, the mechanism to implement UNSCR 1373 is not consistent with the UNSCR requirements, as it does not provide for a general freezing order. There is distribution of changes in designations to FIs and DNFBPs is done in an ad hoc manner as there is no formal guidelines. In general, the authorities' activities for implementing TFS occurs to a negligible extent. Furthermore, Grenada has not identified the subset of NPOs that, based on their characteristics or activities, are at risk of TF abuse. The competent authority responsible for oversight of the NPO sector has not had any TF training nor has it applied any measures to address the risk to NPOs of TF abuse nor begun monitoring of organizations deemed to be vulnerable. NPOs do not have a clear understanding of their vulnerability to TF and no guidance has been provided for the sector. The latter circumstances develop in a context where the country has not embarked on the development of a national policy to treat with TF and TFS matter and there seems to be a general lack of understanding as it relates to TF and TFS matters among authorities and reporting entities.
265. **Grenada is rated as having a low level of effectiveness for IO.10.**

4.4. Immediate Outcome 11 (PF financial sanctions)

4.4.1. Implementation of targeted financial sanctions related to proliferation financing without delay

266. Grenada has not implemented TFS concerning UNSCRs relating to the prevention, suppression and disruption of PF since at the time of the conclusion of the hybrid on-site visit, the country did not have any laws or measures in place to address Recommendation 7 as outlined in the TC Annex. The necessary legal authority and competent authorities responsible for implementing and enforcing TFS have not been established and identified in accordance with the relevant UNSCRs. As a result, there have been no matters relating to proliferation financing and no assets or funds have been frozen under PF-related UNSCRs. Grenada does not have any laws, regulations or any other measures in place for dual-goods control which contribute to the fight of proliferation financing.

4.4.2. Identification of assets and funds held by designated persons/entities and prohibitions

267. No funds or other assets of designated individuals and entities have been identified as there are no obligations in place to do so. The ECCB does incorporate PF TFS as part of their supervisory activities in conducting CDD and ongoing monitoring as part of its wider regional supervisory framework to assess LFIs to ensure that they are screening against the relevant sanctions list.

4.4.3. FIs, DNFBPs and VASPs' understanding of and compliance with obligations

268. The understanding of REs and their compliance with obligations to implement UN TFS related to PF cannot be determined as there is no legal framework implementing the relevant obligations. FIs and DNFBPs in Grenada have no legal authority or obligation to implement TFS in relation to PF. However, the ECCB demonstrated an understanding of the requirement for implementation of policies, procedures and other systems of internal controls to facilitate the effective compliance with TFS-PF. Larger FIs and to a lesser extent the larger DNFBPs were aware of the international obligation and regularly referred the UNSC consolidated list as a matter of course when on-boarding new customers or in conducting enhanced due diligence. The reference to the consolidated list however was not necessarily because of an understanding of any obligations to implement TFS but rather a process that is applicable during the CDD process. Apart from this, FIs and DNFBPs did not pursue any additional measures to address PF. Overall no measures have been implemented to monitor and ensure compliance by FIs and DNFBPs.

4.4.4. Competent authorities ensuring and monitoring compliance

269. Due to the absence of a legislative regime to treat with TF in relation to PFS, there is neither any CA identified for monitoring compliance nor is there an obligation on FIs and DNFBPs to report on compliance with TFS in relation to PF requirements. Nonetheless, the ECCB incorporated TFS in relation to PF as part of its supervisory functions. However, given the lack of legislation, the ECCB cannot sanction for non-compliance for failure to screen against the sanctions list for PF. The authorities did not demonstrate mechanisms for interagency cooperation, outreach efforts and guidance for implementation of the UN TFS related to PF and no sanctions have been applied given the lack of these measures. Supervision of VASPs does not occur. Accordingly, the authorities cannot yet demonstrate how effectively they supervise PF obligations.

Overall conclusion on IO.11

270. Grenada has not implemented TFS in relation to the prevention, suppression and disruption of PF. The overall level of compliance of PF TFS by all natural and legal persons does not exist as there is a low level of understanding across CAs, with only the largest bank with international exposure having a more developed understanding. There are no guidance documents to direct entities to implement PF TFS. There is no legal obligation to supervise or monitor compliance with PF-related obligations. Nonetheless, the ECCB does incorporate TFS in relation to PF as part of its supervisory activities. However, given the absence of legislation, the ECCB is unable to sanction an entity for failure to comply. Further, no sanctions have been applied by the AML/CTF Commission and ECCB for non-compliance with PF obligations. The authorities would also need to ensure there is interagency cooperation and guidance for implementation of the UN TFS related to PF.
271. **Grenada is rated as having a low level of effectiveness for IO.11.**

Chapter 5. PREVENTIVE MEASURES

5.1. Key Findings and Recommended Actions

Key Findings

- a) There is a varying level of understanding of ML/TF risks across the FIs (LFIs and other FIs) and DNFBPs. LFIs (FIs licenced pursuant to the Banking Act) are more aware of their AML/CFT obligations and understand their ML/TF risks based on the ML NRA and internal risk assessments. However, all other FIs (Credit Unions, Insurance Companies, Securities and MVTS) and DNFBPs have a moderate to low understanding of ML/TF risk and AML/CFT obligations, with less sophisticated DNFBPs having a limited general AML/CFT knowledge.
- b) LFIs consistently apply AML/CFT compliance mitigating measures which consists of *inter alia* CDD and EDD requirements, transaction monitoring, TFS sanctions screening and STR reporting in accordance with AML/CFT compliance programmes. This is not consistent across the DNFBP sector and other FIs as some institutions either do not have documented AML/CFT policies and procedures, or the mitigating measures are not applied commensurate with the risk.
- c) In the absence of a TF NRA, FIs and DNFBPs did not consistently apply risk mitigating measures commensurate with the national TF risks. However, any mitigating measures applied were limited in scope and only based on the results of the internal risk assessments conducted by LFIs.
- d) MSBs and DNFBPs in Grenada do not have a robust transaction monitoring systems in place, or the conduct consistent sanction screening on their customers. Other FIs and DNFBPs, while required by law to collect BO information, have not consistently done so and it is unclear whether this is due to a lack of understanding of this requirement to collect and verify.
- e) There is a low level of implementation of EDD measures for PEPs in the DNFBP sector, whereas FIs regularly apply EDD for customers who are PEPs. Little to no emphasis is placed on identifying associated PEPs, foreign PEPs and international organisation PEPs by DNFBPs, while some forego PEP requirements during onboarding and ongoing monitoring of customers.

- f) Most FIs have measures in place for the screening customers against TFS lists on an ongoing basis but this is not consistently done across the DNFBP sector.
- g) There were no STRs filed by DNFBPs for the period under review. The majority of STRs were filed by LFIs and MSBs and, to a lesser extent, credit unions. Further, there were no TF related STRs filed by either the FIs or DNFBPs for the period under review. This and the general underreporting by the DNFBPs can negatively impact identification of suspected ML/TF activities. The absence of STR filings by DNFBPs (including sectors that are considered as high risk and heavily weighted by the assessment team) is not consistent with the AML/CFT risk landscape of the country. Nonetheless, the limited number of STRs received by the FIU were of a high quality and contained all relevant information to initiate analysis.
- h) FIs have in place relevant internal controls and procedures to ensure compliance with AML/CFT requirements. DNFBPs to lesser degree have internal controls and procedures for compliance with AML/CFT obligations, which is exacerbated in some DNFBPs which lack a dedicated and trained compliance officer to oversee implementation of internal controls.

Recommended Actions

- a) FIs and DNFBPs should be made aware of the findings of the TF risk assessment, as well as ensure that they understand the risks. The FIU and the AML/CTF Commission should ensure that the other FIs and DNFBPs conduct ML/TF institutional risk assessments with a view to understanding the ML/TF risks and developing or updating AML/CFT policies and procedures accordingly. The FIU and the AML/CTF Commission should engage in outreach to other FIs and DNFBPs on AML/CFT obligations and corresponding ML/TF mitigating measures.
- b) The FIU and AML/CTF Commission should ensure compliance of its supervised entities with PEP obligations and should also ensure compliance of the CDD requirements by all DNFBPs. Outreach and guidance should be provided to supervised entities on the requirements for compliance as well as the mechanisms for compliance, with emphasis being placed on the identification of associate PEPs, foreign PEPs and International Organisation PEPs.
- c) Grenada should develop and implement a mechanism by which FIs and DNFBPs can verify BO information.
- d) The FIU and the AML/CTF Commission should provide targeted guidance and outreach on the requirements regarding on TFS and higher risk countries identified by the FATF including the mechanisms for compliance. Sector specific training should be provided to other FIs (Credit Unions and MSBs) and DNFBPs, particularly Lawyers, Accountants and Real Estate agents, to improve the understanding and implementation of STR reporting obligations. Authorities

should develop of guidelines on the completion and submission of STRs to the FIU.

- e) Greater emphasis should be placed on the MSBs to develop mechanisms to allow for real time monitoring and alert generating systems for transactions.

272. The relevant Immediate Outcome considered and assessed in this chapter is IO.4. The Recommendations relevant for the assessment of effectiveness under this section are R.9-23, and elements of R.1, 6, 15 and 29.

5.2. Immediate Outcome 4 (Preventive Measures)

273. The relative materiality and risk in the context of Grenada lies mainly with the products and services rendered by the FIs and DNFBs that operate within the jurisdiction. The Assessment Team assigned greater weighing to the assessment team's findings in relation to the implementation of preventative measures to safeguard the jurisdiction from ML/TF risk through effective and efficient AML/CFT compliance. Of the services being offered, the Credit Union and MSBs were more heavily weighted since they pose the highest risk, while Domestic Banks, Lawyers were weighted as medium high, and Accountants, Real Estate, Dealers in Precious Metals and Gaming were weighted as medium. Securities, Insurance and Development Bank/Building Societies were weighted as low importance within Grenada's AML/CFT framework. Some sectors, namely the DNFBP, proved more difficult to ascertain a true assessment given the limited oversight of AML/CFT inspections by the supervisory arm in Grenada. At the time of the onsite review, Grenada had no operational casinos or activity as it relates to VASPs⁸. At the time of the onsite there was neither any VA specific legislation nor VA activity in Grenada. It was noted that Act No. 8 of 2013 Sec. 33A (1) which states "No entity offering financial services and products shall operate in or from Grenada unless licensed in Grenada." The jurisdiction has indicated that this law would preclude this from of activity from taking place Grenada has since passed the Virtual Asset Business Act 7 of 2021 which was enacted in July 2021 and which the assessment team was unable to consider given that it came into effect after the onsite. Tables 5.1 and 5.2 below highlights the weighting given by the assessment team to each sector.

Table 5.1. Financial Sector Type, Number of Entities and Weight

Financial Sector Type	Number of Entities	Sector Weight
Banking	4	Highly Important
Credit Union	10	Highly Important
MSBs	8	Highly Important
Development Bank and Building Society	2	Less Important
Securities	1	Less Important
Insurance	27	Less Important

⁸ Grenada enacted the Virtual Asset Business Act 7 of 2021 in July 2021 after the onsite and as such the Assessment Team was unable to consider this Act.

Table 5.2. DNFBP Sector Type, Number of Entities and Weight

DNFBP Sector Type	Number of Entities	Sector Weight
Lawyers & Notaries	233	Highly Important
Real Estate Sector	36	Moderately Important
Accountants	49	Moderately Important
Casino	0	Less Important
Dealers in Precious Metals and Stones	4	Less Important

5.2.1. Understanding of ML/TF risks and AML/CFT obligations

FIs

274. The financial sector in Grenada consists of traditional and non-traditional FIs. The NRA identified Credit Unions and MSBs as medium risk with a high overall vulnerability. FIs have a high understanding of their ML risks and compliance obligations, however the level of understanding is varied across the different financial sectors. The banking sector has a higher level of implementation of the CDD and PEP requirements, while Credit Unions have a lower level of implementation of the CDD and PEP requirements. Insurance companies have shown a high level of implementation of the CDD and PEP requirements. During interviews FIs highlighted their participation in the 2019 NRA exercise, however in most cases the sharing of the results of the NRA was still ongoing. However, most of the FIs have these findings already incorporated into their programs. Interviews with the FIs highlighted that most had their own risk assessment framework in place.
275. *Banking Sector:* There are four (4) registered retail banks in Grenada, one (1) indigenous, one (1) regional and two (2) foreign owned banks operating within the jurisdiction, and all offer a wide variety of financial services to local and international persons and entities. The vulnerability indicators and ratings for the banking sector as reported in Grenada's NRA were as follows: Deposits inherent risk was rated as medium high, Retail Loans were rated medium, Loans (Commercial and Corporate) were rated as medium, Wire Transfers were rated as high, Credit Cards were rated as medium, Internet and Mobile Banking were rated as medium, Negotiable Instruments were rated as low, Correspondent Accounts were rated as medium, Trade Finance was rated as medium, and Safety deposit Boxes were rated as medium. Interviews with the banking sector highlighted a high level of understanding of the ML/TF risks and AML/CFT obligations which are monitored and supervised jointly by the ECCB, the FIU and the AML/CTF Commission such as CDD and PEP requirements and the screening against TF sanctions lists.
276. *Credit Unions:* The credit union sector is comprised of 10 registered entities. According to the NRA, credit unions are considered medium risk FIs in Grenada. The vulnerability assessment for credit unions is high. Interviews with the credit unions highlighted a fair level of understanding of the ML/TF risks and AML/CFT obligations. However, not all credit unions interviewed indicated that they have a robust risk framework in place.
277. *Insurance Companies:* The sector consists of 27 companies. According to the NRA, the insurance sector on a whole is relatively small, contributing 91% towards Grenada's GDP (2017) and is considered low risk. These companies are all locally registered but are subsidiaries of other regional and international companies. Most of the products in the life sector fall under the categories of traditional life, endowments, term, group life, health and

pension, group creditor life and flexible and single payment annuities. An interview with a life insurance company was requested but could not be facilitated during the onsite.

278. *MSBs – MVTs & Micro Lending:* The MSB representatives in Grenada have a reasonable understanding of their sectoral risk given the high volume of cash transactions with cross border activities on a continual basis. The sector has not fully applied the appropriate measures to combat the associated risks. At the time of the onsite review, some MSBs underwent an AML/CFT inspection of their policies and procedures, although interviews conducted revealed that the agents' level of compliance with their obligations to have written manuals and receive ongoing training are met. However, the assessors identified that there were inadequate monitoring systems to detect transaction patterns. The Money Lending side of the sector consists of regionally established businesses with greater compliance support from their regional head office. The businesses in the sector have a greater appreciation of their AML/CFT obligations although some are yet to undergo an AML/CFT inspection by the supervisory authority at the completion of the onsite review. MSBs have some knowledge of specific ML risks especially with regards to drug trafficking and the ways the sector can be used as a conduit, particularly between neighbouring islands and the proximity to South America.

DNFBPs

279. DNFBPs to a lesser extent than FIs, had varying degrees of the implementation of ML/TF risk mitigation measures, and there exist significant gaps in the level of understanding of their AML/CFT obligations. Grenada indicated that the DNFBP sector does not apply the same measures as financial institutions for AML/CFT, and most DNFBPs do not have policies. Prior to the completion of the NRA, the FIU and the AML/CTF Commission conducted limited number of AML/CFT inspections on these entities with little or no internal compliance AML/CFT reviews being undertaken by these entities. The DNFBP sectors have varying levels of understanding with regards to their ML/TF risk exposure. An onsite review revealed that while some sectors received some level of guidance on the findings of the NRA, others were receiving copies of the NRA up until the onsite while others still were yet to receive and have a working knowledge of the findings of the NRA. It was evident that there exists a general lack of understanding of the national and sectoral vulnerabilities and mitigation measures. There is an overall low level of awareness of the TF risk to Grenada as the TF risk assessment was completed and approved during the onsite visit. As such, FIs and DNFBPs were not aware of the TF risk to Grenada and any necessary mitigating measures.
280. *Casinos:* The Casino Gaming Commission is responsible for the regulation of casinos in Grenada pursuant to the Casino Gaming Act. There are no casinos licenced by the Casino Gaming Commission.
281. *DPMS:* The DPMS (Jeweller) sector is a more heavily localized retail with one (1) recognised international dealer. The DPMS sector contributes minimally to the country's GDP. Onsite interviews revealed that the level of understanding of the ML/TF risk to the sector was low. However, the risk is relatively low given that the client based is mostly localized, the value of the products being offered are low, and the reporting threshold of USD\$5,550 is barely ever attained in any one transaction by local dealers.
282. *Real Estate:* The Real Estate sector is registered by the MOF and IRD as there is no real estate association. AML/CFT supervision is conducted by the FIU and the AML/CTF Commission, with approximately thirty-six (36) operational businesses. There exists a general understanding of the ML/TF risk and the obligations and the necessary filings to

obtain the required documentation. Most clients are local and or Grenadians living overseas seeking to return home. Real Estate Agents do not participate in or sell approved real estate projects for the CBI Program, as the application process is commissioned through Lawyers and Law Firms in Grenada. Grenada completed 3 inspections in May 2021 for this sector and as such the majority of the sector is yet to be inspected for AML/CFT compliance.

283. *Lawyers:* Lawyers and Law Firms are supervised for AML/CFT by the FIU and AML/CFT Commission. Of the one hundred and fifty-three (153) practicing lawyers/law firms, twenty-two (22) are registered as CBI Agents under the CBI Unit. Lawyers are involved in the buying and selling of real estate, incorporation of companies, buying and selling of companies, cross border transactions, intellectual property trademarks and provision of escrow services. Lawyers interviewed had a high level of understanding of the ML/TF risks to the sector and obligations. Although some lawyers have not been formally assessed by the AML/CFT Commission, lawyers interviewed had documented policies and procedures that guide their daily operations, including AML/CFT requirements.
284. *Accountants:* Accountants appear to have a fair understanding of their AML/CFT obligations and the ML/TF risks. Accountants who are members of the Institution of Chartered Accountants of Grenada are held to a high ethical standard with regards to their fiduciary responsibility to their clients and they are required to register annually. In preparation of client's annual returns and other formal services, Accountants are required to have all the necessary CDD on their clients. Given the level of clientele and the professional nature of the job, Accountants registered with the Institutions of Chartered Accountants have the required AML/CFT knowledge and understand the level of AML/CFT risk. It must be noted, not all the forty-nine (49) accounting firms in Grenada are members of the Institution of Chartered Accountants of Grenada, and as such, cannot offer professional opinions (audits) for their clients.

5.2.2. Application of risk mitigating measures

285. FIs within Grenada's AML/CFT framework have procedures to mitigate ML risks. The strength of the structure and implementation of these mitigating procedures however vary across the different FIs.
286. LFIs generally display a high understanding of the requirement to implement mitigating measures by demonstrating they have dedicated compliance staff, policies and procedures and monitoring controls. Banks and the larger credit unions interviewed, reported having AML/CFT compliance programmes in place. Examples of compliance programmes provided by representatives interviewed highlighted evidence of CDD, EDD, transaction monitoring and suspicious activity reporting policies and procedures being in place.
287. While the CDD requirements are met by the MSBs, heavy reliance is placed on the mitigation measures and controls of their international and regional counterparts as MSBs interviewed were not applying the measures themselves. MSBs have some knowledge of specific ML risks especially with regards to drug trafficking and the flow of the narcotic trade existing in Grenada. Greater emphasis is needed in implementing measures such as transaction monitoring for the MSBs. There was no evidence that AML/CFT business risk assessment, audit function and ongoing monitoring is being deployed on a consistent basis within this sector, or even periodically revisiting the framework to ensure the measures are being applied. The Assessment team also noted that search engines at onboarding or ongoing sanction screening of high-risk customers are being done.

288. DNFBPs, to a lesser extent than FIs, had varying degrees of implementation of ML risk mitigation measures and there exist significant gaps in the level of understanding of their AML/CFT obligations. Across the sector, at a minimum, DNFBPs conducted basic CDD and understood the importance of record keeping. However, apart from Lawyers, other DNFBPs had limited understanding of the importance of obtaining and updating BO information. The same limitations are echoed in relation to PEPs, as interviews revealed that most relied on their local knowledge of a person and whether they are a PEPs given the relatively small community that exist in Grenada and therefore take no formal and consistent approach to identifying if someone is a PEP or associate of a PEP. DNFBPs are not fulfilling the audit function (independent and or internal).
289. In relation to the TF risk, there is an overall low level of awareness of the TF risk to Grenada as the TF risk assessment was completed and approved during the onsite visit. As such, FIs and DNFBPs were not aware of the national TF risk to Grenada, therefore any mitigating measures would be applied based on internal risk assessments done by LFIs and to a limited extent other FIs and DNFBPs. Nonetheless, the FIU during outreach sessions reminded FIs and DNFBPs to exercise vigilance and report any suspected cases of TF and are also reminded to keep up to date with the UN Sanctions List, without providing any further advice on mitigating measures in line with Grenada's TF risk profile.

5.2.3. Application of CDD and record-keeping requirements

290. Across the FI sector CDD and record-keeping requirements are consistently applied. These entities demonstrate a high-level of understanding and application of CDD measures as well as record keeping requirements. Other FIs highlighted during the interviews that in circumstances when CDD is incomplete or could not be completed, the practice is to refuse business or wait until complete documentation is received. The practice to refuse business was commonplace, particularly among domestic commercial banks and credit unions. These FIs displayed a strong culture towards ensuring appropriate information is obtained before accounts are opened
291. There is a varied level of verification of BO information across the FIs. LFIs conduct BO checks which is done as a matter of course during onboarding. These LFIs have the benefit of access to online screening services which may contain BO information to assist in the verification process. Only the larger credit unions onboard domestic companies and NPOs and as a result only a subset of CUs require BO information when onboarding. However, due to the lack of a regime for the collection of BO and lack of information from the authorities it is difficult to assess whether CUs verify BO information from domestic sources.
292. MSBs require varying degrees of information for the onboarding and ongoing monitoring of CDD documents which is also based on the threshold amount being conducted by a client. One MSB representative revealed that screening for patterns is done the following day after the transactions have gone through using Microsoft Excel. Also, there is no mechanism to monitor or create an alert if a customer utilizes several different branches of the same MSB provider in one day. This approach lends itself to ML abuse as there is no real time alert or monitoring system. Representatives from the Money Lending sector advised that clients are screened and the necessary CDD requirements are conducted. The Money Lending sector also indicated that both physical and electronic records are retained.
293. Similar to FIs, there is a varying level of application of CDD across the DNFBP sector. While larger DNFBPs displayed a reasonable understanding of their AML/CFT requirements, in some cases, DNFBPs only required simplified CDD identification and

verification documents to be obtained. During the onsite, some interviewees indicated that due to long-standing professional or personal relationships with customers, an informal approach to CDD measures was adopted or the DNFBPs ultimately disregarded implementation of measures altogether. Assessors also noted that several DNFBPs placed reliance on the banks where funds are transferred to fulfil CDD requirements. The law requires other FIs and DNFBPs to carry out proper CDD procedures and to keep documentation of same. The Assessors also noted that the level of focus on this duty of supervision was lacking as the FIU and the AML/CTF Commission were not pursuing the entities with sanctions and penalties to force compliance. The onsite review revealed that representatives generally seek further information from potential customers if deemed necessary, or they do not establish the customer relationship if the required CDD is not complete. With respect to record keeping requirements, it was noted during the onsite process that the DNFBPs are aware of this requirement and are complying with same, especially as it relates to ongoing CDD measures.

294. The POCA SRO 5 of 2012 requires DNFBPs to collect and verify BO information similar to FIs. Overall, there is a low level of collection of BO information across the DNFBPs due to the nature of the clients. Many of the transactions did not include companies and as such BO information was not usually requested. However, interviews highlighted that BO information was collected by law firms, including those involved in CBI, legal professionals, and real estate agents. The challenges concerning the verification of BO information equally applies.

5.2.4. Application of EDD measures

295. Interviews highlighted varying applications of EDD measures across both FI and DNFBP sectors.
296. *Politically Exposed Persons (PEPs)*: Interviews with the FIs highlighted that most PEP clients are domestic, PEPs are known locally and FIs conduct EDD when a client is a PEP. However, no emphasis is placed on associates of PEPs, International Organisation PEPs and foreign PEPs. LFIs supervised by the ECCB, conducted checks for PEP at onboarding and ongoing monitoring. As part of ECCB's examination process emphasis is placed on testing compliance for the identification of PEPs (foreign and domestic) in addition to applied ongoing monitoring and EDD measures. However, the conduct of checks for PEPs is varied across all other FIs. Grenada has legislative guidance, Section 24 of SRO 6, Proceeds of Crime (Anti Money Laundering and Terrorist Financing) Guidelines of 2012 on the treatment of PEPs, associated PEPs, International Organisation PEPs, and Foreign PEPs. However, the Assessors noted that the requirements were not consistently applied across the DNFBP sector. It is widely viewed that given the small size of the island, the community type atmosphere and the limited numbers of local politicians that are identifiable and highly visible on the island, that everyone knows who a PEP is, and would know if someone enters politics and ultimately becomes a PEP. This is true for their local politicians and somewhat to their immediate families, however there is a lack of understanding that associate PEPs and persons who hold prominent positions as well as international organization PEPs and Foreign PEPs. It was noted that apart from the regular CDD measures for onboarding, there was limited measures in some aspects of the DNFBP sector as to what enhanced measures are being used for the identification and verification of PEPs. Reliance on this method exposes gaps to the sector which is exacerbated by a large number of DNFBPs which are yet to have an AML/CFT inspection by the Supervisory Authority.

297. The assessment team noted that some DNFBPs, Lawyers and Law Firms, relied on the listing of PEPs that some local banks utilize in their daily operations, and not employ any means themselves to verify if indeed someone is a PEP. These measures will not be applicable if a person is a foreign PEP and needs to verify the same. It was also evident that limited measures were applied if a person was indeed a PEP and may require additional CDD measures. Interviews conducted indicated that some DNFBPs, namely Lawyers and Law Firms, Real Estate and Money Lending Institutions, utilize some form of screening software during implementation of CDD measures (obtaining and verifying identification information) However, this method was not evident across most of the DNFBPs in Grenada. Most institutions are aware of the measures, but might not have the resources, the exact know how to conduct additional measures and have been appraised because of lack of oversight, as to the additional measures need to be done in fulfilling their AML/CFT obligations. However, realtors are not screening clients against UN lists in relation to TF and PF and pay little attention to ascertaining if a potential client is indeed a PEP.
298. Most of the DNFBP representatives interviewed, did indicate that the FIU would provide a sanction screen link to check their clients against, but some representatives indicated they would not utilize the procedure all the time and only if they feel it was warranted if they came across a name not locally associated with Grenadians. Many also indicated that most of their clientele is from the local populace and as a result do not need to rely on any software system to screen, check and monitor for potential and existing clients. However, most of the representatives interviewed during the onsite understood that senior management approval is required to maintain or commence a business relationship with a person who is or becomes a PEP.
299. *Correspondent banking:* Domestic and international banks in Grenada do not offer correspondent banking services and are only respondent banks. Therefore, conducting EDD in the process of providing correspondent banking services does not apply to them.
300. *New Technologies:* It was highlighted during the interviews with the FIs that there is a limited use of new technologies as part of their business. Entities however indicated that when a new product is introduced there is a thorough risk assessment process prior to the launch of the new product. DNFBPs interviewed by the Assessment Team indicated that they have not introduced any new products and services and do not require any specific new technology in their daily operations. While some DNFBPs, Lawyers and Law Firms, may provide non-face-to-face services/transactions, clients would have to submit at the onboarding stage, physical notarized documents to proceed with the application process. No representative from the DNFBP sector indicated that they have any plans on venturing into any new technology. Some policy and procedures document did have some level of assessment of the risk involved, although on a very limited basis and most DNFBPs do not understand the requirements involved to specific to any new technology. Apart from the lack of understanding by the sectors, lack of an AML/CFT oversight contributed to sector participants have not conducted an institutional risk assessment themselves. At the time of the on-site, Grenada was in the process of introducing legislation for the regulation of VASPs, including the supervision and monitoring for AML/CFT compliance, which subsequently came into effect after the on-site. There are currently no known VASPs operating in Grenada.
301. *Wire transfer rules:* Wire transfers are conducted by commercial banks. While section 6.1 of the ECCB's AML/CFT Supervisory Manual require examiners to assess the wire transfer requirements for LFIs, Credit Unions may, on behalf of their customers, facilitate a wire transfer through the commercial banks. Measures including assessing the purpose

of wire transfers, screening the originator and beneficiary information forms are applied by the supervisors with regards to wire transfers. Entities elaborated during interviews that wire transfers is one of the ML threats that Grenada is exposed to. Wire transfers are integrated into sanctions lists and are identified during transactions. Some MSBs interviewed highlighted the use of their international franchises' automated screening tools that check against the UNSC List of Designated Entities and Individuals to identify sanctioned countries, entities and individuals and implement the respective counter measures (freeze funds and discontinue business relationship). In most cases they indicated applying the requisite identification checks to establish identity of the originator and beneficiary. The more frequent destinations for transfers were USA, Caribbean Islands and to a lesser extent, Europe, UK, and Canada. MSBs are required to follow the same wire transfer rules as FIs and have the necessary measures in place to screen its customers at the point of pay-out. This also included ensuring appropriate information is available about the originator and beneficiary. Further, the Anti-money laundering, combating the financing of terrorism and proliferation financing prudential return 14 (PR 14) manual includes an assessment of Wire transfer information as part of the risk assessment for Licensed Financial Institutions.

302. *Targeted financial sanctions:* It was highlighted during the interviews that there is a good level of understanding across the FI sector with regard to targeted financial sanctions, with LFIs having a high understanding of TFS requirements when conducting CDD. There is no mechanism in place or guidance to FIs to ensure these measures are being applied as required. However, LFIs indicated being aware of the targeted financial sanction lists, either through the FIU or from its parent bank made use of these lists through online databases such as World Check, when required to.
303. Some DNFBPs are aware of their requirements to implement a screening process as evidenced in interviews conducted onsite. Some representatives were able to describe the process their institutions used for screening customers against TFS lists, such as OFAC lists, and UN sanctions lists. However, the frequency and timeframe of utilizing these lists were called in question. There was no indication that this was done on a consistent basis e.g., daily, weekly, monthly, or quarterly. The lack of consistency could be attributed to the other FIs and DNFBPs not being fully aware of the implications of not screening their customers to identify sanctioned individuals/entities, and also from a lack of oversight by the supervisory framework which contributed to the non-compliance in this regard.
304. Lawyer and Law Firm, especially those that are CBI agents, Real Estate Agents and to a lesser extent MSBs interviewed had some measures in place for addressing TFS. DPMS did not screen against any TFS list as their clientele is comprised of mostly locals and that they are not aware of the requirements to screen against the list. Some DNFBPs indicated that the FIU provided the link to the UN lists or Google would be utilised to locate the listing. However, this was not a frequent occurrence across the DNFBP sector. The relative development of the supervisory regime in Grenada, which commenced in 2019, also lends itself to the necessary AML/CFT oversight and outreach for identifying on matters relating to TFS and TF.
305. *Higher risk countries:* Interviews with the FIs highlighted use of automated internal screening tools or the use of KYC utility providers which include consideration of higher risk countries. FIs also indicated that they receive a list from the FIU from time to time when updates are available. FIs also highlighted reliance on manually referring to websites containing information of high-risk countries. MSBs had varying understanding of the requirements in relation to higher risk countries, and responses varied by having no right

to refuse a transfer to a high-risk jurisdiction to the transaction not being processed and flagged by their international franchise partners and a block would be put on the transaction.

306. Some in the DNFBP sector, Real Estate, MSBs and Lawyers and Law Firms have some awareness to apply more scrutiny to business relationships with potential customers from high-risk jurisdictions. The CA indicated that they do provide guidance and training to the DNFBP sector on TFS and TF, however, given the lack of consistency across the sector while some highlighting that they have only received a link from the CA to access the UNs Sanction list while some admitting to not utilizing on a frequent basis to others, not at all this lends itself to question the level of training being applied.

5.2.5. Reporting obligations and tipping off

307. Most private sector representatives interviewed, more specifically FIs supervised by the ECCB, displayed a good understanding of their reporting obligations, and the majority confirmed that STRs were submitted to the FIU. Private sector representatives interviewed that made disclosures to the FIU stated that they would receive verbal, interim and final written feedback on their report, which consisted of the quality of disclosure, linked predicate offence and the need for continued vigilance. The timelines of the feedback varied from a day up to over a year after submission of the report. Most interviewed FIs indicated to have an understanding on how to report STRs and have reported STRs in the period under review. The number of reported SARs is also consistent with the level of understanding of STRs reporting from the FIs. Staff within the FIs received trainings internally and from the FIU with regards to STRs reporting as well as tipping off and confidentiality. The FIU highlighted those internal policies of financial institutions addresses tipping-off and have provisions for filing a suspicious activity report. Internally, individuals are prohibited from disclosing information about the submission of a SARs, or any person or matter that leads to a reporting obligation, to anyone that is not specifically identified in policy.
308. The MSB sector saw a steady increase in reporting SARs between 2017 - 2019, however during 2020 to May 2021, there was a drastic decrease in the number of STR reports. While this may be as a result of COVID-19, the reason for this decline cannot be independently verified. The decline can also be attributed to the level of ongoing monitoring and a higher number of internal SARs which when vetted internally to determine whether there is a need to file an external SAR report, can be resolved without escalation. It was also noted that there is a close working relationship with the FIU which they can make informal inquiries on a suspicious matter for further clarity.
309. The DNFBP sector on a whole could benefit tremendously from an intensified outreach programme such as workshops on STR reporting from the FIU providing examples of typologies specific to their sector. Such engagement would highlight the gaps, and further build capacity as to the understanding to detect and report quality STRs. Although some in the sector have received some level of training, it was unclear whether the training was specific to the detection of suspicious activities and the filing of STRs, or the level of training was not specifically tailored to resonate across the sector.
310. The consensus was that feedback across the sector was informal which might come in the form of a telephone conversation to confirm acknowledgement or to provide a status of the STRs filed. Some DNFBPs did indicate they received some level of written formal feedback on the quality or status of SARs reported. One interviewee indicated they were offered cash for the purchase of an item from an individual from Carriacou, of which they

told the individual they don't accept cash transactions. A call was made to the FIU on the matter and an official SAR was subsequently filed. The interviewee revealed that they received feedback via a telephone conversation from the FIU.

311. Most DNFBPs understood their legal requirements regarding filing and tipping off and the consequences that could ensue if breached. This was evident in some of the AML/CFT policies and procedures manuals reviewed by the assessment team across the DNFBP sector.

5.2.6. Internal controls and legal/regulatory requirements impending implementation

312. FIs and DNFBPs have varying levels of internal controls in place. For LFIs, as part of ECCB's inspection, LFIs are assessed against the five-pillar approach to AML/CFT governance which comprise the following- (i) AML/CFT risk management framework, (ii) compliance officer and staffing, (iii) internal controls, (iv) training and (v) independent assessment. The ECCB in their examinations noted the main deficiencies included *inter alia* inadequate training programmes and a need for improvement in board and management oversight. Interviews highlighted that while LFIs had compliance officers and AML/CFT manuals, there was a need for ongoing training for employees in relation to AML/CFT requirements.
313. For other FIs and DNFBPs, the Supervisory Authorities (FIU and the AML/CTF Commission) conducted a limited number of inspections during the period under review and as such information on compliance deficiencies for other FIs and DNFBPs was limited given that there was little oversight as to the level of compliance by some in the sector. The assessment team nonetheless had the opportunity to review examination reports which highlighted weak internal controls among other FIs and DNFBPs such as no AML/CFT training, lack of an independent audit functions, lack of internal risk assessment.
314. Additionally, FIs and DNFBPs have a legal obligation to maintain an independent audit function to test compliance with their AML/CFT internal controls. The Assessment Team determined that most in the DNFBP sector are more often non-compliant in conducting the assessment of their AML/CFT systems and controls. However, the assessors cannot confirm whether the AML/CFT Commission and the FIU require other FIs and DNFBPs to comply with the mandate and what consequences if any are being meted out, given the low number of inspections.
315. Most of the smaller DNFBPs and other FIs do not possess any SOP or AML/CFT policy and procedures, and do not have a money laundering reporting officer (MLRO) or compliance officer (CO) to take on the role to meet the requirement as set out in law. It was evident that some acting in this capacity lacked the relevant qualifications and experience to effectively fulfil the role and as a result did not have the necessary skills to train others in the establishment. Further, while some entities indicated that they have received training on a consistent basis, others indicated that due to the lapse in time there was a need for refresher training which highlighted the need for continuous ongoing training. The lack of AML/CFT supervision oversight also contributes to non-compliance across the sectors and a holistic approach is needed to bring the entire sector to meet its obligations. The characteristic has is in direct correlation with an effective system and effort is needed to reform the ML/TF risk management function by adopting and implementing more robust preventative measures throughout most of the sector, particularly the higher risk DNFBP sector.

Overall conclusions on IO.4

316. LFIs in Grenada generally have a higher level of understanding of ML risk in comparison to other FIs and DNFBPs which exhibited varying degrees of knowledge and understanding of ML risk, both at the national and institutional level. There is an overall low level of awareness of the TF risk to Grenada as the TF risk assessment was completed and approved during the onsite visit. LFIs and larger credit unions have conducted a risk assessment and have had an AML/CFT inspection by ECCB and jointly by the FIU and the AML/CTF Commission, respectively. While some DNFBPs have had inspection, there is little compliance in assessing institutional risk which is evident with SAR reporting emanating from the FIs and not the DNFBPs even though DNFBPs are largely cognizant of the obligation to file an STR.
317. LFIs generally displayed a high understanding of the requirement to have in place mitigating measures as demonstrated by having dedicated compliance staff, policies and procedures and monitoring controls. LFIs complied with CDD requirements while compliance by other FIs and DNFBPs ranged from collection of varying documents for compliance with CDD requirements to foregoing CDD collection altogether. However, record keeping requirements were generally complied across the supervised entities. Application and understanding of EDD requirements were also diverse. PEP requirements were poorly complied with due to little to no guidance being placed on identifying associated PEPs, foreign PEPs and international organisation PEPs. DNFBPs and other FIs rarely screened against sanctions lists for TF and the FIU did not provide timely updates when there was a change to the UN Sanctions Lists. LFIs and larger credit unions maintain AML/CFT policies and procedures and conducted internal and or external audits in contrast with most DNFBPs. There was also a lack of training and ongoing training amongst both FIs and DNFBPs, as well as some entities did not have MLROs/COs. The DNFBP sector is largely cognizant of their legal obligations to file reports of suspicious activities whether completed or not with the FIU and the possible implications of tipping off. However, the assessors were not made aware of any instances of tipping off. Statistics provided by Grenada demonstrated that there were no STRs received from DNFBPs during the assessment period. STR filings by Lawyers and Law Firms, Real Estate Agents, Accountants and NPOs needs to be improved given the high-risk activity and high value dealing/transactions they engage in. For the period under review, and from the table above, there is a clear lack of filing of any SARs, although there exists a high-level vulnerability for ML/TF.
318. **Grenada is rated as having a low level of effectiveness for IO.4.**

Chapter 6. SUPERVISION

6.1. Key Findings and Recommended Actions

Key Findings

- a) AML/CFT supervision is jointly shared among the FIU, AML/CTF Commission and ECCB for LFIs and between FIU and AML/CTF Commission for other FIs and DNFBPs. The ECCB has a robust risk-based supervision framework which includes a risk rating tool to guide inspections. There is no similar framework and risk rating mechanism for the FIU and the AML/CTF Commission and as such inspections are not conducted on a risk-based approach. However, the AML/CTF Commission is in the process of developing an institutional risk rating mechanism, according to their 2021 work plan/strategic objective.
- b) Fit and proper requirements for LFIs are done by the ECCB and for all other FIs by GARFIN, which are considered adequate. In relation to DNFBPs, there are controls in place for Casinos through the Gaming Commission, however, there are no fit and proper requirements for other DNFBPs to prevent criminals and their associates from holding or being the BO of a significant or controlling interest or holding a management function.
- c) The ECCB, FIU and the AML/CTF Commission have a good appreciation of the national ML risk. The ECCB also has a high level of understanding of the sectoral risks for LFIs which is not the case for the FIU and the AML/CTF Commission whose understanding of risk is limited to the national ML risk assessment and does not include sectoral risks for other FIs and DNFBPs.
- d) In the absence of the national TF risk assessment, Supervisors were limited in their understanding of the national TF risk. The FIU and the AML/CTF Commission did not further utilize any mechanisms to identify sectoral and institutional TF risks, whereas the ECCB conducts TF risk assessments of LFIs as part of the ongoing assessment of the ML/TF risk profile of LFIs.
- e) As a result of the absence of adequate AML/CFT oversight for other FIs and DNFBPs, agreed upon remedial action plans from inspections have been unresolved for extended periods and the FIU and AML/CTF Commission are not utilizing the formal means to escalate the sanctions in place. Due to the low number of inspections, the FIU and the AML/CTF Commission have not applied

appropriate and dissuasive sanctions against DNFBPs and other FIs that are in breach of AML/CFT obligations.

- f) Grenada has developed an AML/CFT registration system for the DNFBP sector and structural improvements to the supervisory framework are ongoing. The FIU and the AML/CTF Commission are not adequately resourced to undertake the large number of inspections and ongoing monitoring especially in light of the structural progress being made. The ECCB is adequately resourced to fulfil its mandate.
- g) The assessment team was unable to determine the impact of supervisory action on compliance by the three supervisors. An assessment of the effect of supervisory actions was affected by the timing of onsite inspections of LFI and the timeframe for remedial actions. There was inadequate oversight of other FIs and DNFBPs and as such the impact on compliance is negligible. Covid-19 also impacted on the supervisory actions.
- h) While the FIU and the AML/CTF Commission have provided training and guidance to FIs and DNFBPs on AML/CFT obligations, the training was neither targeted nor sufficiently frequent to enhance the level of understanding of ML/TF risks and AML/CFT obligations.

Recommended Actions

- a) Grenada should develop and implement controls to prevent criminals and their associates from holding or being the BO of a significant or controlling interest or holding a management function in DNFBPs, save and except Casinos.
- b) The FIU and the AML/CTF Commission should develop and implement a risk-based supervisory policy/mechanism.
- c) Based on the results of the national TF risk assessment, Supervisors should seek to identify and understand sectoral and institutional TF risks.
- d) Grenada should provide additional resources to the AML/CTF Commission to treat with the compliance function, inclusive of increased onsite and desk-based inspections and further clarity should be established between the distinct roles and responsibilities of the FIU and the AML/CTF Commission for the conduct of on-site and general supervision functions.
- e) The FIU and the AML/CFT Commission should prioritize post-inspections follow-up as part of their supervisory process and effectively apply the ladder of intervention and, where appropriate, apply dissuasive sanctions to those institutions that have not complied with their remedial actions or whose actions are in breach of the AML/CFT requirements.
- f) The FIU and the AML/CTF Commission should seek to demonstrate that their actions have an effect on compliance by other FIs and DNFBPs. The FIU and the AML/CTF Commission should provide more extensive outreach, guidance

and targeted training to other FIs and DNFBPs on their AML/CFT obligations and their ML/TF risks.

319. The relevant Immediate Outcome considered and assessed in this chapter is IO.3. The Recommendations relevant for the assessment of effectiveness under this section are R.14, 15, 26-28, 34, 35 and elements of R.1 and 40.

6.2. Immediate Outcome 3 (Supervision)

320. There are three AML/CFT supervisory authorities in Grenada- FIU, ECCB and the AML/CTF Commission. The ECCB is also the prudential supervisor for FIs licenced under the Banking Act, 2015 (hereinafter referred to as LFIs), while GARFIN is the licensing and prudential supervisor all other FIs. In relation to AML/CFT inspection and supervision for LFIs, this is done jointly among the FIU, the ECCB and the AML/CTF Commission pursuant to article 21 of the Multilateral MOU between ECCB and Grenada. For all other FIs and DNFBPs, the FIU and the AML/CTF Commission jointly supervise for AML/CFT compliance. There are no known VASPs operating within Grenada nor are any of the supervisors designated with responsibility to supervise this sector. The authorities have not detected the operations of any VASPs in Grenada. At the time of the on-site, there was no legislation to regulate the operation of VASPs.
321. There is a moderate level of an effective AML/CFT supervisory system in place based on the level of overall vulnerabilities and threats and ML risks posed. Grenada has a moderate level of effectiveness when comes to supervising for AML/CFT compliance for LFIs, however, supervision for other FIs and DNFBPs need further development. The lack of regular onsite inspections and lack of substantial trainings provided by the supervisory authorities for all other FIs and DNFBPs inhibits Grenada's ability to demonstrate that it promptly identifies and sanctions AML/CFT breaches.
322. Arising out of the NRA conducted by Grenada, Grenada recognised the vulnerability in the Banking Sector given the poor levels of supervision. As a result, the AML/CTF Commission was staffed to bolster joint onsite inspections with the FIU. As such, as of 2019, joint inspections increased as a result of the new complement of staff at the AML/CTF Commission.
323. Table 6.1 below depicts the entity types, the number of entities, the registration/licensing authority, the general supervisor and the AML/CFT supervisor. The entities are required to re-register yearly and from the information provided by Grenada for 2020 and 2021, there was no application rejected.

Table 6.1 Supervisors for Financial Institutions and DNFBPs

Entity Type	No.	Registration/Licensing Authority	General Supervisor	Supervisor for AML/CTF
FINANCIAL INSTITUTIONS				
Banks	4	ECCB	ECCB	ECCB, AML/CTF Commission FIU

MSBs (MVTs and Micro Lending)	8	GARFIN	GARFIN	FIU AML/CTF Commission
Development Bank/Building Society	2	Ministry of Finance	GARFIN	FIU AML/CTF Commission
Insurance Companies	27	GARFIN	GARFIN	FIU AML/CTF Commission
Securities • Brokers • Agents	1	ECRSC	ECSRC	FIU AML/CTF Commission
Credit Union	10	GARFIN	GARFIN	FIU AML/CTF Commission
DNFBPS				
Lawyers	153	General Legal Council	Grenada Bar Association	FIU AML/CTF Commission
Notaries	80	Chief Justice of the Supreme Court	-	FIU AML/CTF Commission
DPMS	4	-	-	FIU AML/CTF Commission
Real Estate	36	-	FIU/AML Commission	FIU AML/CTF Commission
Accountants	49	-	-	FIU AML/CTF Commission
Casinos	0	Casino Gaming Commission		FIU AML/CTF Commission

6.2.1. Licensing, registration and controls preventing criminals and associates from entering the market

Financial Institutions

324. **GARFIN-** GARFIN is the licensing authority for MSBs while Credit Unions and Insurance companies are required to register with GARFIN. GARFIN conducts prudential supervision and performs fit and proper on other FIs at market entry. The licensing, registration and controls preventing criminals and associates from entering the market are in place for MSBs and Insurance Companies. For MSBs, there are several requirements that must be met before an application is granted which includes the name and address of MSB, the name and address of the applicants, the type of money services business the application proposes to conduct, the source and quantum of funds for initial capital or acquisition of the money services business, the name and address of each person who (i) owns or controls the money services business; (ii) is a director or officer of the money service business; (iii) is an agent of the applicant; (iv) otherwise participates in the conduct of the affairs of the money services business.
325. For insurance companies, one of the conditions for approval is that the applicant must comply with fit and proper requirements. In considering whether a person is fit and proper, GARFIN considers the following- (i) the persons probity, competence and soundness of judgment, for fulfilling the responsibilities of that position, (ii) the diligence with which that person is fulfilling or likely to fulfil the responsibilities of that position and (iii) whether the interests of policyholders, or potential policyholders of the registered insurance company, are or are likely to be, in any way threatened by that person holding the position. Regard is also given to the previous conduct and activity of the person including *inter alia* whether the person has committed an offence involving fraud or other dishonesty. There are no similar fit and proper requirements for credit unions.

326. *ECCB*- The ECCB licenses banks pursuant to the Banking Act, 2015 (hereinafter referred to as LFIs). The ECCB supervises all four (4) LFIs in Grenada whose assets size accounted for approximately 75% of the assets in the financial system. The ECCB has a robust licencing system and prior to approval of a licence, the ECCB must be satisfied whether every person who is, or is likely to be a director, significant shareholder or officer of the LFI is fit and proper to hold the particular position. In determining fit and proper, the ECCB takes into account the person's probity, competence and sounding of judgment, the academic and professional qualifications or effective experience, whether the person has been removed or suspended by a regulatory authority either locally or abroad and whether the person committed an offence involving fraud or other dishonesty.
327. *ECSRC*- The ECSRC licences broker dealers pursuant to the Securities Act No. 23 of 2001. Before a licence can be granted, the ECSRC must be satisfied that the applicant is fit and proper to be licenced. In determining fit and proper the ECSRC takes into account the persons' financial status, education background, reputation, persons employed by or associated with the application, persons who will be action as a principal and any substantial shareholders, director or officers of the company. Currently in Grenada, there is only one (1) licenced broker which is a domestic bank. As such the licence requirement for LFIs also applies to the 1 licenced broker dealers.

DNFBPs

328. The Casino Gaming Act 40 of 2014, gives the Casino Gaming Commission the authority to apply controls for market entry and have the responsibility to oversee all casino gaming activity in Grenada. Prospective applicants go through a vetting process in collaboration with the IRD, RGPF and Customs for making recommendation to the Minister regarding approval or refusal of applications. The Casino Gaming Commission has several powers to include making recommendations to the Minister regarding the suspension, revocation or varying of licenses. However, to date Grenada has not issued any casino licence.
329. There are no fit and proper requirements for all other FIs and DNFBPs to prevent criminal and their associates from holding or being the beneficial owner of a significant or controlling interest or holding a management function. Nonetheless, Grenada requires all FIs and DNFBPs to register with the AML/CTF Commission on an annual basis pursuant to POCA No. 7 of 2018. FIs and DNFBPs are required to re-register on an annual basis and any changes in the registered office, principal place of business, director, BO, or any other details required for the purpose of registration, shall within fourteen days (14) of such change notify the AML/CTF Commission in writing. The AML/CTF Commission may cancel or suspend the registration of a regulated entity at any time if: (a) the regulated entity is in breach of the Anti-money Laundering and Terrorist Financing Legislation; (b) the regulated entity has failed to comply with any obligation imposed under this Act; (c) the regulated entity requests cancellation of the registration; or (d) the Commission is satisfied that the entity has ceased to carry on the relevant business. Failure of a regulated entity to notify of any changes commits an offense and is liable to on summary conviction to a fine of five thousand dollars (XCD\$5,000/USD\$1850) and three hundred dollars (XCD\$300/USD\$111) for each day the offense continues. However, the assessment team noted that even if the AML/CTF Commission were to sanction an FI or DNFBP in accordance with the available sanctions above, that sanction did not prevent the FI or DNFBP from operating in the market.

6.2.2. Supervisors' understanding and identification of ML/TF risks

330. Grenada completed an NRA for ML based on the World Bank tool, and the jurisdiction has a fair understanding of the risks involved although they are known gaps. The supervisory authorities have a fair understanding of the inherent risks facing the sectors they supervise which, to a lesser extent, is consistent with the NRA findings, which guides their process. The supervisory arm of Grenada, the FIU and the AML/CTF Commission, were the lead agencies in the co-ordination of the NRA. Both agencies brought together stakeholders from different FIs and DNFBPs along with key governmental bodies in the statutory and public sector institutions. Different working groups were created to better inform the inherent risk related to the various sectors. An overview of the ML sector risk arising from the NRA can be found at Table 6.2 below.

Table 6.2 Overview of ML Sector Risk from Grenada's NRA

Sector	Overall Vulnerability	Overall Threat	ML Risk
Banking	MH	MH	MH
Securities	VL	L	L
Insurance	VL	L	L
Credit Union	H	L	M
Money Service Business (MVTs)	H	L	M
Micro-lending (Hire Purchase)	MH	L	M
Real Estate	ML	L	ML
Lawyers	MH	L	M
Accountants	M	L	ML
Dealer in precious metals	ML	L	ML
Gaming	ML	ML	ML

ECCB

331. The ECCB has a high understanding of the ML/TF risks facing the LFIs. At the national level, the ECCB was an integral organisation to the ML NRA and therefore has a significant understanding of the ML risks and the vulnerabilities in the banking sector at the national level. At the institutional level, as a part of its risk-based framework, the ECCB conducts offsite surveillance of LFIs and has implemented a follow up process to monitor compliance with remedial actions. The ECCB utilises a risk matrix to prioritize institutions for inspections. The ECCB also conducts ML/TF risk assessments of LFIs to target examination areas based on areas that present a heightened level of ML/TF risk. As part of ECCB's ongoing assessment of ML/TF risk profile for LFIs, a relationship manager is assigned to each territory and all LFIs in Grenada. The ECCB conducted 1 onsite inspection in 2018 and 3 onsite inspections in 2019.

FIU & AML/CTF Commission

332. The FIU and the AML/CTF Commission have a moderate level of understanding of the national ML risk the sectoral risks of its supervised entities. Grenada is in the process of developing an institutional risk assessment framework tailored to the different sectors to develop a better understanding of the ML/TF risk within the specific sector for which it supervises. The general understanding of the national ML risk by the FIU and AML/CTF

Commission has been primarily based on the findings of the NRA, which has given the authorities a starting point to its AML/CFT supervisory framework, which is at an early stage. There was no evidence presented that the FIU and/or the AML/CTF Commission conducted any sectoral assessment prior to the NRA through either its supervisory functions, or after the conclusion of the NRA.

333. There is also a limited understanding of TF risk by the FIU and AML/CTF Commission, given that the TF risk assessment was approved during the on-site. Although Grenada completed its TF assessment, an assessment at the sectorial level was not done.
334. Grenada completed only three (3) inspections of real estate institutions in May 2021 for the real estate sector and as such the majority of the sector is yet to be inspected for AML/CFT compliance.
335. Table 6.3 depicts the statistics on the number of onsite and offsite inspections conducted by the FIU and AML/CTF Commission per sector for the period 2017 to May 2021. The spike in 2019 was due to onsite inspections after the NRA and based on the NRA results indicating the vulnerabilities in credit unions. The pandemic also contributed to the low numbers in 2020. However, there was an uptick in the numbers for 2021 although the numbers only reflect inspections up to the period of May 2021.

Table 6.3 No. of Joint Onsite Inspections conducted by the FIU and the AML/CTF Commission

Years	Sector	On-site Inspections	Off-site inspections
*2021	Real Estate	3	3
*2021	Lawyers & Law Firms	1	1
*2021	Credit Union	4	4
2020	Credit Union	1	1
2018	MSBs	1	1
2017	Banking	1	1
Total		15	15

*Statistics up to May 2021

6.2.3. Risk-based supervision of compliance with AML/CFT requirements

ECCB

336. In 2018, the ECCB implemented its risk based supervision framework for AML/CFT supervision of its licensees and conducts physical onsite examinations of the LFIs jointly with the FIU and the AML/CTF Commission pursuant to the MOU which guides joint inspections. The ECCB's supervisory framework was developed with the assistance of the US Treasury's Office of Technical Assistance. The ECCB's onsite examination procedures document was developed to guide the process of the examination and constitute the following elements- Offsite surveillance (ML/TF Risk Assessment), Planning and Scoping of examinations based on ML/TF Risk Profile, Onsite Examinations, Post Examination assessment and revision of ML/TF Risk Profile and Monitoring and follow-up of remedial action and supervisory action plans. Due to the COVID-19 pandemic, in 2021 the ECCB developed remote examination procedures to facilitate remote AML examinations. During remote inspections, the ECCB can conduct similar testing of the LFIs via interviews and information would be shared/uploaded via a secured portal for ECCB's review. Additionally, interviews can be conducted virtually, and a walk-through process of the

banking system is enabled through screen share using technological advancements. These remote examination procedures therefore allow the ECCB to verify the efficacy of the AML/CFT systems of the LFIs without the conduct of a physical onsite examination.

337. In determining the level of risk of the LFI, the ECCB's ML/TF risk rating tool utilises information gathered from the prudential return. The ECCB has implemented its Prudential Return 14 (PR14), which forms part of the ECCB's risk-based monitoring framework. The PR14 is a quarterly return and LFIs are required to upload the form via the ECCB's statistical enterprise solution portal. Additionally, qualitative information derived from the submission of risk focused information or findings from previous onsite examinations and other CAs, are used to assist the ECCB in developing a ML/TF risk rating for its supervised entities. The tool facilitates the assessment of the governance framework and the inherent risk based on product and services, customers and entities and geographies. The ML/TF tool generates a risk rating of either, low, moderate, above average or high. Rating for governance is also assigned which produces the composite ML/TF risk rating used to guide the frequency and intensity of onsite examinations. For supervised entities with a composite risk rating of low, an onsite examination is conducted every 36 months, moderate every 24 months, above average over 18 months and high every 12 months. Based on the risk-ratings tool, 3 LFIs are rated moderate and 1 LFI is rated above average.
338. The Bank Supervision Department is currently staffed with 35 members. Six team members are assigned to the AML Supervisory Unit with oversight provided by a Deputy Director. Overall, there are 12 certified AML Specialist in the department. In relation to the conduct of joint inspections, the ECCB leads on the inspections of its LFIs and work very closely with the FIU and the AML/CTF Commission. A letter of notification is sent to the CA regarding the conduct of the proposed inspections. The FIU and the AML/CTF Commission participate in all onsite inspections, specifically as it relates to the suspicious activity reporting. After the onsite inspection, the report is drafted by the ECCB and submitted to the FIU and the AML/CTF Commission. The ECCB has demonstrated that there are sufficient resources to carry out its function as an AML/CFT supervisor in Grenada and the risk-based supervision framework is robust. This is evidenced by the ECCB conducting onsite inspections for all four (4) LFIs with continued follow-up monitoring.

FIU and AML/CTF Commission

339. The FIU and the AML/CTF Commission indicated that a risk-based approach to ensure compliance with ML/FT risks was adopted. However, this could not be confirmed. The assessment team was advised that the risk management framework encompasses desk-based supervision and onsite inspections, and a risk matrix is utilised to prioritize institutions based on specific indicators for inspection. The FIU nor the AML/CTF Commission did not provide the assessment team with any risk matrix used to guide its selection process for examinations or any risk-based supervision manual indicating same. Nonetheless, joint inspections by the FIU and the AML/CTF Commission commenced in late 2019, with a limited number of inspections occurring prior. Onsite interviews indicated that some institutions have not been inspected for AML/CFT compliance, although AT notes that there is evidence that the AML/CFT inspections are increasing as the jurisdiction provided a supervisory plan to indicate upcoming inspections for the fiscal year 2021. Grenada has developed an Examination Handbook (manual) for Compliance Officers that would guide the AML/CFT inspection process which facilitates a structured and standardised methodology to be undertaken when conducting inspections.

340. The assessors conducted a review of an AML/CFT inspection report done by the FIU and the AML/CTF Commission of a DNFBP to gather information on the workings on an onsite visit to ascertain the core AML/CFT issues covered, and the level of compliance and the remedial actions needed to be addressed. Based on the reviews of the onsite inspection files, it was noted that the onsite inspection covered the salient areas for an AML/CFT inspection, and the appropriate corrective actions were mandated. The FIU and the AML/CTF Commission have indicated that they also utilize a desk-based (offsite) review process. Institutions they deemed to be in the low-risk sector, supervision will primarily be an off-site review inclusive of completing an AML/CFT questionnaire. The AT were not told of any other supervisory measures employed in determining the implementation of the AML/CFT requirements.
341. The NRA noted the lack of supervision as a vulnerability and as a result four (4) additional staff members were provided to the AML/CFT Commission examination unit to bolster the inspection function. It was noted that persons in the unit conducted several other duties, apart from conducting onsite/offsite AML/CFT inspections, and these same staff members were also responsible for following up on remedial actions as well as providing training to the DNFBPs sectors. It is clear, even from the increase in staff at the AML/CTF Commission, additional supervisory resources are required to ensure effective supervision inclusive of following up on remedial actions.

6.2.4. Remedial actions and effective, proportionate, and dissuasive sanctions

ECCB

342. After the conduct of an onsite, if an examination report is issued by the ECCB, and the ECCB concludes that the LFI is non-compliant with a require of the respective AML/CFT legislation, the ECCB may take one or more of the following remedial actions: (i) conclude a written agreement with the LFI, on the steps to be taken for it to come into compliance, such as a Letter of Commitment or Memorandum of Understanding (MOU). LFIs would be given the opportunity to provide feedback and agree on the timelines in addressing the identified deficiencies; (ii) issue a written warning; (iii) issue directives to the LFI to cease and desist conduct that results in the inadequacy of any aspect of the AML/CFT system that is in breach; (iv) issue directives to any person or any member of the board or management concerning the development; (v) apply administrative penalties; (vi) intervene the LFI or (vii) revoke the licence.
343. To date, the ECCB executed MOUs for two (2) LFIs in Grenada subsequent to onsite examinations. Both entities satisfactorily addressed the remedial actions required and ECCB has not had cause to escalate its remedial action.
344. It is clear that ECCB has a wide range of administrative sanctions for non-compliance by LFIs. Given the compliance by the sanctioned LFI, it would appear that the sanctions are effective.

FIU and AML/CTF Commission

345. The FIU and the AML/CTF Commission are duly authorized by law to issue sanctions commensurate with their supervisory role for non-compliance. For the period under review, 2016 till June 2021, the AML/CTF Commission indicated that it issued a written warning letter to an institution, which emanated from an onsite inspection. It was noted, that although technical support was given, the institution remained in breach. The AML/CTF Commission indicated that due to the authorities' policy controls to deal with the COVID-19 pandemic, the Commission was unable to verify whether the required

actions to remedy the deficiencies were completed. The FIU and AML/CTF Commission concluded that if an institution is non-compliant with the AML/CFT legislation, and based on the severity of the breach identified, the FIU and AML/CTF Commission can forgo one or more of the steps. (i) Work plan submission – entity is required to produce a work plan outlining the actions to remedy the deficiencies and timelines; (ii) Ongoing Monitoring – monitoring of the entity including follow-up meetings to address the same; (iii) Issue warning letter to entity reminding them of the deficiency/s and the repercussions of the firm’s failure to rectify outstanding deficiencies, i.e. the penalties involved; (iv) High level meeting - If no action is taken by the entity, the AML/CTF Commission will conduct a high-level meeting with the senior management of the entity to discuss the issue/s and give advice on the best way forward; (v) Extension of time frame - After considering the issue/s the Commission may extend the timeframe given to rectify any outstanding deficiencies or can apply step number six (6); (vi) Imposing of a fine - AML/CTF Commission supervisors will issue a letter of recommendation to the AML/CTF Commission board for penalties to be imposed on the entity for non-compliance. These penalties vary based on the extent of the supervisory breaches incurred by the entity. Given the low number of AML/CFT inspections over the period under review, this could have been one contributing factor to the single written dissuasive sanctions used to promote compliance.

346. Grenada can utilise several measures to encourage remedial actions by FIs and DNFBPs. However, although the FIU and the AML/CTF Commission’s remedial actions stemming from non-compliance practice is low, the identified breaches usually occur during the onsite AML/CFT inspection. The assessors noted the extent of the remedial actions undertaken by the FIU and the AML/CTF Commission is issuing an action plan with corrective measures and stipulated timelines attached for completion.
347. Sec. 59(2) of POCA (AML/TF) Guidelines SRO No. 6 of 2012 provides for the administrative penalties to be applicable to not only financial institutions and DNFBPs but also to their directors and senior management. However, no information was presented by the FIU and the AML/CTF Commission to indicate use of administrative fines. Based on the lack of inspections, the FIU and AML/CTF Commission have been unable to demonstrate the application of effective, dissuasive and proportionate sanctions.

6.2.5. Impact of supervisory actions on compliance

ECCB

348. ECCB maintains an offsite surveillance framework in which they conduct a follow-up to review the onsite inspection reports and follow up on outstanding remedial actions. The ECCB indicated that it assesses its impact on the compliance programmes of LFIs through a number of ways such as the review of risk focused information received on a monthly, quarterly and yearly basis; conducting follow-up assessments for noted areas of deficiencies; and discussions held with LFIs and other competent authorities. The assessment team noted that the breaches found in the 1st round of AML/CFT onsite inspections conducted by the ECCB, were remedied by the respective LFIs within the agreed upon timeframes. However, given that the 1st round of onsite inspections was conducted between 2018-2019 and the 2nd round of inspections commenced in May 2021, 1 month prior to the end of the onsite visit, the ECCB was unable demonstrate whether sustained and continuous improvements were observed from subsequent supervisory activities.

FIU and AML/CTF Commission

349. Given the low number of AML/CFT inspections and offsite supervision for the period under review, the assessment team was unable to assess the impact of supervisory action on compliance.

6.2.6. Promoting a clear understanding of AML/CFT obligations and ML/TF risks

ECCB

350. The ECCB promotes highly the understanding of AML/CFT obligations and ML/TF risks. The ECCB provides trainings to LFIs, GARFIN, the FIU and the AML/CTF Commission. During the month of March 2021, the ECCB facilitated the following training sessions for LFIs:
- i. 15 March 2021 Grenada Cooperative Bank- training for Executive Management on the Mutual Evaluation and Grenada's National Risk Assessment.
 - ii. 16 March 2021 Grenada Cooperative Bank Limited- training for Board of Directors on the Mutual Evaluation and Grenada's National Risk Assessment.
 - iii. 23 March 2021 Republic Bank Grenada Limited- training for the Board of Directors on AML/CFT Governance, the Mutual Evaluation and Grenada's National Risk Assessment.
 - iv. 24 March 2021 Republic Bank Grenada Limited- training for Senior Management on AML/CFT Governance, the Mutual Evaluation and Grenada's National Risk Assessment.
351. In addition to trainings for LFIs, in March 2021 the ECCB introduced its AML/CFT Newsletter. The objective of the newsletter is to provide guidance on regulatory initiatives and raise awareness on emerging ML/TF risks. Further, the ECCB, in collaboration with the Association of Certified Anti-Money Laundering Specialist (ACAMS), facilitated a series of webinars geared towards raising awareness and building capacity of LFIs in the area of AML/CFT. The webinars consisted of topics such as- 'the AML Model Risk Management', 'Raising Awareness- Human Trafficking and Trade-Based Money Laundering in the Region', and 'A closer look- Managing Risk with PEPs and Correspondent Banking Relationships'.

FIU and AML/CTF Commission

352. The FIU together with the AML/CTF Commission jointly moderately promote the understanding of AML/CFT obligations and ML/TF risks through trainings, workshops and advisories to its supervised entities. The AML/CTF Commission embarks on a weekly radio and television programs which explains the obligations of the various sectors and entertain questions from the general public on matters relating to AML/CFT.
353. Table 6.4 highlights the trainings provided by FIU on a yearly basis for the period under review to FIs and DNFBPs.

Table 6.4 Trainings by FIU to FIs and DNFBPs

Entity Types	*2021	2020	2019	2018	2017
Financial Institutions	2	2	6	13	5
DNFBPs	1	2	3	3	1
Regulatory Bodies	0	0	1	3	1

Total	3	4	10	19	7
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*Statistics up to March 2021

354. Upon completion of the NRA, the findings were disseminated to various stakeholders and meetings were held with supervised entities. Onsite interviews revealed that some DNFBPs were made aware of the findings of the NRA, while others indicated that the results were still being shared up until the time of Grenada's onsite. The assessment team was made aware that DNFBPs were given training during the period under review and training can be provided to the DNFBPs upon request by the institution. However, the assessment team was unable to confirm the sectors in attendance and content of the training to determine whether the training was general or targeted in nature, save and except for the special training given to MSBs.
355. FIU's website has several audio sessions on AML/CFT obligations and ML/TF risks with sector specific sessions for Lawyers. In 2019 and 2020 advisories were issued by the FIU in relation to combating TF and entities were reminded of their statutory obligations. In 2020, during the COVID-19 pandemic, pre-recorded interviews were aired mainly through radio programme to sensitize entities on their compliance obligations. In January 2021, an advisory was sent to MSBs providing guidance on a trend whereby persons were asked to transfer money through MVTs in exchange for government assistance. Further in March 2021, the FIU and the AML/CTF Commission hosted forums with local agents associated with the CBI programme given the level of risk associated with same.

Overall conclusion on IO.3

356. There are three (3) AML/CFT supervisory authorities in Grenada- the ECCB, the FIU and AML/CTF Commission. There are robust market entry requirements for LFIs, MSBs, Insurance companies Credit Unions and Casinos. Fit and proper requirements for LFIs are done by the ECCB and for all other FIs by GARFIN, which are considered adequate. However, for DNFBPs (other than Casinos) there are no fit and proper requirements. Supervisors demonstrated a varying understanding of ML/TF risks, with the ECCB demonstrating a sound and consistent understanding of both national and institutional risk, while the AML/CTF Commission and the FIU's understanding is limited to the results of the NRA. In recognition of this, the AML/CTF Commission did supply the assessment team with its 2021 working plan/strategic objective in which one of the tasks is to develop an institutional risk rating mechanism, in order to comply with the FATF recommendations and to attain a framework similar to ECCB. The FIU and AML/CTF Commission have demonstrated continued development and improvements in their overall compliance framework.
357. It is clear that the ECCB, the FIU and the AML/CTF Commission have a wide range of administrative sanctions for non-compliance, however, given the low number of examinations by the FIU and the AML/CTF Commission the assessment team was unable to confirm the application of effective, dissuasive and proportionate sanctions. Further, the assessment team was also unable to assess the impact of supervisory action on compliance. The ECCB, FIU and the AML/CTF Commission have provided outreach and training to supervised entities on AML/CFT obligations and ML/TF risks.

358. Effectiveness for this IO is achieved to some extent. The ECCB plays a major role given that the ECCB supervises the banking sector, which is the largest contributor to the financial sector in Grenada, and it is thoroughly supervised by the ECCB. The ECCB, the AML/CTF Commission and the FIU have a good appreciation of the national ML risks. Major improvements are needed in the supervision regime of the FIU and the AML/CTF Commission.
359. **Grenada is rated as having a moderate level of effectiveness for IO.3.**

Chapter 7. LEGAL PERSONS AND ARRANGEMENTS

7.1. Key Findings and Recommended Actions

Key Findings

- a) Information on the creation and the types of legal persons such as companies, NPOs and external companies, are publicly available in Grenada. However, there is limited information available for friendly societies, building societies, cooperatives and legal arrangements created by Deed.
- b) Although Grenada conducted a NRA in 2019, the NRA did not include nor did Grenada conduct a separate ML/TF risk assessment of legal persons which can be created or operated within the jurisdiction. As a result, there is a lack of understanding and knowledge across all CAs of the ML/TF risks involved with legal persons.
- c) Given the absence of the ML/TF risk assessment of legal persons, the authorities have not applied any mitigating measures. However, the authorities have put in place some general measures to address potential abuse of legal persons. These include the prevention of the use of nominee and the prohibition on the issuance of bearer shares and bearer share certificates.
- d) CAIPO obtains adequate basic information on legal persons (companies with share capital, NPOs and external companies), however, CAIPO does not verify the basic information to ensure accuracy nor is the information kept current. Further, Grenada's Companies Act does not require the keeping of adequate, accurate and current BO information for legal persons save and except for NPOs and external companies registered at CAIPO in a timely manner. Further, GARFIN collects BO information on IBCs and FIs and DNFBPs are required to obtain basic and BO information for legal persons as part of the CDD requirements. The assessment team was unable to determine the effectiveness of the systems in place to collect BO information.
- e) BO information in Grenada is held by different entities for different legal persons. Pursuant to the Companies Act, CAIPO is required to obtain BO information for NPOs and external companies, while GARFIN holds BO information for IBCs established pursuant to the International Business Act. Additionally, all FIs and DNFBPs are required to provide BO information as part of the annual registration process with the AML/CTF Commission and are also required to obtain and verify basic and BO information for legal persons as part of their CDD requirements. However, there is a large subset of domestic legal persons who are not required to provide BO information such as profit companies. Further, no evidence was provided of a mechanism for BO verification by FIs and DNFBPs.
- f) CAIPO has limited mechanisms, technical and human resources, to meet the compliance requirements of the Companies Act.

- g) CAs have access to information held by the CAIPO either through a written request to the Registrar (basic and BO information) or through use of a manual system (basic information only) available at CAIPO. However, the manual system can only be searched by name of company and not directors of the company, which can ultimately hinder law enforcement investigations. CAIPO is currently in the process of implementing an OCRS system which will automate the information held at the Companies Registry.
- h) Grenada's mechanisms for obtaining adequate, accurate and current BO information on legal arrangements is limited to information collected by FIs and DNFBPs as part of their CDD requirements. The FIU can, through a Director's letter to the FI or DNFBP, request BO information on legal arrangements. It is unclear whether other CAs can also access BO information on legal arrangements.
- i) Companies that fail to complete the required filings of documents, including annual returns, change of directors, and BO information for external companies, IBCs and NPOs, are ultimately liable to be struck off the company register. Nonetheless, the authorities could not demonstrate that they applied effective, proportionate and dissuasive sanctions for failure to comply with information requirements.

Recommended Actions

- a) Grenada should address the technical compliance deficiencies in recommendations 24 and 25, as well as develop widely known mechanisms to facilitate the verification of BO information.
- b) Grenada should make public the information on the creation of friendly societies, building societies, cooperatives and legal arrangements.
- c) Grenada should identify, assess and understand the vulnerabilities and the extent to which legal persons created in the country can be, or are misused for ML/TF.
- d) Grenada should implement, based on identified vulnerabilities, mitigating measures to prevent the misuse of legal persons and legal arrangements for ML/TF purposes.
- e) Grenada should bolster the technical and human resources at CAIPO to ensure that:
 - i. Basic information is verified and kept accurate;
 - ii. CAIPO can effectively implement mechanisms to ensure compliance with the requirements of the Companies Act; and
 - iii. CAIPO can identify breaches of the Companies Act and apply effective, proportionate and dissuasive sanctions.

- f) CAIPO should complete the implementation of the OCRS system and ensure that CAs have timely access to basic and BO information available at the Companies Registry.
- g) Grenada should develop mechanisms to allow for all relevant CAs to have timely access to BO information on legal arrangements.

360. The relevant Immediate Outcome considered and assessed in this chapter is IO.5. The Recommendations relevant for the assessment of effectiveness under this section are R.24-25, and elements of R.1, 10, 37 and 40.⁹

7.2. Immediate Outcome 5 (Legal Persons and Arrangements)

7.2.1. Public availability of information on the creation and types of legal persons and arrangements

Legal Persons

- 361. There is a range of public information about the types of legal persons that can be created in Grenada and how to create them that can be accessed in various ways via CAs, particularly CAIPO and GARFIN. The types of legal persons that can be established or created in Grenada are: (i) profit companies, (ii) non-profit companies, (iii) external companies, (iv) businesses, (v) cooperatives, (vi) IBCs, (vii) friendly societies and (viii) building societies.
- 362. There is a variety of information and documentation contained in the Companies Registry (CAIPO, Ministry of Legal Affairs). All legal persons created pursuant to the Companies Act must be registered with CAIPO and must provide information such as, name, address, registration authority, directors, secretary, and incorporator. Information on shareholders is available for all types of legal persons, which could be established in Grenada. The details for instructions about the procedure for incorporation and types of legal persons that may be created in Grenada are publicly available on the CAIPO's website (<https://www.gov.gd/caipo/corporate-section>).
- 363. CAIPO has a centralised registry for companies and information on the names of the companies, registered office, directors kept in a secured vault and any changes to these particulars can be obtained on payment of a fee and physically accessed by the vault attendant upon request via manual searches. Searches can be done by the name of the company in alphabetical order in the manual system as a number is assigned to the company's name. It is not possible to conduct searches by a director's or shareholder's name in the company. CAIPO facilitates the FIU with easy access to the companies' register to conduct searches without a fee at short notice, however there is no formal mechanism or procedure to ensure that such prioritisation can be maintained by CAIPO. In relation to FIU requests for information, CAIPO does not maintain a systematic record of the details in relation to the information provided. Further, information on shareholders, changes in directorship and legal ownership of companies are recorded and filed with the

⁹ The availability of accurate and up-to-date basic and beneficial ownership information is also assessed by the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes. In some cases, the findings may differ due to differences in the FATF and Global Forum's respective methodologies, objectives and scope of the standards.

Registrar at CAIPO in an Annual Return and there is a 15-day period stipulated within which all directors or legal owners must file a notice of any change in the composition of directors or particulars of the company. Companies in breach for failure to file Annual Returns can be struck off the Register.

364. CAIPO has actively been engaged in conducting awareness to inform the public of the procedures involved in registering a company or business. Information has also been placed on the Government Portal with “Frequently Asked Questions” (FAQs) to assist persons in understanding the requirements and procedures involved in registering a company or business.
365. Continuous reporting is required by all companies through the filing of annual returns and other filings which include information on the directors and shareholders. At the time of the on-site, the Registrar and Deputy Registrar of CAIPO were coordinating the launch of a new digital online platform through a software called Online Company Registration System (OCRS) which can interact with the IRD and the NIS. The primary objective of this system is to enhance searches, record keeping and e-filing of documents to the public for easy accessibility. Given the importance of this initiative, the authorities have provided a roadmap for implementation of OCRS.
366. CAIPO has embarked upon a project by the Intellectual Property Office (IPO) in collaboration with the Compete Caribbean Partnership Facility (CCPF), a multi-donor Trust Fund supported by the UK’s Foreign, Commonwealth & Development Office (FCDO). The CCPF is currently supporting Grenada to further the automation of the Companies registry. The scope of the project is limited to data migration, digitization and validation of records (1st stage). As of December 2019, training was provided and CAIPO has begun using the OCRS system to process applications and reduced the generation of paper-based records. The 2nd stage of the project focuses on designing a best practice One-Stop-Shop for business registration. The key areas identified within the 2nd stage of the project are E-Government Framework, E-Identities, E-Signatures, E-Payments, E-Records, Inter-Agency Data Sharing (G2G), Data Protection (G2C, G2B), Business Registration Process, and Data Sharing Rules.
367. At CAIPO, searches are done manually, and the information is obtained within the same day. Table 7.1 indicates the number of searches that were conducted between the period 2017 - 2020.

Table 7.1 Public Searches of the Companies Registry

Years	Number of Public Searches
2017	173
2018	96
2019	82
2020	-
Total	1,118

368. There is information about the creation of companies, NPOs, registration of business and external companies which can be created in Grenada and can be accessed in a specific manner from CAIPO’s website.

369. There is publicly available information setting out the procedure for creation of IBCs in good standing with GARFIN.
370. The GIDC also provides information and support to the public on how to create and register a company and also offers a newly available registration service via the small business development services. The GIDC is an economic development corporation with a mandate to stimulate, facilitate and encourage the establishment and development of businesses in Grenada. The corporation also serves as the country's Investment Promotion Agency which co-ordinates, encourages, promotes and facilitates investment in Grenada. Investment opportunities can be found across a wide range of sectors. Priority areas for investment in Grenada include tourism (boutique hotels, villas, condominiums, attractions, marinas); manufacturing (agro-processing, light manufacturing), information communications technology and business process outsourcing; health services (retirement homes, hospitals, health clinics and medical facilities) and educational services.
371. There is a limited range of available information on the creation of co-operatives, friendly societies and building societies which are maintained by GARFIN and can be created in Grenada.

Legal Arrangements

372. Information in relation to the creation and types of legal arrangements specifically for express trusts not created by Deed is not publicly available. However, information on the creation and types of trust instruments created by Deed is publicly available via the Land Registry via searches. This is in accordance with the Deeds and Land Registry Act, Cap 79 and the Conveyancing and Law of Property Act, Cap 64 which requires registration of instruments and trust deeds respectively for the assignment, lease, settlement and other assurance of any real and personal property in the form of a conveyance in the Land Registry. Conveyances which are trust deeds must be registered in order to establish enforceable rights beyond simple contracts or bare trust. An international trust was provided on the public availability of information on the creation of trusts (including express trusts). Similarly, some information in relation to the creation of international trusts is available on GARFIN's website. There are currently no international trusts in operation.

7.2.2. Identification, assessment and understanding of ML/TF risks and vulnerabilities of legal entities

373. Although the CAs have completed separate national ML and TF risk assessments, Grenada has not assessed the ML/TF risks of legal persons with the intention of identifying the vulnerabilities associated with these entities in order to determine the extent to which it can be or is being misused for ML/TF purposes. The ML NRA does not contain any information to the sector specific vulnerabilities for legal persons which can guide the risk-based approach and strategy by CAs for addressing ML risks associated with legal persons.
374. In practice, CAIPO, GARFIN and GIDC do not consider or determine any ML/TF risks at the time of registering legal persons and were unaware of any specific cases where companies may have been abused for ML purposes.
375. Despite the absence of any ML/TF risk assessment for legal persons, the FIU and AML Commission have continued to inform and sensitise the public generally about the vulnerability and risks of legal persons and legal arrangements for ML via radio and television programmes. However, the information provided at these sessions is broad in scope, spans a range of AML/CFT topics and does not provide substantive information on the specific ML/TF risks for legal persons in Grenada and the necessary actions to mitigate

these risks. Based on the onsite interviews, CAs did not demonstrate knowledge of the nexus of ML risks associated with legal persons. Up to the on-site, there were neither referrals by CAIPO to LEAs for investigations concerning legal persons nor any ML investigations with a nexus to legal persons.

7.2.3. Mitigating measures to prevent the misuse of legal persons and arrangements

376. Given the absence of a risk assessment for legal persons, the authorities have not taken mitigating measures, however the authorities have put in place some general measures to address potential abuse of legal persons. These include the prevention of the use of nominee and the prohibition on the issuance of bearer shares and bearer share certificates pursuant to section 29(2) of the Companies Act.
377. In relation to external companies, the CAIPO does not maintain records on directors and shareholders to distinguish between companies owned or controlled by non-residents or residents based on the manual system that the CAIPO operates, as all the information is contained in the companies file and there are no separate records to easily identify this information. There is a need for the CAIPO to implement measures to prevent misuse of external companies and domestic companies, as there may be foreign persons who are directors in any of these types of companies, which is not distinguished in the records of the Companies Registry.
378. In addition, the CAIPO's employees responsible for the registration and oversight of companies have not received specific training in AML/CFT including implementing procedures for cross-checking measures to verify or/and monitor the information on beneficial ownership and taking advantage of the availability of open and closed source information and are therefore not equipped to adequately conduct their AML/CFT review functions. On the other hand, based on the on-site interviews, attorneys-at-law engaged in company formation have attended AML/CFT training via several forum including by the FIU.
379. Further, there are no policies to guide the interaction or processes between CAIPO and the AGO in relation to companies and NPOs. There is a general approach that NPOs that seek to be incorporated as non-profit companies under the Companies Act, first require the approval of the Attorney General before articles, which include BO information, are accepted for filing. Apart from the checklist and approval process by the AGO, there is no clear understanding that NPOs may present higher ML/TF risks based on any identified indicators.
380. No information was available on the range of mitigating measures that Grenada has in place to prevent the misuse or abuse of cooperatives, friendly societies, building societies, trusts by Instruments of Deed, express trusts and international trusts and the extent to which they have been implemented.

7.2.4. Timely access to adequate, accurate and current basic and beneficial ownership information on legal persons

CAIPO

381. CAIPO facilitates walk-in searches in the vault and oral/written requests for information made to the Registrar by members of the public. Basic information for companies, non-profit companies and external companies can be searched on the Register manually.

382. The CAIPO's approval and registration process does not require any verification of information by the Registrar with any entity including FIs and DNFBPs to ensure the accuracy of basic and BO information provided in relation to filings by companies. Typically, once documents are complete and in order, CAIPO reviews and approves applications primarily made by attorneys-at-law and to a lesser extent the GIDC and does not conduct any checks on the basic information provided, as there is heavy reliance by the Registrar and Deputy Registrar on the truthfulness of the information and it is expected that the attorney-at-law would ensure the accuracy of the information required in an application. The Business Development Unit, GIDC liaises with CAIPO to register businesses and companies, which is a relatively new process commencing in 2019 and thus far GIDC has registered approximately three (3) companies based upon its SOPs for forming companies.
383. The Registrar does conduct checks on documents and identity documents filed by companies, to enforce compliance with filing requirements and can compare new documents filed with what is already in the file for an existing company. The Registrar does not however check information submitted by companies against other sources (such as the voters' national identification register or the IRD) to verify or/and monitor the information on the company. The Registrar also does not seek to identify any anomalies or inconsistencies and is not required to file reports with the competent authorities. The CAIPO is not mandated to request any form of national identification from directors, as this is not required by the Companies Act, as reliance is placed on the company formation agent, primarily attorneys-at-law and law firms, to ensure the adequacy and accuracy of basic information and to keep that information current.
384. In relation to bearer shares or bearer warrants, section 29 (2) of the Companies Act strictly prohibits the issuance of bearer shares or bearer share certificates. The assessment team was unable to determine the extent to which BO information is kept by CAIPO for NPOs and external companies.
385. Apart from external companies and NPOs, there is no legislative requirement for the provision of BO information and as such, the CAIPO does not maintain adequate, accurate and current BO information on profit companies and there is no active and adequate verification process to ensure the accuracy of the BO information. In relation to external companies, no information or statistics were provided regarding the retention of BO information. The authorities are cognisant that the Companies Act should be amended to require BO information upon incorporation and for existing and new companies at the company's registry. In establishing business relationships with legal persons, FIs and DNFBPs rely upon the submission of BO information, however there are no controls implemented by the FIU and the AML Commission to prevent criminals and their associates from holding or being the beneficial owner of a company. (See Chap. 5 on IO 4)
386. CAs including the AGO, FIU and the RGPF generally use informal means when making requests at the Company's registry by visiting the registry to retrieve requested information and these requests are generally not documented by CAIPO. However, the Integrity Commission has utilised the Companies Registry and documented this within its record keeping processes. There are no known requests made by or granted to CAs of foreign countries for BO information in relation to legal person and arrangements.

GARFIN

387. During the registration process for IBCs, GARFIN collects basic and BO information as this is required to be filed by the directors or officers of the IBC. The International Companies Act¹⁰ requires registered agents to maintain records of the names and addresses of directors and beneficial owners of all shares.
388. No information was provided regarding the maintenance of BO information by registered agents or Attorneys-at-Law for IBCs. In addition, only basic information on friendly societies, building societies and cooperatives which are credit unions is kept by GARFIN.
389. The public has access to basic information on all entities registered by GARFIN through the Authority's office. This access can be provided via in-person requests at GARFIN's office or via telephone or e-mail. The AT was not provided with information on whether CAs have made requests to access particular basic information on international companies, co-operative societies, friendly societies and building societies via GARFIN.

Department of Cooperatives

390. Basic registration information is kept by the Registrar of Cooperatives, Department of Cooperatives, Ministry of Trade, Industry, Co-operatives and CARICOM Affairs for all other cooperatives, other than credit unions.
391. CAs can make a request for information from the Department of Cooperatives and GARFIN for information held by the respective organisations, however no such request has been made during the period under review. As such there is no information to deduce timely access.
392. FIs and DNFBPs are by law required to keep basic and BO information of legal persons and take reasonable measures to verify the identity of directors and any other natural person exercising ultimate effective control over a company, including through the chain of control/ownership via the obligations on REs to apply specific CDD measures and update CDD information. Other than larger financial institutions accessing online screening services which may assist the verification process for BO information, there are no systems or mechanisms in place, which allows for other FIs and DNFBPs to take reasonable measure to verify the BO information of legal persons.
393. LEAs (RGPF, C&E and IRD) can rely upon the FIU to request basic and beneficial information from any legal person by the use of the FIU director's letters and receipt of responses to request. However, there was no information on the issuance of such letters in relation to legal persons and no such requests were made via CAIPO or GARFIN.

7.2.5. Timely access to adequate, accurate and current basic and beneficial ownership information on legal arrangements

394. Trust law in Grenada is governed primarily by common law principles as relied upon the authorities in citing prevailing case law, namely *Lloyds Bank v Carrick* [1996] 4 All ER 630 CA and *Rosalind Nicholls et al v Richard Rowe et al* (Eastern Caribbean Supreme

¹⁰ The International Companies Act was repealed pursuant to Act No. 17 of 2018, which provided that international companies incorporated under the International Companies Act shall continue to be valid after commencement of this Act and prior to the operative date, being December 31, 2021. Pursuant to the International Companies (Repeal)(Amendment) Act, 2021, which came into effect after the onsite visit, international companies incorporated under the International Companies Act, were allowed to continue under the Companies Act. Grenada advised that BO information held by GARFIN were handed over to CAIPO.

Court SKBHCVAP2011/0015). Basic information on express trusts created by Instruments of Deeds can be accessed from the Land Registry.

395. FIs and DNFBPs are required to keep basic and BO information of express trusts and take reasonable measures to verify the identity of the settlor, the trustee(s), the protector, if any, the beneficiary or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust, including through the chain of control/ownership via the obligations on reporting organisations to apply specific CDD measures and update CDD information. Apart from this mechanism, adequate, accurate and current BO information with respect to express trusts generally is not available via CAs.
396. No case examples were cited by the authorities in relation to basic or BO information being obtained from trustees, who may be difficult to identify as no such requests had been made. Therefore, timely access by a CA to receiving adequate, accurate and current basic and BO information in relation to an express trust could not be properly assessed.
397. In relation to the existence of the International Trusts Act, the International Trust Act provides that an international trust is a trust in respect of which the settlor is resident outside Grenada; at least one of the trustees is a trust corporation; no beneficiary is a resident of Grenada; and the trust property does not include any immovable property situated in Grenada or an interest in any property so situated. The beneficiary of the trust may be an international insurance company within the meaning of the International Insurance Act, an offshore bank within the meaning of the Offshore Banking Act, or an international business company within the meaning of the International Companies Act. The trust property of an offshore trust must not be located in Grenada. International trusts do provide for asset protection and estate planning. International trusts are not required to be registered with the government of Grenada. They can remain private and not accessible to CAs or the public. GARFIN is the regulator for International Trusts, however during the reporting period there were zero international trusts created.
398. Pursuant to the POCA Regulations and POCA Guidelines, trustees acting by way of business together with professionals who provide fiduciary services are required to have knowledge of the identity of the settlor and beneficiaries of the trust. The FIU can access information from any RE, including a trustee of a trust via the use of the Director's Letter. However, if the absence of any investigation surrounding legal arrangements, there were no examples where such information was accessed by LEAs. International Trusts can no longer be created from January 1, 2022 as the repeal of the International Trusts Act took effect in December 2021. None exists in the jurisdiction. There are no companies licenced under the International Trusts Act.
399. In relation to express trusts, no information was provided by the authorities on the creation and establishment of express trusts.

7.2.6. Effectiveness, proportionality and dissuasiveness of sanctions

400. In Grenada, companies and their officers are subject to penalties for failure to comply with the provisions under the Companies Act. The Registrar and Deputy Registrar conduct monitoring to ensure that the information submitted on the Annual Returns are up to date, adequate and accurate. Apart from the striking off process, the assessment team was not provided with any evidence of enforcement of sanctions on companies pursuant to the Companies Act for the provision of false particulars, omission of nominee shareholder information and the failure to provide basic information. In addition, there are no

legislative provisions that allow for proportionate and dissuasive sanctions of NPOs in relation to filing BO information.

401. The CAIPO has taken the steps to strike companies off the Register for non-compliance with respect to filing requirements under the Companies Act and these steps include issuing letters of non-compliance and publication in the Government gazette. The striking off process is reviewed on a case-by-case basis premised upon the legislative requirements in relation to defunct companies and non-compliance identified by the Registrar and Deputy Registrar of the CAIPO and supported by a small team of data entry and administrative personnel. Due to the current limited resources in CAIPO, there is a need to increase human resources for data entry and compliance purposes. The Registrar writes to the company informing them of default and giving 30 days to respond, if no response is given another 30 days will be given. Once the company responds and notifies the Companies Registry that it is no longer in operation, the company would be struck off the companies' register. There was no information on whether any penalties were administered by CAIPO other than the striking off process for companies.
402. The CAIPO does not have guidelines for staff on the striking out process and relies on the existing legislation and internal operations. Apart from the striking out process, there is no compliance programme or staff assigned for ensuring compliance at CAIPO. Below is a table that identifies the number of legal persons that were struck off the Companies Register on an annual basis.

Table 7.2 Companies Struck Off the Register

Year	Profit
2017	2
2018	3
2019	2
2020	1
*2021	0

*Statistics up to March 2021

Overall conclusion on IO.5

403. There is a wide range of public information on the several types of legal persons which can be created in Grenada and how to create them. However, there is little or no public information on the creation and types of legal arrangements including domestic express trusts apart from international trusts. The CAs are able to demonstrate a limited understanding that legal persons created in Grenada can be abused for ML/TF however, the jurisdiction has not properly identified and assessed the ML or TF vulnerabilities/risks associated with the different types of legal persons. Grenada has not implemented any mitigating measures for preventing abuse of legal entities and has not been proactive in the implementation of any measures to prevent the misuse of those entities for ML/TF purposes. CAs can obtain adequate, accurate, and current, basic information on profit companies, external companies and NPOs from the Companies Registry to a certain extent. However, and of great concern, is the issue of being unable

to access BO information apart from NPOs, external companies and IBCs. Both basic and BO information is only available to international trusts. There is no evidence that any sanctions for failure to comply with information requirements have been imposed.

404. **Grenada is rated as having a low level of effectiveness for IO.5.**

Chapter 8. INTERNATIONAL COOPERATION

8.1. Key Findings and Recommended Actions

Key Findings

- a) Grenada has a well-established framework in place for providing MLA. The AGO is the Central Authority for incoming and outgoing requests which are managed by a case management system. Consistent with the risks and context of Grenada, the number of incoming requests are low. Grenada provided MLA across a wide range of international cooperation with varying timeliness depending on the complexity and language of the requests. Incoming requests were in relation to ML investigations, service of documents, obtaining records and cash detention matters. Based on the lack of feedback, the assessment team could not determine the quality of assistance provided. Grenada has not received any MLA requests related to TF consistent with their risk profile. Grenada received one extradition request which was refused due to delays on the part of the requesting state.
- b) Grenada sought MLA in a limited number of cases. The requests were in relation to obtaining conviction records and account information, among others. However, Grenada does not consistently pursue MLA in an appropriate and timely manner to pursue domestic ML and associated predicate offences. The jurisdiction has not sought international cooperation in relation to TF which is consistent with the TF risk profile
- c) Other forms of international cooperation have not been sought consistent with Grenada's risk profile. RGPF routinely made requests through INTERPOL and ARIN-Carib to assist with the investigation of predicate offences. While the FIU has utilized Egmont, all the requests were related to fraud but not the other higher-risk offences. Other CAs utilized international cooperation to varying levels. While C&E and IRD sought international cooperation extensively, the information was not used for AML/CFT purposes. No information was provided by any of the AML/CFT Supervisors to evidence that they sought other forms of international cooperation.
- d) While C&E and IRD have provided responses to other forms of international cooperation requests, this was not done for AML/CFT purposes. The FIU provided timely and useful responses to international cooperation requests. The RGPF utilizes INTERPOL and provided timely assistance to foreign counterparts. AML/CFT Supervisors did not provide any information to demonstrate that they provided other forms of international cooperation. Grenada provided a minimal number of spontaneous disseminations to foreign jurisdictions given Grenada's risk profile.

- e) Grenada has not exchanged any information, whether through MLA or other forms of international cooperation, on the basic and beneficial ownership of legal persons and arrangements.

Recommended Actions

- a) The AGO should develop public guidance for requesting states on the information necessary to execute MLA requests. Grenada should continue to seek feedback from requesting jurisdictions with a view to ensuring their responses are useful and timely. In this regard, the AGO should develop and implement a feedback mechanism for outgoing responses which should also be relayed to the relevant LEAs.
- b) Grenada should consistently pursue MLA, when appropriate and in a timely manner, for domestic ML and associated predicate offences. Grenada should actively follow up on such requests in a timely manner.
- c) CAs should increase the use of other forms of international cooperation in relation to ML, where applicable and associated predicate offences in line with Grenada's risk profile.
- d) LEAs should increase the spontaneous dissemination of intelligence and information on ML and associated predicate offences with foreign counterparts. AML/CFT Supervisors should ensure that there are mechanisms in place to share relevant information with foreign counterparts.
- e) Grenada should ensure that CAs are aware of where to access basic and BO information on legal persons. CAs should develop and implement mechanisms to provide the information on basic and BO information in a timely manner, when requested.
- f) CAs should accurately record and maintain all relevant information pertaining to the exchange of MLA, extradition, and other forms of international cooperation. Grenada should improve its data and statistical collection of information for cross-border ML and predicate offences with a transnational element.

405. The relevant Immediate Outcome considered and assessed in this chapter is IO.2. The Recommendations relevant for the assessment of effectiveness under this section are R.36-40 and elements of R.9, 15, 24, 25 and 32.

8.2. Immediate Outcome 2 (International Cooperation)

8.2.1. *Providing constructive and timely MLA and extradition*

Incoming Request

- 406. Grenada has a legislative framework for international cooperation which allows for the receipt and completion of MLA matters. The main counterparts for incoming MLAs are the OAG, FIU and the RGPF. The Central Authority of Grenada for MLA matters issued a policy on Mutual Legal Assistance and International Cooperation Policy on 14th June

2021 which “set out a comprehensive overview of the obligations of the Central Authority of Grenada”¹¹. This includes the “expediency in the handling of request to ensure the dissemination of incoming requests to competent authorities within Grenada and responding to requesting countries”¹².

407. Between 2016 – May 2021, sixteen (16) incoming MLA were received by the Central Authority from the jurisdictions as demonstrated in Table 8.2 below. Thirteen (13) MLAs were granted, and three (3) MLAs are pending completion by the Central Authority, AGO. There were no refusals of incoming MLA requests to the Central Authority, AGO. Grenada has ratified five (5) bilateral cooperation agreements provided in Table 8.1 below. The AGO monitors incoming MLA matters in accordance with the Central Authority’s Mutual Legal Assistance and International Co-operation policy. Once legal sufficiency is established the AGO will contact the requesting jurisdiction and acknowledge receipt. A case number will then be generated. Delays in the completion of the request will be communicated to the requesting jurisdiction. A standard request is expected to be completed within thirty (30) days of receipt.

Table 8.1 Cooperation Agreements between Grenada and Other Countries

Country	Name of Agreement	Date Ratified
United States	Mutual Legal Assistance in Criminal Matters	May 30, 1996
Cuba	Execution of Criminal Sentences	April 15, 2004
China	Extradition	March 24, 2016
China	Assistance in Criminal Matters	March 24, 2016
	Mutual Legal Assistance in Criminal Matters	March 24, 2016

408. Incoming requests are processed based on reciprocity and reviewed by the AGO within three (3) days of receipt to identify the appropriate CA to which the request would be forwarded. Following which the MLA is disseminated by an assigned officer in the AGO in a confidential manner for execution to the CA. The steps for monitoring progress on MLAs after they are assigned to CAs are set out in the Central Authority’s Mutual Legal Assistance and International Co-operation policy. During the onsite, the authorities stated that they do not receive a substantial number of incoming MLA requests which would require a system to be implemented for prioritization. The AGO does not have a prioritization schedule in line with the higher risk predicate offences. However, the AGO can prioritize a request by indicating the urgency of the incoming request and any inherent deadlines or timelines on its own volition. The CA has not implemented any measure or checklist for evaluating the MLA requests received however the assessment team noted that due to the limited number of MLA requests that were received by Grenada there was limited value in requiring such a system be implemented. The authorities should train the AGO officers on the criteria for prioritizing requests if there is an increase in MLA.
409. The CA does not have staff that are fully dedicated to solely addressing incoming and outgoing MLA matters. The CA utilizes a physical and electronic case management system for MLA matters. The MLA and International Cooperation Policy is a useful tool to ensure a proactive, constructive, and timely MLA and extradition where necessary. The CA

¹¹ Central Authority of Grenada Mutual Legal Assistance and International Cooperation Policy pg. 3

¹² Central Authority of Grenada Mutual Legal Assistance and International Cooperation Policy pg. 4

electronic platform utilized is “my case” software which allows the AGO to restrict access to certain personnel and thus manages the confidentiality of the information received in the MLA and allows for tracking of files. All MLA requests received by the CA are physically transmitted via secure courier services or diplomatic channels and the CA does not process any responses with information using electronic means. The authorities reported that there were no delays in timeliness when utilizing a courier service to ensure safe and quick transmission of the information to be provided in furtherance of a request.

410. Apart from internal documents on processes for international cooperation, there is no publicly available information or guidance issued by authorities which outlines the process for making a request for MLA to the CA.
411. The MLAs received were for the completion of investigations, service of documents, obtaining records, and cash detention matters. The predicate offences to which the requests were related were drug trafficking, conspiracy, false declaration, and money laundering. This is in line with the risk and threat context of the jurisdiction. The jurisdiction has completed responses to 13 of the 16 MLA received over the period as shown in table 8.2 below. The 4 MLA responses received between February and March 2021 were all outstanding at the end of the onsite. In general, the jurisdiction has supplied responses to MLA requests received between 2017 – 2018 in a reasonable timeframe with 50% of response being made within 14 days of receipt, 37.5% percent was completed between 1 – 4 months and 1 MLA (12.5%) took between 1 – 2 years for completion. Grenada submits that one of the outstanding request was partially completed on 29th June 2021 and another was fully completed on 12th August 2021.
412. The reasons provided by Grenada for the delays range from a breakdown in communication between the requesting and responding parties, the need for clarity on the request and the challenges in accessing information due to the Covid-19 pandemic. In an effort to resolve delays and to obtain clarity on any matter, contact is made directly with the case investigator or Attorney General named in the request or through the OPDD.
413. The CA have not received any MLA in relation to TF which is consistent with the risk profile for TF for the jurisdiction.
414. There is no evidence that Grenada commenced any ML or associated predicate offence investigation emanating from the receipt of MLA requests.

Table 8.2 Incoming MLA between 2017- May 2021

Years	No. of MLA requests received	Date Received	Date Completed
2016	4	26th January 2016	2nd July 2016
		25 th April 2016	7 th June 2016
		9 th June 2016	21 st June 2016
		7 th November 2016	23 rd March 2018
		25 th April 2016	7 th June 2016
2017	4	11 th April 2017	24 th April 2017
		22 nd May 2017	21 st June 2017
		27 th November 2017	7 th December 2017
		29 th November 2017	7 th December 2017
2018	4	20 th February 2018	1 st March 2018
		28 th March 2018	10 th May 2018
		9 th April 2018	2 nd August 2018

		5 th November 2018	24 th September 2020
2019	0		
2020	0		
2021 (Up to March)	4	23 rd February 2021	Outstanding at the end of onsite (Partly completed)
		11 th March 2021	Outstanding
		23 rd March 2021	Outstanding at the end of onsite (12 th August 2021)
		26 th March 2021	4 th June 2021

Box 8.1. Examples of constructive and timely MLA

On February 19th, 2018, Grenada received an MLA request from Saint Vincent and the Grenadines for assistance in obtaining criminal records on several named associates of a subject who was under money laundering investigation in that country. Additionally, it was requested that affidavits be prepared and sworn to exhibit the documents produced. All requested assistance was rendered, and feedback given to the requesting State in early March 2018 through Grenada's CA.

Extradition

415. Grenada has a robust legal system in place governing extradition (see Rec 39) whereby ML and TF are both extraditable offences. The DPP is the authority for all extradition matters. The MFA serves as the conduit to facilitate official communication with their foreign missions and other jurisdictions and has a protocol and consular division to address extradition and POCA requests. During the period 2014-2018 there has been one extradition request and this request has not been granted because of delays on the part of the requesting state.
416. In relation to extradition, the Extradition Act s. 10 provides that a warrant for the arrest of a person may be issued: (i) on receipt of an authority to proceed by a Magistrate; (ii) without such an authority, by a Magistrate or Justice of the Peace upon information from Interpol, or any other credible source that the said person is or is believed to be in or on his way to Grenada. There have been no cases nor was evidence provided to the assessment team on LEAs utilizing this cooperation and coordinating relationship to execute a warrant for the arrest of a person.

8.2.2. Seeking timely legal assistance to pursue domestic ML, associated predicates and TF cases with transnational elements

Outgoing Requests

417. The AGO is the Central Authority responsible for formal outgoing international cooperation. The Attorney General has assigned 1 legal officer supported by two administrative staff members in the AGO to deal with these matters. Part 3.2 of the MLA and International Cooperation Policy addresses the area of outgoing mutual legal assistance and provides that all outgoing requests be sent to the Attorney General for review and to ensure that they meet the legal requirements. Formal requests are pursued after information requests are made; therefore, MLA requests are only pursued if it is necessary based on the response obtained from the informal request. There were 10 outgoing MLA requests over the period under review, 6 of the MLA requests were completed with responses received (see table 8.3). There were 4 MLA requests outstanding (1 – 2017, 1 -2018, 1 - 2019 and

1 – 2020). However, one of the pending matters in 2020 was withdrawn as the requested information was obtained within two other requests. These requests were related to the associated predicate offences of fraud, drug trafficking and conspiracy to traffic drugs in addition to support cash forfeiture matters. The main foreign counterparts to which MLA request were sent are Saint Vincent and the Grenadines and the United States of America.

418. The CAs have not received any MLA in relation to TF.
419. The outgoing MLA requests sought assistance from jurisdictions in the service of documents, recording of statements, obtaining record of conviction, identification of and assistance to prosecute perpetrators and obtaining beneficiary information on bank accounts, providing travel history, conducting valuation of property, among others.
420. The associated predicate offences are fraud (by false pretence and by electronic communication), drug trafficking, conspiracy, and money laundering which is in line with the NRA threat assessment findings and the risk and context for Grenada. This demonstrated that the authorities took necessary action to seek legal assistance for matters in an appropriate manner to further these investigations. There was a lack of information to determine the timeliness of the requested MLA to pursue domestic ML, associated predicate offences and TF. Therefore, it is unclear whether there were any consequential delays that impacted these investigations and any opportunities to obtain evidence and assistance from other jurisdictions at the earliest opportunity and prevent the dissipation of assets.
421. The authorities indicated that they have received responses to outgoing requests for assistance in periods ranging between 4 months and up to 2 years for example, one ML request sent in September 2016 was received in January 2018. In another instance three (3) requests made in January 2018 received responses between February to July 2020. It is clear that these delays would have negatively impacted ongoing investigations and any opportunities to obtain evidence and assistance from other jurisdictions at the earliest opportunity and prevent the dissipation of assets. While the quality of the responses were good, there were other instances where the desired assistance was not rendered even where the perpetrators were identified. Grenada was not completely satisfied by the completeness and quality of information received from MLA matters.

Table 8.3 Outgoing MLA between 2017- May 2021 (including MLA requests regarding identification and freezing/seizure)

Years	No. of MLA requests made	No. of MLA made requests that have been		
		Granted	Refused	Pending
2016	1	1	0	0
2017	1	1	0	1
2018	3	2	0	1
2019	1	0	0	1
2020	4	2	0	1
May 2021	0	0	0	0

422. Of the 4 outstanding MLA requests (1 – 2017, 1 -2018, 1 - 2019 and 1 – 2020), the jurisdiction indicated the investigations for the matters in 2019 and 2020 were closed. The matter pertaining to the outstanding request for 2017 was closed because the requesting state complied with some aspects of the MLA but decided not to pursue other aspects and given that the perpetrator was suspected to be residing in that country, as a result Grenada was unable to proceed further with the investigation. The investigation pertaining to the

outstanding request for 2018 was closed after several attempts were made to the requested state for a response or feedback on the progress, however this proved to be futile.

423. There was no indication of outgoing MLA requests for matters related to the execution of confiscation orders and asset sharing.

Box 8.2 Quality of assistance rendered for outgoing MLA

Case 1: In 2016, a prominent business in Grenada was defrauded of cash in excess of US \$200,000 by hacking the email address of an overseas supplier of the business and directed the business to send money to a particular location in a foreign jurisdiction. Having identified the destination country of the funds, a MLA request was issued to that country in September 2016 seeking assistance in identifying and locating the beneficial owner of the account to which the funds were sent, determining whether the funds were withdrawn from the account, and providing assistance to initiate court proceedings against the perpetrator(s). In January 2018 a response was received from the requested country which informed, among other things, that the account and perpetrator were identified but the foreign authorities were unable to identify an address for the perpetrator and has decided to close the investigation.

Source additional information on effectiveness 14 May 2021 – Question 30

Case 2: On November 24, 2016 the conviction record of the Respondent, inclusive of the type of drugs involved, was sought from Barbados through a MLA request. A response containing the requested information was received by Grenada on March 6, 2017. Along with other evidence and the documents provided by Barbados, the Applicant applied for forfeiture of the cash involved. At the hearing on March 9, 2018 the Magistrate found that the seized cash was recoverable and ordered its forfeiture. However, the Respondent requested a stay of the order to consider an appeal. After the expiration of the period for the appeal and with no such appeal filed, the Applicant moved the court to enforce the forfeiture order to which the court agreed.

8.2.3. Seeking other forms of international cooperation for AML/CFT purposes

FIU

424. Grenada has been a member of the Egmont Group since 2004 and can reach out to its foreign counterparts for international cooperation to exchange financial intelligence. The FIA does not require an MOU to facilitate information exchange with any foreign FIU. The FIU can utilize the ESW to share intelligence with foreign counterparts for international cooperation. The ESW is secured by the end-to-end communication system which provides for the receipt and dissemination of encrypted emails. The FIU does not require an MOU to facilitate the sharing or exchange of information with foreign counterparts. However, the FIU has ratified 8 MOUs with foreign counterparts and foreign CAs. These MOUs allow for the sharing of intelligence between the parties in a confidential and timely manner. The average time taken for the signing of a MOU is between 2 to 6 months.
425. The FIU made 30 outgoing requests for intelligence to foreign FIUs during the period (see table 8.4). Inclusive in these requests were 16 requests for information through the ESW

between 2016 – May 2021 (3 – 2016, 2 – 2017, 4 – 2018, 6 – 2019, 1 – 2020 and 0 – 2021). These requests were addressed to foreign counterpart with which the FIU signed MOUs and also with others that there were no existing MOUs. The main foreign counterparts were Russia, Trinidad and Tobago and the United Kingdom. All of the outgoing requests pertained to the associated predicate offence of fraud (mail and internet based). This was within the risk and context of the jurisdiction as fraud was rated as a high threat for ML. However, there was no request made for intelligence to support investigations pertaining to the other two high threat predicate offences of drug trafficking and theft and robbery. Further, there was no request for intelligence in relation TF which is consistent with the risk profile of the jurisdiction.

426. The FIU was satisfied with the timelines and quality of information received and thus were satisfactory. Of the 30 outgoing request for intelligence made 10 were still pending at the time of the onsite (3 -2018, 5 – 2019, 1 – 2020 and 1 – 2021). There was no feedback requested by the FIU for the pending matters. The delays in responses will hinder the analysis of financial intelligence by the FIU (IO 2) and the investigation and prosecution of ML matters (IO 7 and 8). These requests were prioritized under the FIU Policy on International Cooperation, Information Exchange and SAR.
427. There was no feedback from the FIU on the quality of responses received for their matters nor any follow-up on requests where the response was deemed unsatisfactory. It was unclear whether there was a prioritization mechanism in place for AML/CFT requests that were of higher priority by the FIU. The fact that there were no Egmont requests for drug trafficking information indicates that international cooperation is not consistently sought nor is it sought in line with the full profile of risks and context of the jurisdiction.

Table 8.4 International Cooperation between FIUs (outgoing requests) between 2016- May 2021

Years	No. of AML/CFT (Info.) requests made	No. of made AML/CFT requests		
		Granted	Refused	Pending
2016	5	5	0	0
2017	5	5	0	0
2018	8	5	0	3
2019	10	5	0	5
2020	1	0	0	1
2021	1	0	0	1

Box 8.3 FIU seeking other forms of international cooperation for AML/CFT purposes

On Sunday 14th June 2020, based on information received, members of operation stem flow (Drug Squad, Coast Guard and SSU) intercepted a pirogue carrying two Vincentian nationals along the coast of Carriacou. The vessel was escorted into the Tyrell Bay Port and a search was carried out of it. During the search, cash in the sum of Ten Thousand (€10,000.00) Euros was found concealed in the cover of the engine of the boat. The cash was seized by the Drug Squad Unit and the two occupants were detained on suspicion of money laundering and taken to the Carriacou Police Station.

At the Police Station both detainees were interviewed under caution. Prior to and during the interview process, contact was made with law enforcement personnel in St. Vincent & the Grenadines who provided valuable information helpful to the interview and investigation.

Both detainees were subsequently charged with the offences of money laundering and conspiracy to commit money laundering and taken before the Magistrate's Court. They pleaded guilty on the money laundering charge and the conspiracy charge was withdrawn. They were fined EC \$5,000 each forthwith, in default one year in prison. The €10,000 was forfeited to the State.

Customs

428. The Grenada C&E has sought international cooperation to gather information in relation to its investigations via foreign counterparts - the Joint Regional Communications Centre which is a sub-agency of the CARICOM IMPACS formed for the purpose of supporting regional security and Latitude coordinated by the UK's National Crime Agency. Through these networks liaison officers exchange information.
429. The JRCC Operations Department works on a 24/7 basis and processes submissions from carriers and shippers as part of the management of the Regional Advance Passenger Information and Advance Cargo Information Systems. There have been 46 outgoing international requests from this Unit to the Customs. In so doing, Grenada has its security enhanced as these services are provided throughout to law enforcement, immigration and the C&E division and shared within the region. The 46 requests for information were sent by Customs to various international and regional counterparts such as Guyana, Martinique, St. Maarten, St. Vincent, Panama, Trinidad and Tobago, and the United Kingdom requesting a wide array of information consisting of background checks on persons of interest, documents relating to importation and exportation, clearance information on vessel of interest, list of high-risk vessels, and general intelligence. There was no feedback from the C&E on the quality of responses received for their matters nor any follow-up on requests where the response was deemed unsatisfactory. It was unclear whether there was a prioritization mechanism in place for requests that were of higher priority by the C&E. Incoming requests received by Customs were treated almost immediately as evident by the short timeframes between the date the request is received and the date Customs respond to those requests as seen in incoming international cooperation request for Customs. (see box 8.3)

IRD

430. There was no evidence provided to determine whether IRD can seek other forms of international cooperation in timely manner to pursue the constructive investigation for the associated predicate offence of tax crimes.

RGPF/INTERPOL

431. Information received from the RGPF relating to the use of Interpol shows that RGPF routinely seeks international cooperation to pursue investigations in associated predicate offences.

ARIN CARIB

432. The authorities have indicated that informal sharing takes place mostly via electronic mail and telephone calls and in addition via ARIN-CARIB for informal outgoing request. No information was available to show the extent to which the ARIN Carib network was used to exchange of information. Despite the jurisdiction being a member of the Network, the interviewees of operational competent authorities, apart from the FIU were not aware of the availability of information through the network.

Box 8.4 Seeking other forms of international cooperation for AML/CFT purposes

Case 1: In 2019 a request was made to Trinidad and Tobago Customs on an individual suspected of possible under invoicing. There was email correspondence between Grenada Customs Intelligence Unit and Trinidad Customs Intelligence concerning the matter. The information requested was forthcoming within a week, which aided in the investigations. The request for this information was made via WhatsApp and received via email.

Case 2: In 2020 a formal request was made to Guyana on the authenticity of a clearance document received by Grenada Customs. After receiving the document in question from the captain, he was interviewed which raised a level of suspicion about the authenticity of the documents received based on inconsistencies revealed in his story. The information received from Guyana confirmed that the clearance documents submitted to Grenada Customs were fraudulent and there was no record of the vessel in question departing Guyana on or around the said date of the issued clearance document. This case is ongoing as a request for Administrative Settlement was made by the offender and is currently being reviewed.

8.2.4. Providing other forms international cooperation for AML/CFT purposes

FIU

433. The FIU received 22 requests for intelligence between 2016 – May 2021 (See Table 8.5). Of the 22 requests 16 requests were granted with responses disseminated to the requesting jurisdiction. 9 requests originated from a counterpart with which Grenada has a signed MOU. None of the requests were refused. One jurisdiction has indicated that the responses were generally useful, of a high quality and were received in a reasonable timeframe. However, it is noted that 6 (43%) of the requests for information was still pending by the end of the onsite. These outstanding requests were received in 2018 (1), 2019 (2), 2020 (2) and 2021 (1). No reasons have been provided for the delays in responding to these requests for intelligence. The associated predicate offences linked to incoming request for information were narcotics trafficking, stealing, fraud and money laundering. Information was not provided to determine the number of jurisdictions that the requests was made from, and the timeliness of the responses relating to those requests. Additionally, the FIU did not provide feedback to the foreign counterpart in respect of the delay regarding the remaining 6 requests. The AML/CFT Commission in its role as AML/CFT supervisors did not request international cooperation for any matters.
434. During the period 2016 to May 2021, the FIU made two spontaneous disseminations to foreign jurisdictions. No information was provided on the nature of the associated offence of the dissemination. There is no evidence that any other LEA or any of the AML/CFT Supervisors provided any form of international cooperation (including spontaneous dissemination) during the period.

Table 8.5 Request for intelligence received by the FIU

International cooperation between FIUs and Law Enforcement Agencies except C&E (Incoming Request)					
Years	No. of AML/CFT related requests received	No. of AML/CFT related requests			
		Granted	Refused	Pending	
2017	1	1	0	0	
2018	4	3	0	1	
2019	6	4	0	2	
2020	2	0	0	2	
2021	1	0	0	1	
Total	22	16	0	6	

Box 8.6 Providing other forms international cooperation for AML/CFT purposes

Case 1: Bermuda requested the assistance of the FIU on March 12, 2019, to ascertain if Grenada has an interest in funds identified in the requesting country and whether a named subject or company was involved in any criminal activities or are of interest to LEAs. A response to this request was sent to the requesting country on March 19, 2019.

Case 1: A request was received from the Netherlands on March 23, 2020, in relation to a narcotics exportation and money laundering investigation. The requesting country requested that databases be checked for financial or any other relevant information. The request was acceded to, and a response provided on September 22, 2020.

Customs and Excise

435. There were 40 incoming requests from 2 regional counterparts for information ranging for background checks on persons of interest, documents relating to importation and exportation, clearance information on vessel of interest, list of high-risk vessels, and general intelligence via Martinique and Saint Vincent and the Grenadine. However, the information exchanged was not used for AML/CFT purposes.
436. The C&E is a member of the Caribbean Customs Law Enforcement Council (CCLEC). The aim of CCLEC is to upgrade the effectiveness and efficiency of its member Customs administrations in pursuing their mandates, through cooperation, sharing of best practices, human resource development, modernization, automation, harmonization of processes and procedures and information/intelligence sharing. Being a member of CCLEC, C&E has signed onto a MOU titled Mutual Administrative Assistance and Prevention and Suppression of Customs Offences in the Caribbean zone along with other Regional and International counterparts. This MOU provides for the sharing of intelligence, information, and other forms of cooperation on all illicit cash trafficking that concerns commercial fraud, drugs, arms and ammunition, human tracking and other forms of illicit activities involving the movement of cash concerned with such activities. All requests are generally made through email or via WhatsApp messaging platform with the responses being forwarded by email. The responses for the request are completed within a week of the receipt.
437. By virtue of the CCLEC MOU, Grenada Customs Intelligence exchanges information with foreign intelligence units, primarily via an assigned liaison officer who also conducts

partial investigations on behalf of the C&E. Other means of communication available are telephone and real time communication with foreign assets (for example aircraft, boats and vessels etc.) which affords Grenada the capacity to locate and intercept and conduct investigations in relation to conveyances contravening the Customs Act and other breaches.

438. 14 requests were made to the C&E via CCLEC. The requested information related to bio data on subjects, background checks, clearance information for person of interest and vessel of interest. Despite this use of international cooperation, the information was not for AML/CFT purposes.

Box 8.7 international cooperation for AML/CFT purposes

On February 25th, 2019, a request was received from the French Coast Guard in relation to a vessel of interest which departed Grenadian waters. On the said date the request was honoured by the head of Grenada Customs and Excise Enforcement Department. On February 26th the requesting state informed the Grenada Customs that the vessel was intercepted, and a quantity of cocaine was found and as a result charge were brought against the offenders. The exchange of information in this matter was done via a mobile communication application WhatsApp.

439. Customs is a member of the World Customs Organization (WCO) since 1966 and can utilize this organization to facilitate the exchange of information. In terms of existing cooperative relationships between Customs and WCO at the national level, the assessment team did not receive any information on how Customs utilized international cooperation during the period under review.

IRD

440. Grenada enacted tax information exchange legislation in 2011 and the IRD is in the process of establishing an Exchange of Information Unit to address incoming and outgoing requests for taxpayer information with its foreign counterparts. The MFA serves as the conduit to facilitate official communication with their foreign missions and other jurisdictions in relation to information sharing agreements on tax matters and information on the proceeds of crime and pass onto the relevant agency such as the Ministry of Finance, IRD and Ministry of National Security for the requisite action and reverting to MFA for transmission of responses to foreign requests. Statistics are not maintained by the MFA, but rather within the line ministry which maintains conduct of the domestic activity in relation to international requests for cooperation. In accordance with s.68 of the Tax Administration Act, the IRD can also pursue garnishee proceedings to recover tax debtor liabilities. Grenada has executed 11 multilateral agreements and signed 19 bilateral agreements in relation to Tax Information Exchange Agreements (TIEA) and Double Taxation Conventions (DTCs) with other jurisdictions for disclosure in relation to the exchange of information on tax matters. There were two incoming requests in relation to tax matters (i) Canada (May 2020 – failure to disclose domestic and international bank/brokerage accounts) and (ii) US (March 2021 – failure to disclose non-US bank and financial accounts) for taxpayer information to the IRD in relation to Grenadian nationals. The first matter was completed by IRD in January 2021 with a response provided to the Canadian authorities on January 6, 2021. The other matter was responded by the IRD on June 1, 2021, to the US providing approval for disclosure on the use of information

exchanged in furtherance of Article 4 of the TIEA between the US and Grenada. There was no evidence of the commencement of a ML or associated predicate offence investigation emanating from the tax information requests.

441. The IRD has developed an EOI manual which outlines the procedures for responding to EOI requests. The IRD together with other competent authorities are jointly coordinating via (i) an EOI and (ii) AEOI working committees which are in preliminary stages and accordingly there are no established mechanisms for prioritizing or monitoring the execution of EIO requests based on the urgency of the request, the type of measures, the type of investigation in relation to the associated predicate offence, and the status of the person involved in the investigation. The IRD has not developed procedures in place for ensuring the request is processed in accordance with its internal timeframes, including internal alerts to follow up on the request with the executing authority. It is commonplace in Grenada that authorities coordinate information and have good personal relationships. However, the process could benefit from more systematic communication and co-ordination between the IRA and executing authorities with the provision for feedback on the progress of requests. The absence of a prioritization mechanism does not allow the IRD to assign limited resources to efficiently deal with higher priority requests.

RGPF/INTERPOL

442. Grenada has been an INTERPOL member since October 1986. The INTERPOL National Contact Bureau is located within the Criminal Investigation Department (CID) of the RGPF and is headed by an Assistant Police Chief. The Bureau has access to INTERPOL databases through the I-24/7 global police communications system to work together to fight transnational crimes. The FIU and RGPF, CID as led in the Coordination of Country Interpol Affairs, can utilise the domestic Interpol representative to request intelligence and information related to ML/TF and associated predicate offences. However, no evidence was provided to the assessment team on LEAs utilising this cooperation and coordinating relationship to request and obtain information relative to ML/TF and associated predicate offences. The absence of a prioritization mechanism does not allow the IRD to assign limited resources to efficiently deal higher priority requests.
443. The authorities have indicated that informal sharing takes place mostly via electronic mail and telephone calls and in addition via ARIN-Carib for informal incoming requests. No information on the measures concerning the exchange of information via the ARIN-Carib network was provided by the authorities.

8.2.5. International exchange of basic and beneficial ownership information of legal persons and arrangements

444. Competent authorities, such as the FIU, DPP, C&E, IRD and RGPF, have not exchanged any basic or beneficial information of legal persons and arrangements via existing departmental measures and organisations of which they are part, such as Egmont Group, Interpol, CCLEC and ARIN-Carib nor has any such requests been received via the OAG. Basic information on legal persons is available from CAIPO via the company's register which has complete custody of registered files which is accessible to the public. The FIU and RGPF have direct access to the registry. The Registry is presently moving to an electronic database and thus searches are conducted manually. The search is conducted by the name of company which will result in the company number being identified which then result in the file being retrieved from the vault. This presents a limitation in that without the name of the company competent authorities will not be able to locate a company or identify if a suspected persons is linked to a registered company. The automation of the online registration system is expected to be completed in at the end of 2022. Beneficial

ownership information for legal persons apart from NPOs is not held by any competent authority and therefore not available upon request to foreign authorities. Accordingly, the information accessed would be limited to basic information. (See IO.5-Chapter 7 and R.24-TC Annex)

445. The AGO, as the CA, has not exchanged any basic or beneficial ownership information in the context of its operation, particularly regarding the registration of external companies. Further LEAs and investigative authorities have not requested or received any request for assistance from foreign counterparts, relative to identification and exchange of the beneficial ownership or basic information of legal persons in Grenada. Also, basic and BO information relative to legal arrangements is not available from any competent authority. Therefore, the assessment team did not receive statistics in relation to the CA's legal assistance for international cooperation for information on the beneficial ownership or basic information of entities registered in Grenada which was in tandem with the absence of an understanding of the risk profile for legal persons in Grenada.

Overall conclusions on IO.2

446. The authorities demonstrated that they provide MLA to other jurisdictions to some extent but seek it to a much lesser extent. However, they did not demonstrate that they provide the assistance requested in a timely manner resulting in delays to expeditiously investigate and speedily pursue recovery of the proceeds of crime; the turnaround time averages between 4 months and up to 2 years. Despite the jurisdiction being a member of ARIN-Carib, the operational competent authorities were not aware of the availability of information through the network. Most authorities are reasonably good at exchanging information with their foreign counterparts on an informal basis and do not regularly use or document formal means for cooperation. Competent authorities can provide basic information for companies in a timely manner given the absence of requests for same, and there remains a main challenge to providing BO information in a timely manner as that this information is not available by CAIPO.
447. **Grenada is rated as having a low level of effectiveness for IO.2.**

Annex A. TECHNICAL COMPLIANCE

1. This section provides detailed analysis of the level of compliance with the FATF 40 Recommendations in their numerical order. It does not include descriptive text on the country situation or risks and is limited to the analysis of technical criteria for each Recommendation. It should be read in conjunction with the Mutual Evaluation Report.
2. Where both the FATF requirements and national laws or regulations remain the same, this report refers to analysis conducted as part of the previous Mutual Evaluation in June 22, 2009. This report is available from <https://www.cfatf-gafic.org/documents/cfatf-mutual-evaluation-reports/grenada-2>.

Recommendation 1 – Assessing risks and applying a risk-based approach

3. This recommendation was developed in February 2012 and is being evaluated for the first time during this mutual evaluation. R.1 requires countries to assess and apply a risk-based approach (RBA).
4. **Criterion 1.1** – Grenada undertook a National Risk Assessment (NRA) of its ML threats and vulnerabilities over a 24-month period, which began May 15, 2017, and utilized the World Bank National Risk Assessment Tool and Methodology. There were a wide range of stakeholders involved in the NRA exercise as the NRA Working Group representing all AML/CFT related stakeholders in Grenada and comprised of senior officials from law enforcement agencies, Regulators, Financial Institutions, the Private Sector, Government and educational institutions. The findings of the NRA were compiled in the Assessment of Grenada’s National Money Laundering and Terrorist Financing Risk Report dated July 2019. Grenada’s understanding of its TF risks is based on their recently concluded NRA which was completed and approved by Cabinet in June 2021. The terrorist financing and proliferation risk assessment was conducted between 2020 and 2021 led by the FIU based on the WB’s TF Risk Assessment tool and supplements the NRA conducted during 2017 to 2019 regarding threats and vulnerabilities for money laundering. The identification and assessment of risk either in the ML NRA or the TF NRA does not include the risks posed by the CBI Programme, NPOs and legal persons.
5. **Criterion 1.2** – Grenada has not designated an authority or mechanism to co-ordinate actions to assess ML/TF risks.
6. **Criterion 1.3** – Grenada has not provided any authority or mechanism to ensure that risk assessments are kept up-to-date.
7. **Criterion 1.4** – The findings in Grenada’s NRA were disseminated by the FIU and AML/CTF Commission to several key stakeholders including financial institutions, credit unions, insurance companies, NPOs, RGPF Special Branch Unit, CID, Drug Squad and the private sector. The process has not been completed by the jurisdiction. At the time of the onsite, findings of the NRA were still in the process of being disseminated and it was not evident that findings had been shared with all of Grenada’s DNFBPs sectors. However, Grenada does not have formal mechanisms for information sharing on the results of its national risk assessment(s) to all relevant competent authorities and self-regulatory bodies (SRBs), financial institutions and DNFBPs.

8. **Criterion 1.5** – Grenada developed an Action Plan as a result of the NRA findings. The Action Plan comprises priority areas, actions to be taken, desired outcomes and timelines. The Action Plan inadequately addresses a risk-based allocation of resources and measures to prevent or mitigate ML/TF. Grenada’s national risk assessment of TF was completed at the end of the onsite visit and there is no evidence of a risk-based approach to the allocation of resources and implementation of measures to prevent or mitigate TF risks associated with the CBI Programme which have not been assessed. Although Grenada is receiving training by the World Bank in collaboration with the ECCB on addressing resource allocation for supervision, the action plan does not include provisions for the CBI programme, NPOs and Legal Persons as it was not assessed in the NRA.

9. **Criterion 1.6** – Grenada has applied all FATF Recommendations requiring financial institutions and DNFBPs to take required actions.

10. **Criterion 1.7** – Grenada does not have mechanisms in place to allow for their AML/CFT regime to address identified high risks either through the requirement of financial institutions and DNFBPs to take enhanced measures to manage and mitigate the risks; or by requiring financial institutions and DNFBPs to ensure that this information is incorporated into their risk assessments.

11. **Criterion 1.8** – Grenada has established measures to allow the application of simplified CDD measures against a relationship with a customer or transaction that is deemed to be low risk. (Sec. 21(8) of POCA Guidelines SRO No. 6 of 2012). The Explanations to Sec 21 of POCA Guidelines SRO No. 6 of 2012 also provides guidance on what would be considered as a low risk factor and pose minimal AML/CFT risks. There is no provision however, for those actions taken, in accordance with the low risks identified by entities, to be consistent with the country’s assessment of its ML/TF risks.

12. **Criterion 1.9** – Sec. 9 of the POC (AML/TF) Guidelines SRO No. 6 of 2012 and SRO 2 of 2018 provides for the AML/CFT Commission, the FIU and the ECCB to monitor compliance by its licensees and other persons who are subject to compliance measures with these Guidelines and other enactments relating to ML or TF. Furthermore, sec. 63A(2)(a) of the POCA Amendment Act 19 of 2017 stipulates that the ECCB shall monitor and supervise compliance of all licensed financial institutions with the anti-money laundering and terrorist financing legislation.

13. **Criterion 1.10** – (a) All entities or professionals are required to conduct risk assessments to determine the existence of risks, manage and mitigate identified risks and establish controls to effectively respond to the identified risks (sec. 14 of the POCA (AML/TF) Guidelines SRO. No. 6 of 2012). However, sec.14 of the POCAMLTF Guidelines 6 of 2012 only refers to the performance of a risk assessment in relation to each customer, business relationship or one-off transaction, and did not appear to include customers, countries or geographic areas and products, services, transactions or delivery channels. (b) FIs and DNFBPs are required develop, establish and maintain appropriate anti-money laundering and terrorist financing systems and controls to effectively respond to the identified risks; and to document their risks assessments in accordance with sec. 16 of POCA Guidelines, SRO 6 of 2012, which forms part of the responsibilities of senior management. Further, Section 4(d) of the Proceeds of Crime (Anti-Money Laundering and Terrorist Financing) Regulations, SRO 5 of 2012, requires Financial Institutions to provide for the assessment of ML risk that any business relationship or one-off transaction may involve, appropriate to the circumstances, having regard to the degree of risk assessed. (c) to ensure that at all times there is full compliance with the requirements of the Anti-money

Laundrying and Terrorist Financing Regulations and other enactments, policies, codes, practice directions and directives in place in relation to anti-money laundering and terrorist financing activities. (d) Regulation 13(7) of the POCA Regulations SRO 5 of 2012 as amended by SRO 50 of 2014 requires the ML reporting officer to be communicated to the FIU, the Commission and the ECCB.

14. **Criterion 1.11 – (a)** Sec 12(2) POCA Guidelines SRO 6 of 2012 requires that internal controls should be framed in a way that enable the entity or professional to effectively conduct an assessment of the risks that a business relationship or one-off transaction may pose with respect to money laundering and terrorist financing and be appropriate to the circumstances of the business relationship or one-off transaction, having regard to the degree of risks assessed. Additionally, sec. 16 of the POCA SRO 6 of 2012 guidelines require senior management to adopt such documented policies, consistent with the requirements of these Guidelines. **(b)** Moreover, senior management of an entity shall adopt such documented policies (Sec. 16(2)(a) of the POCAMLTF Guidelines SRO 6 of 2012) and shall review established policies from time to time (sec.16(2)(c), allocate responsibility for the establishment and maintenance of risk-based anti-money laundering and terrorist financing systems and controls and monitor the effectiveness of such systems and controls (sec 16(2)(d)); and ensure that overall the entity's anti-money laundering and terrorist financing systems and controls are kept under regular review and that breaches are dealt with promptly (sec 16(2)(e);). Sec 16(1) senior management of an entity refers to the entity's officer or officers holding the position of director, manager, or equivalent position, and includes any other person who is directly involved in the entity's decision-making processes at the senior level. **(c)** As noted under c.1.7 enhanced due diligence shall include measures such as raising the level of the ongoing monitoring as well as the review periods with respect to the relationship in order to mitigate where higher risks are identified by FIs and DNFBPs.

15. **Criterion 1.12 –** Sec. 21(6) of POCA Guidelines SRO No. 6 of 2012 allows for the application of simplified CDD based on a determination that a customer or transaction is low risk. Section 21(8) of the POCA Guidelines SRO 6 of 2012 allows for the application of a reduced or simplified customer due diligence. In addition, simplified measures through exceptions to identification procedures are permitted under sec. 6(1) of the POCAMLTF Regulations SRO No. 5 of 2012 where a person carrying relevant business assesses the applicant for business to be of normal or low risk and has reasonable grounds for believing that the applicant for business meets defined criteria. Section 6(2) POCAMLTF Regulations SRO No. 5 of 2012 provides that the exception for evidence of the identity of an applicant is not permitted where the person handling the transaction on behalf of the person carrying on relevant business to whom the application for business is made knows or suspects that the applicant is engaged in money laundering.

Weighting and Conclusion

16. Grenada has conducted two NRAs which identified and assessed its ML risks and a TF/PF risk. The completed ML and TF risk assessments did not consider risks relative to the CBI Programme. Consequently, there is no risk-based allocation of resources and implementation of measures to prevent or mitigate these risks. In addition, Grenada did not assess the ML/TF risks associated with NPOs and legal persons and no assessment of the VASPs sector was conducted. The jurisdiction has not completed the dissemination of the NRA results to competent authorities and self-regulatory bodies (SRBs), financial institutions and DNFBPs. Although the jurisdiction has implemented legislative guidelines for the ensuring that enhanced and simplified RBA are applied it is unclear whether the

supervisors or SRBs can ensure that DNFBPs apply the measures and satisfy their AML/CFT obligations. **Recommendation 1 is rated Partially Compliant.**

Recommendation 2 - National Cooperation and Coordination

17. In Grenada's 3rd round MER R. 31 was rated Partially Compliant (PC) as there were no effective mechanisms in place to allow policy makers to cooperate with each other which the country overcame with the creation of a Joint Anti-Money Laundering and the Terrorist Financing Advisory Committee and the Anti-Money Laundering and Combating Terrorism Financing Commission (AML/CTF Commission). R. 2 includes two new elements: cooperation and coordination on proliferation financing and data protection and privacy.

18. **Criterion 2.1** – Grenada has a national AML/CFT/PF Policy that was approved in June 2021 and was informed by the risks identified in the NRA. The policy provides for review and approval of same every 3 to 5 years. This process will be led and coordinated by the AML/CTF Commission.

19. **Criterion 2.2** – Sec. 63 of POCA 6 of 2012 establishes the AML/CTF Commission as the authority responsible for the national AML/CTF policies. The duties of the Commission are set out in Sec. 9 POCA Guidelines SRO 6 of 2012. This coordination and cooperation between the authorities entails the possibility to exchange information.

20. **Criterion 2.3** – Sec. 52(1) of the POCAMLTF Guidelines SRO 6 of 2012, provides for information exchange between public authorities and provides for the FIU, the AML/CTF Commission and the Central Bank to establish a system of dialogue with key public bodies within Grenada as a means of creating, enhancing and promoting public awareness of issues relating to ML and TF. Sec. 52 (3) defines the key public bodies as including law enforcement authorities and any other department or authority with a key function in forestalling and preventing ML & TF activities. An MOU dated March 4, 2014, was signed between local competent authorities for establishment of a 'Technical Working Group AML/CFT'. This group was created to cooperate and coordinate with each other, concerning development and implementation of AML/CFT policies and activities. National cooperation and coordination efforts are strengthened by MOUs between the FIU and RGPF, GARFIN and the AML/CFT Commission and ECCB and the ECCU. Section 63 of POCA Act 6 of 2012, establishes a policy making body known as the AML/CTF Commission consisting of members who are themselves competent authorities who responsibility is to coordinate a mechanism of national AML/CFT policies, strategies, and action plan. The FIU within its functions set out in section 6 (2) (b) (c) and (l) has a MOU with the RGPF to share information and other forms of co-operation.

21. **Criterion 2.4** – Grenada does not have a mechanism for the general co-operation and co-ordination by domestic competent authorities on PF at either the policymaking or operational levels.

22. **Criterion 2.5** – Grenada has co-operation and co-ordination mechanisms in place relative to AML/CFT requirements. MOUs exist between the Commission and GARFIN and the Technical Working group. The Technical Working Group is a platform for principal parties to exchange information and co-ordinate with each other concerning development and implementation of AML/CFT policies and activities. Clause 3.3 of MOU for the Technical Working Group facilitates co-operation, co-ordination and the sharing of information "*which must be protected by relevant statutory clauses*". Co-operation and

co-ordination exist between the authorities in charge of the AML/CFT and those in charge of data protection. There are no data protection and privacy rules and other similar provisions that would inhibit the ability of competent authorities to access and share information in relation to their respective functions and activities.

Weighting and Conclusion

23. Grenada does not have mechanisms implemented for cooperation and coordination between authorities to combat the financing of proliferation of weapons of mass destruction. **Recommendation 2 is rated Largely Compliant.**

Recommendation 3 - Money laundering offence

24. In Grenada's 3rd round MER R. 1 was rated Partially Compliant (PC) since the list of psychotropic substances in DAPCA was not in accordance with the list provided under the Vienna Convention. It was also identified that the list of predicate offences for ML did not cover five (5) of the FATF's designated category of offences, in particular the offence of trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy or the terrorist financing offence of providing or receiving money or other property in support of terrorist acts. As a result of the corrective measures were undertaken by Grenada resulting in the rating of Partially Compliant (PC) moving to a rating of Largely Compliant (LC) on the final follow up report for Grenada.

25. **Criterion 3.1** – ML is criminalised on the basis of the Vienna Convention and the Palermo Convention. Sec. 36(1) of the POCA No. 6 of 2012 creates the offences of concealing, disguising, converting, transferring or removing property which in whole or in part directly or indirectly represents the proceeds of criminal conduct in line with Article 3(1)(b) of the Vienna convention and Article 6(1)(a) of the Palermo Convention.

26. **Criterion 3.2** – Grenada established a list of relevant offences which covers all of the FATF designated categories of offences. The predicate offences for ML covers all serious offences. The offence of tax crimes (related to direct taxes and indirect taxes) has been coded under the offence of fraud.

27. **Criterion 3.3** – Grenada uses a combination of both the threshold and a list approach. Predicate or relevant offences for ML are defined as drug trafficking or any indictable offence, or offence triable both summarily or on indictment and any offence falling within the designated category of offences contained in the Schedule. (Section 1 and schedule of POCA 6 of 2012).

28. **Criterion 3.4** – The offence of ML extends to any property regardless of its value. Section 2 of POCA 6 of 2012 defines property as money and all other property, real or personal, including things in action and other intangible or incorporeal property". Section 2 defines money laundering to mean doing any act which constitutes an offence under sections 34, 35, 36 and 37 and for these purposes, having possession of any property, shall be taken to be doing an act in relation to it. ML offences under the POCA 6 of 2012 refer to property that directly or indirectly represent the proceeds of crime

29. **Criterion 3.5** – Grenada has established ML offences under sec. 34 – 37 of POCA 6 of 2012 which does not require a person to be convicted of a predicate offence when proving that property is the proceeds of crime or criminal conduct.

30. **Criterion 3.6** – Predicate offences or relevant offences under sec. 2 (1) of the POCA 6 of 2012 includes offences which would constitute an offence had it occur in Grenada. Further the definition provided for money laundering identifies offences which would constitute an offence if done in Grenada.

31. **Criterion 3.7** – Criminal conduct is defined in Section 2 POCA 6 of 2021 and means drug trafficking or any relevant offence. Thus, a person who commits a relevant offence can be charged for a money laundering offence under sec. 34 – 37 of POCA 6 of 2012. Relevant offences include any act or omission which, had it occurred in Grenada, would have constituted an offence.

32. **Criterion 3.8** – Pursuant to Sections 34 – 37 of the POCA, 6 of 2012 ML offences require the *mens rea* of “knowing or having reasonable grounds to suspect” which incorporates the ability to infer ML from objective factual circumstances.

33. **Criterion 3.9** – Grenada has established proportionate and dissuasive criminal sanctions applicable to natural persons that are convicted of ML offences. The penalties are provided under sec. 34 (7), 35 (10), 36 (6), 37, 38 (10) and 39 (9) of the POCA 6 of 2012 and vary between the range of three (3) to 14 years in prison and or a fine of EC\$500,000 (USD185,998) to an unlimited amount.

34. **Criterion 3.10** – Grenada has established proportionate and dissuasive criminal liability and sanctions for legal person under sec. 34 (7), 35 (10), 36 (6), 37, 38 (10) and 39 (9) of the POCA 6 of 2012. Sec. 3 of the Interpretation and General Provisions Act Cap 153 provides that a “person” includes any company or association or body of persons, corporate or unincorporated”⁹. The penalties vary between the range of three (3) to 14 years in prison and or a fine of five EC\$500,000 (USD\$185,998) to an unlimited amount. Administrative penalties issues under sec. 32 (7) of POCA 6 of 2012 does not exceed EC\$250,000.00 (USD\$92,999) and are proportionate and dissuasive.¹³

35. **Criterion 3.11** – Grenada has established a legislative framework which includes ancillary offences to the ML offence. Sec. 37 of the POCA 6 of 2012 makes it an offence to attempt, conspire or incite another to commit an offence under sec.34(1), 35(1), 36(1) of the POCA 6 of 2012. Amendment Act 35 of 2014 to the POCA added inchoate offences to Schedule 1 of ML predicate offences which created the offences of aiding and abetting ML. The ancillary offences of participation in, facilitating and counselling the commission of are captured pursuant to Sec. 45 and 46 of the Criminal Code.

Weighting and Conclusion

36. **Recommendation 3 is rated Compliant.**

Recommendation 4 - Confiscation and provisional measures

37. Grenada was rated ‘LC’ for Recommendation 4, formerly Recommendation 3 in the previous report. The main deficiency was that there was ineffective implementation of the forfeiture and freezing regime.

¹³ Interpretation and General Provisions Act Cap 153 s. 3

38. **Criterion 4.1 - (a)** Sec. 6 and 9(1) of POCA 6 of 2012 enable confiscation of laundered property whether held by criminal defendants or by another person in relation to the proceeds of criminal conduct as in Sec. 9(1). **(b)** Property directly or indirectly obtained through ML or predicate offences can be confiscated under the criminal regime. Sec. 6(g) and 7 of POCA Act 6 of 2012 provides that the Court may grant a confiscation order in drug trafficking offences. Sec. 49, POCA Act 6 of 2012 provides for forfeiture of property against a range of offences under sec.34 – assisting another to retain the benefit of criminal conduct; 35 acquisitions, possession or use of proceeds of criminal conduct, 36 - concealing or transferring proceeds of criminal conduct, 37 - Attempting, conspiring and inciting, 38 – mandatory reporting of suspicious transactions, and 39 - Tipping-off. Sec. 49(2) and 49(4)(2) provides that instrumentalities intended for use in criminal conduct can be confiscated. Cash can be forfeited as proceeds used or intended for use in criminal conduct (sec.59(1) of POCA). **(c)** Sec. 3(2), 4(7), 15(6) Terrorism Act, 16 of 2012 the court may order forfeiture of anything in possession of a person convicted for an act of terrorism. Sec. 28, Terrorism Act, 16 of 2012, allows the Court to make a forfeiture order of any property for offences under sec. 19 to 22 and the Second Schedule makes further provisions in relation to forfeiture orders. Sec. 22A, Terrorism (Amendment) Act 11 of 2013, as amended provides for the confiscation of property in relation to the offence of receiving or raising funds for terrorism. The jurisdiction cited no provision to confiscate proceeds intended or allocated for use by a terrorist or terrorist organisation. **(d)** Property of corresponding value can be confiscated and the Court may forfeit any property which represents proceeds of criminal conduct upon conviction (s. 49 of the POCA Act 6 of 2012).

39. **Criterion 4.2 - (a)** Sec. 53-57 of the POCA No 6 of 2012 sets out a range of information gathering measures applicable for determining the whereabouts of any proceeds of criminal conduct. These powers include sec.53 Production Orders; sec.55 Monitoring orders; sec.56 Search warrants; s.57 Disclosure of information by Government Departments; and sec.41A Customer information orders. The FIU Act, sec. 22(2) permits an authorized officer to obtain information which is relevant to an investigation of a financial crime for any entity by way of service of a notice. Sec. 26 of the FIU Act 14 of 2012 permits an authorized officer to obtain a monitoring order to continue to monitor account information. **(b)** Under sec. 28 Police Act, a police officer may seize articles suspected of being smuggled. The FIU Act, sec. 9 provides powers of arrest, search and seizure to officers of the FIU and sec. 22(2) permits an authorized officer to obtain information which is relevant to an investigation of a financial crime for any entity by way of service of a notice. Sec. 21(1) POCA 6 of 2012 empowers the High Court to issue restraint orders that prohibit from dealing with any realizable property or property which is the subject of a confiscation order. Sec. 21(5) provides for the restraint order to be discharged or varied in relation to any property and it shall be discharged on the conclusion of the proceedings or application in question therefore, limiting the ability to prevent any dealing, transfer or disposal of property when proceedings have concluded. The FIU Act Sec. 24 (1) (c) the Court may grant a freezing order mandating a financial institution to restrain from carrying out any financial transaction or financial dealings of any kind in relation to such account or other financial dealings of any kind with the person. **(c)** Upon the granting of restraint order, the court can set specific conditions. These conditions include, the authorities taking possession of the property and the appointment of an enforcement receiver to prevent the removal of the property from the jurisdiction or its subsequent deterioration, destruction or mismanagement which may void the country's ability to recover property that is subject to confiscation (s.21 (7) (a) and s.21 (8) of POCA). Further, the legislation allows for the court to grant a charging order on application from the prosecutor, based on an interest in a realisable property (s.22 (1) of POCA) **(d)** The

Royal Grenada Police Force (RGPF) and the FIU are equipped with most of the investigative measures (see R.31 for a more detailed analysis).

40. **Criterion 4.3** - The right of bona fide third parties are protected under Sections 15(7) and (8) and 28(7) TA Act No 16 of 2021, section 49(3) POCA No 6 of 2012 and sec. 31O (4) of POCA (Amendment) No 2 of Act 35 of 2014, which provides that the Court shall give the parties to any of the proceedings concerned, and by the decision of the Court, an opportunity to be heard.

41. **Criterion 4.4** - Grenada has several (4) provisions that, overall, allow for managing and disposing of property. Where a restraint order is granted for realisable property, the Court may appoint a receiver to take possession of any realisable property and at the court's direction, manage or otherwise deal with any property in respect of which he was appointed (s.21 (7) POCA) (i) an enforcement receiver can be appointed to dispose any realisable property following confiscation (s. 23 and 24 POCA). ; (ii) the Public Procurement and Disposal of Public Property Act No 39 of 2014 as amended by 1 of 2018 sec. 57 established a Central Disposal Committee for the best method of disposing of unserviceable, obsolete or surplus property; (iii) the Proceeds of Crime Act 6 of 2012, sec. 40 provides for the Confiscated Assets Fund to manage cash seized, confiscated or forfeited which is the subject of criminal conduct. Sec. 41 provides for the administration of the Fund by the Accountant General whereby money paid into the fund shall be invested and any income earned shall be paid into the Fund; and (iv) Section 6(2)(l) of the FIU Act No 14 of 2012 provides that the FIU shall manage, safeguard and maintain control over property seized or restrained under this Act or seized, restrained or forfeited under any other enactment, in connection with proceedings relating to financial crime.

Weighting and Conclusion

42. Grenada has a sound legislative framework for confiscation and taking provisional measures for identifying and freezing of property. The jurisdiction however, cited no provision to confiscate proceeds intended or allocated for use by a terrorist or terrorist organisation. The assessment team did not consider this to be major weaknesses to the jurisdiction taking into consideration its risk and context. **Recommendation 4 is rated Largely Compliant.**

Recommendation 5 - Terrorist financing offence

43. Grenada received a rating of 'NC' for the criminalisation of terrorist financing under SR. II in the 3rd ME due to deficiencies in relation to the implementation of the Terrorist Financing Convention (TFC), the prohibition to collect or provide funds for individual terrorists, the penalty applicable to the TF offence, and the extra-territorial offence, which were mostly overcome with the provisions of the Terrorism Act (TA) of 2012.

44. **Criterion 5.1** – Grenada's TF offences cover the conduct criminalised in Article 2 of the UN Convention for the Suppression of TF (TF Convention) pursuant to secs. 19 and 22A of the Terrorism Act 16 of 2012 as amended. Sec. 22A establishes the offence for a person who invites another party to provide money or other property and intends that it should be used or has reasonable cause to suspect that it may be used for the purposes of terrorism. It is an offence to collect, provide, or attempt to collect or provide or make available any property, whether directly or indirectly, to any terrorist organization or any person who is concerned or connected with the financing of terrorism or collect or provide

any property for or on behalf of an individual terrorist pursuant to sec. 19(1) of the TA. The TA sec. 2 defines terrorism to mean the use or threat of action where (a) the use or threat of action is designed to influence the government or to intimidate the public or a section of the public; and (b) the use or threat of action is made for the purpose of advancing a political, religious or ideological cause, and (c) includes (i) serious violence against a person, (ii) serious damage to property, (iii) endangering a person's life, (iv) creating a serious risk to the health or (v) safety of the public or a section of the public, is designed seriously to interfere with or seriously disrupt an electronic system and the use of or threat of action involving the use of firearms or explosives. However, this definition does not include reference to international organizations as required in Article 2(1)(b) of the TF Convention. All activities covered by the Conventions and Protocols in the Annex to the TF Convention have been criminalised. The TA (Amendment) No 11 of 2013 includes all the Conventions required by Article 2 (a) of the Terrorist Financing Convention. The deficiency in relation to the lack of requirements provided in article 2.5 of the TF Convention in c.5.8(c) cascades into this sub-criterion.

45. **Criterion 5.2** –Sec. 19(2), (3) and (4) of the TA 16 of 2012 as amended by sec. 5, TA (Amendment) No 3 of 2015 establishes the terrorism financing offence for wilfully providing and collecting money or property for the purposes of terrorism. The legislation links TF when it is made for the purposes of terrorism/terrorist act and there is no criminalisation when the TF is conducted for a terrorist organisation or individual. Terrorist property is defined in sec. 18 TA 16 of 2012 as property, however, acquired which is likely to be used for the purpose of terrorism, proceeds from the commission of acts of terrorism and proceeds of acts carried out for the purpose of terrorist acts and includes proceeds of an act and any property which wholly or partly and directly or indirectly represents the proceeds of the terrorist act, including payments or other rewards in connection with its commission. The definition does not include property that is used in full or in part for the purposes of terrorism. Sec. 22A as inserted by s. 6 of the TA No 11 of 2013, establishes the offence of the provision of money or other property is given, lent or otherwise made available for the purposes of terrorism.

46. **Criterion 5.2bis** –The Terrorism Act 2012 does not criminalise financing the travel of individuals to a State other than their States of residence or nationality for the purpose of the perpetration, planning, or preparation of, or participation in, terrorist acts or the providing or receiving terrorism training.

47. **Criterion 5.3** - The TF offences apply to “property or money and fund raising for the purposes of terrorism pursuant to sec. 22A as amended by the Terrorism (Amendment) Act 11 of 2013 and Act 35 of 2013 but makes no specific reference to any funds or other assets, whether from a legitimate or illegitimate source. TF offences apply to money and property, which is given a broad definition, covering any property “wherever situated and whether real or personal, heritage, or movable, and things in action and other intangible or incorporeal property”. Sec. 2 of the TA makes no distinction between those from a legitimate or illegitimate source. With this broad definition, neither source is excluded or specified; therefore, money or property from legitimate sources appears to be covered.

48. **Criterion 5.4** - The TF offences established by s. 19-22A TA do not require that the property and money were actually used to carry out or attempt to carry out a terrorist act or linked to a specific terrorist act.

49. **Criterion 5.5** - There is the absence of any law that incorporates the ability for the intent and knowledge required to prove a TF offence to be inferred from objective factual circumstances.

50. **Criterion 5.6** - Natural persons convicted of a TF offence are punishable by proportionate and dissuasive sanctions on summary conviction of up to 4 years imprisonment, or to a fine of XCD400,000 (USD\$148,008) or both and on indictment of up to 30 years imprisonment, or to a fine of up to XCD one million dollars (USD\$370,020) or both - Sec. 27, TA No16 of 2012.

51. **Criterion 5.7** - The TF offences apply to any person – Sec. 19-22A TA No 16 of 2012. Sec. 12 of the Terrorism Act No. 16 of 2012 sets out terrorist offences in relation to both body corporates and a director, manager, secretary or similar officer or any person purporting to act in such capacity. There is no express provision precluding parallel criminal, civil or administrative proceedings with respect to legal persons if there is another form of liability available. Furthermore, section 3 of the Interpretation and General Provisions Act, Cap 153 defines “person” to include any company or association or body of persons, corporate or incorporate, so that any reference to persons in sections 34-37 of POCA includes legal persons. The fines applicable to natural persons are the same as that for legal persons which are up to XCD 400,000 (USD\$148,148) and XCD one million dollars (USD\$370,020) are proportionate and dissuasive (see c.5.6 above).

52. **Criterion 5.8** - (a) Sec. 43, Criminal Code Chapter 72A provides for an attempt to commit any crime by any means. Sec. 11 of the Terrorism (Amendment) Act No. 35 of 2013 amends sec. 23 of the TA 16 of 2012 which establishes the offence of non-disclosure of a belief or suspicion that another person has committed an offence under sec. 19 to 22 to include the words “or attempted to commit”. (b) Sec. 21 and 22 of the TA 16 of 2012 states that a person commits an offence if he enters into or becomes concerned in an arrangement as a result of which property is used for terrorist purposes and an arrangement which facilitates the retention or control by or on behalf of another person of terrorist property by concealment, removal from the jurisdiction, transfer to nominees or in any other way. (c) The TA does not extend to cover organising or directing others to commit a TF offence or attempted offence. (d) There are no provisions to criminalise the contributing to the commission of an offence under the TA, by a group of persons acting with a common purpose.

53. **Criterion 5.9** - Sec. 2 POCA No. 6 of 2012 set out in the Schedule of designated category of offences which includes terrorism, including terrorist financing as a designated relevant offence.

54. **Criterion 5.10** - Sec. 31, the TA 16 of 2012 criminalises TF offences under sec. 19 to 22 for a person who is alleged to have committed the offences is in the same country or a different country from the one in which the terrorist(s)/terrorist organisation(s) is located, or the terrorist acts(s) occurred/will occur.

Weighting and Conclusion

55. TF is criminalized according to the TF Convention, irrespective of whether or not the terrorist act was carried out or not. Grenada has not addressed the requirement for TF offences to include the financing the travel of individuals; the intent and knowledge to commit TF cannot be proved from objective factual circumstances; there are no provisions that criminalise organising or directing others to commit a TF offence(s) or attempted

offence(s), and there is no provision for contributing to the commission of a TF offence by a group of persons acting with a common purpose. **Recommendation 5 is rated Partially Complaint.**

Recommendation 6 - Targeted financial sanctions related to terrorism and terrorist financing

56. In the 3rd round of MEs, Grenada was rated “NC” with SRII. The key technical deficiencies included the lack of procedures for freezing funds and other assets of designated persons and entities, de-listing, and providing access to frozen funds or other assets, as well as the lack of provisions on the confiscation of property used in connection with the commission of TF, compensations for victims of terrorism, and guidance for reporting entities on the implementation of a freezing mechanism, which were addressed with amendments to the Terrorism Act (TA) of 2012.

57. **Criterion 6.1 – (a)** There are no provisions or mechanisms for proposing persons or entities to the UN 1267/1989 Committee and the 1988 sanctions regime for designations. **(b)** There is no mechanism for identifying targets for designation as required by the UNSCRs. **(c)** There is no provision that provides for reasonable grounds in order to propose designations to the UN. **(d)** There are no requirements or mechanisms in place to ensure that authorities follow the procedures and standard forms for listing, as adopted by the relevant committees. **(e)** There are no requirements or mechanisms in place to ensure that relevant authorities are able to provide as much relevant information as possible in support of nominations to the Committees.

58. **Criterion 6.2 – (a)** Sec. 14B(1)(b) of the TA No. 16 of 2012, as amended by the Terrorism (Amendment) (No. 2) Act 35 of 2013, specifically provides that the Attorney General is the competent authority to apply to a judge for an Order to propose persons or entities where there are reasonable grounds to believe that the entity has knowingly committed or participated in the commission of a terrorist act or is knowingly acting on behalf of, at the direction of, or in association with, an entity referred to in sec. 14B(1)(a). The provision is consistent with UNSCR 1373 criteria, for e.g., where he reasonably believes that the person is or has been involved in the commission of terrorist activity however the legislation does not address if designations can be made after examining and giving effect to the request of another country. **(b)** There are no mechanisms for identifying targets for designation **(c)** Grenada does not have provisions that permit when receiving requests from operational partners to discuss the merits of the proposed designation in UNSCR 1373, including if they reasonably believe” that the criteria in the TA are met and a designation can be made promptly. **(d)** The evidentiary standard of proof applied to a designation proposal is “reasonable grounds to believe” with the terrorist organisation to be established in an affidavit in support of an application by the Attorney General in Sec. 14B(1). The decision is not conditional on the existence of a criminal proceeding. **(e)** There are no procedures to request another country to give effect to the actions initiated under freezing mechanisms in Grenada.

59. **Criterion 6.3 – (a)** The First Schedule made pursuant to sec. 25 of the TA No. 16 of 2012 provides for a person in the regulated sector to disclose information upon reasonable grounds to a police officer, however there is no specific mechanism to facilitate the collection or solicitation of information to identify persons and entities who meet the criteria for designation pursuant to UNSCRs 1267, 1988 or 1373. The FIU Act 14 of 2012, Sec. 6(2)(b)(ii), gives the FIU the power to collect, request, receive, process, analyse and interpret transaction reports and any other reports made to or received by the FIU which

may be used together with relevant information to identify persons and entities that, based on reasonable grounds, meet the criteria for designation. [See the powers outlined under R. 31 to collect or solicit information, which may be used to identify persons and entities that meet the criteria for designation]. There is no provision which sets out which is the competent authority to identify and propose a designation with a procedure/mechanism for the collection of information outside of the regulated sector. **(b)** Sec. 14B(2) of the TA 16 of 2012 as amended by Terrorism Amendment Act No. 35 of 2013 enables the Attorney General to make an *ex parte* application (without prior notice) against a person or entity who is being proposed to the relevant UNSC and has been identified and whose designation is being considered as the TA does not require the person in question to be present or consulted during the process.

60. **Criterion 6.4** – UNSC designations are transmitted to the Ministry of Foreign Affairs and subsequently communicated to the FIU. Section 14A of the TA, provides for the FIU to circulate the list immediately to FIs, requesting information on the FIs whether the designated entities have funds in Grenada. There are no provisions requiring the FIs to freeze the funds or assets of designated entities, should it be discovered. The authorities have not provided any timeframe for this process in practice. Further, subsection 14B(3)(b) empowers a judge upon application by the Attorney General to freeze by order the funds of a listed entity i.e. a designated entity without delay. While the above provision allows for freezing without delay upon the granting of the order by the judge after application in an affidavit by the Attorney General, there are no requirements or mechanisms in place to freeze funds within hours of the issuance of the UN designation of an individual or entity. The authorities have not applied for any Court Orders to effect any domestic designations or UN designations.

61. **Criterion 6.5** – **(a)** Subsections 14B (1), (2) and (3) of the Terrorism (Amendment) Act No. 35 of 2013 provides for the Attorney General by way of an *ex parte* application to the court to freeze the funds of a listed entity i.e., a designated entity without delay. This provision while requiring the freezing of funds is limited only to FIs to act immediately, in order to restrict the availability of the funds in accordance with the terms of the Court Order. However, no similar provisions exist for all natural and legal persons including DNFBPs in Grenada to be required to freeze without delay and without prior notice the funds or other assets of designated persons and entities. **(b)** Section 14B of the Terrorism Act 16 of 2012 as amended by the Terrorism (Amendment) Act 35 of 2013 allows the Attorney General to make an application to freeze the funds of a designated entity; notwithstanding, the TA does not specify the scope of funds or other assets subject to a freezing action. There is no requirement that the funds are tied to a particular terrorist act, plot or threat. There is no specific reference to funds or other assets which are jointly owned or controlled. Consequently, the provision cannot be assessed for compliance with the criterion definition of funds. **(c)** There is no provision to prohibit dealing with funds or economic resources owned, held or controlled by a designated person, and prohibit making funds, financial services and economic resources available to designated persons or to another person for their benefit. **(d)** Section 14A(2)(c) of the Terrorism (Amendment) (No. 2) Act 35 of 2013 mandates the FIU to circulate the list of designated entities immediately to FIs requesting information on whether the designated entities have funds in Grenada. Sections 14B (5) and (6) of the Terrorism (Amendment) (no. 2) Act 35 of 2013 requires an FI to immediately restrict the availability of funds to a designated entity in accordance with the court order so mandating. The provisions are limited to only FIs (banks licenced under

the Banking Act, institutions regulated under GARFIN and persons licensed under the Securities Act) and do not include DNFBPs as required by the criterion. Additionally, there is no indication as to providing clear guidance to FIs and other persons or entities on their obligations in acting under freezing mechanisms. **(e)** Section 14AB(a) of the Terrorism Act 16 of 2012 as amended by the Terrorism (Amendment) Act 28 of 2014 requires FIs to immediately freeze all the funds held by it and to inform the Attorney General and the FIU that the designated entity has funds with the FI. While the above provisions impose a reporting requirement about frozen assets including funds in the name of designated entities, these measures are not applicable to DNFBPs as required and do not include prohibition requirements of the relevant UNSCRs such as attempted transactions. **(f)** There are no provisions to protect the rights of bona fide third parties acting in good faith.

62. **Criterion 6.6 – (a)** Grenada does not have procedures to submit de-listing requests to the relevant UN sanctions Committee. **(b)** There are no measures for legal authorities and procedures or mechanisms to de-list and unfreeze funds or other assets of designated persons and entities pursuant to UNSCR 1373 as required by the criterion. **(c)** There are no mechanisms to address this sub-criterion. **(d)** There are no provisions that address the procedures to facilitate review by the *1988 Committee* as required by the criterion. **(e)** There are no measures for procedures for informing designated persons and entities of the availability of the United Nations Office of the Ombudsperson pursuant to UNSCRs 1904, 1989 and 2083. **(f)** There are no publicly known procedures for obtaining assistance in verifying whether persons or entities having the same or similar name as designated persons or entities (i.e. a false positive) are inadvertently affected by a freezing mechanism. **(g)** Section 14B(12) of the Terrorism Act 16 of 2012 as amended by the Terrorism (Amendment) No. 2, Act 35 of 2013 enables a judge to revoke an order listing a designated entity and freezing the funds of listed entities and for the revocation to be published in the Government Gazette and in two (2) weekly newspapers. The above provision deals with the publication of revocation of freeze orders to the public. The requirements of the criterion include communication of de-listings and unfreezing to the financial sector and DNFBPs and the provision of guidance to FIs and other persons or entities on obligations regarding de-listing and unfreezing action. There is no procedure to provide guidance to FIs, DNFBPs and other persons and entities on their obligations to respect a delisting or unfreezing action.

63. **Criterion 6.7 –** Section 14B(4) of the Terrorism Amendment (No. 2) Act 35 of 2013 as amended by the Terrorism Amendment Act 3 of 2015, provides that an Order granted by a Judge may make provision for the payment of basic and necessary expenses of a designated entity including (a) any payment for food, rent or mortgage, medicines and medical treatment, taxes, insurance premiums, and public utility charges; (b) any reasonable professional fees and reimbursement of expenses associated with the provision of legal services; (c) any fees or service charge incurred for the routine holding or maintenance of frozen funds or other financial assets or economic resources; or (d) any extraordinary expenses. In making the provisions for the basic and necessary expenses of a designated entity, the court must be satisfied that the UNSC received notification of the application of the designated entity and a request was made by the FIU to the UNSC for its recommendations on the application of the designated entity. This is not applicable to designations made pursuant UNSCR 1373.

Weighting and Conclusion

64. While there are procedures for the freezing of assets of designated entities, there is no indication that the definition of funds complies with the FATF standards and that freezing can take place without delay. The obligation to freeze is not imposed on all required persons and entities and there is no guidance on actions to be taken under freezing mechanisms. Measures for delisting, unfreezing and providing access to frozen funds and other assets are rudimentary and do not include all procedures of the relevant UNSCRs. There are no mechanisms to propose designations to the UN and no proper mechanism for domestic listing. There is no clear obligation regarding the prohibition in TFS and significant deficiencies related to delisting. There are no direct measures to communicate designations, unfreezing and de-listings to the FIs and DNFBPs and other persons. No guidance has been issued to FIs and DNFBPs with respect to the delisting and revocations process. Only FIs are required to report to competent authorities on any funds frozen in compliance with the requirements of UNSCRs 1267 and 1373 and this does not extend to DNFBPs. Financial institutions are required to report attempted transactions to the FIU. There are significant deficiencies in relation to several criteria.

65. **Recommendation 6 is rated Non-Compliant.**

Recommendation 7 – Targeted financial sanctions related to proliferation

66. Recommendation 7 is a new recommendation and there is therefore no previous rating or country information.

67. **Criterion 7.1 – 7.5** - There are no provisions/ mechanisms to give effect to these sub criteria.

Weighting and Conclusion

68. There are no legislative provisions or mechanisms in place to address the requirements of Recommendation 7. Grenada has indicated that it is in the process of drafting legislation to address the requirements.

69. **Recommendation 7 is rated Non-compliant.**

Recommendation 8 – Non-profit organisations

70. This recommendation (previously SR VIII) was rated ‘NC’ in the 3rd round MER. The deficiencies identified were: 1) registering of NPOs was not mandatory; 2) a review was not conducted of the adequacy of domestic laws in relation to NPOs to determine whether they are susceptible to being used by terrorist organisations or particularly vulnerable to terrorist activities; 3) no outreach to NPOs; 4) lack of an effective supervisory regime; 5) no record keeping and retention requirements for NPOs and 6) no investigative expertise with regard to examining NPOs. In June 2016, R.8 and its Interpretive note were significantly amended to better align the implementation of R.8/INR.8 with the risk-based approach and to clarify the subset of NPOs which should be made subject to supervision and monitoring.

71. **Criterion 8.1 – (a)** Grenada has not identified which subset of the NPOs in the country fall within the FATF’s definition of this type organizations. **(b)** Grenada has not identified the nature of threats posed by terrorist entities to the NPOs of the country. **(c)** Grenada has not reviewed the adequacy of the measures that relate to the subset of the NPO sector that may be abused for TF support. **(d)** Grenada has no legal basis to periodically

reassess the NPO sector by reviewing new information on the sector's potential vulnerabilities to terrorist activities to ensure effective implementation of measures.

72. **Criterion 8.2 – (a)** NPOs are required to, among other things, retain beneficial ownership information, give notice of changes in the composition of directors, adhere to the AG's inquiries into the condition and management of their companies, when called upon provide documents and search records, submit annual financial statements to the Registrar and be subjected to audits of their accounts. These measures are supported by the provisions of Sec. 5 of the POCAMLTF Guidelines SRO 6 of 2012, Sec. 39 of the POCAMLTF (Amendment) Act 7 of 2018 and Sec. 10 of the Friendly Societies Act Cap 118 to promote accountability, integrity, and public confidence in the administration and management of NPOs. Grenada has taken measures to require all NPOs existing within Grenada to be registered with the AML/CTF Commission and CAIPO, which has provided Grenada with a database of all NPOs which operate within the jurisdiction. Further, Grenada has implemented preliminary measures to mitigate against TF abuse through the requirement for the OAG to vet all NPOs before approval by CAIPO and outreach sessions by the FIU. **(b)** Schedule I of the POCAMLTF Guidelines details best practices that charities and NPOs are required to implement. Where there is uncertainty the advice of the FIU must be sought. Grenada has submitted that the FIU, pursuant to Sec. 6(2)(g) & (h) of the FIU Act 14 of 2012, and the AML/CTF Commission pursuant to Sec. 9(3) of the POCAMLTF Guidelines SRO 6 of 2012 has held a number of outreach and educational and training sessions for NPOs during the past two years, and to encourage continuous dialogue between the sector and competent authorities. The FIU and the AML/CTF Commission also joined forces with CAIPO in a series of radio programs on their obligations to comply with the Companies Act and the other applicable legislation which can be aired on both the FIU AML/CFT websites. **(c)** No information was provided by the Grenadian authorities to evidence that work was undertaken with NPOs to develop and refine best practices to address terrorist financing risk and vulnerabilities and thus protect them from terrorist financing abuse. **(d)** No information was provided to demonstrate that NPOs were encouraged to conduct transactions via regulated financial channels.

73. **Criterion 8.3 –** Sec. 9 and 10 of the POCAMLTF Guidelines SRO 6 of 2012 establishes a legal framework for AML/CFT supervision or monitoring of NPOs by the AML/CFT Commission. Secs 337A-337H of the Companies Act contributes to effective monitoring and supervision of NPOs, as it provides the Attorney General with the right to inquire into NPOs, call for documents, search records and order an audit, among others. Sec. 337I of the said Act also refers to the ability to issue regulations regarding Non-Profit Companies. Grenada, however, provided no evidence to demonstrate that risk-based measures apply to identified NPOs at risk of terrorist financing abuse.

74. **Criterion 8.4 – (a)** As stated in Criterion 8.3, Grenada established a legal framework for supervision and monitoring of NPOs; however no risk-based measures are being applied to NPOs identified to be at higher risk. **(b)** Administrative penalties and sanctions for violations of NPOs or persons acting on behalf of these NPOs, have been created by Sec. 59 (1) of POCAMLTF Guidelines SRO 6 of 2012 as amended by POCAMLTF (Amendment) Guidelines SRO 24 of 2013 and further amendment by the POCAMLTF (Amendment) Guidelines SRO 58 of 2014. Sanctions range from \$7,000 – \$25,000 for individuals and \$50,000- \$250,000 for entities, which are proportionate and dissuasive.

75. **Criterion 8.5 – (a)** Sec. 52 and 53 of the POCAMLTF Guidelines SRO 6 of 2012, facilitates information sharing and systems of dialogue between public authorities and the

private sector to inter alia, create, enhance and promote public awareness of issues relating to ML and TF. Measures also allow for the promotion of cooperation and information exchange between the FIU, the Commission, the Central Bank and the public bodies in order to detect and prevent ML and TF activities. Cooperation and coordination efforts are further strengthened by an MOU, dated March 6, 2014, which established a technical working group consisting of public sector officials. There is also a Joint AML/CTF Advisory Committee consisting of private sector officials in accordance with Sec. 33 of the POCA 6 of 2012. **(b)** No information has been provided to determine whether the FIU has the investigative expertise and capability to examine those NPOs suspected of either being exploited by, or actively supporting the terrorist activity or terrorist organisations. **(c)** The FIU, pursuant to Sec. 6(2)(a) and Sec. 19 of the FIU Act 14 of 2012, empowers the FIU to investigate NPOs for financial crimes, offences contrary to the POCA and the Terrorism Act. To ensure that full access to information on the administration and management of particular NPOs may be obtained during the course of an investigation. The Grenadian authorities indicated that the FIU & Customs, RGPF, as necessary can access information through a court order, by virtue of the Technical Working Group MOU dated March 4, 2014. **(d)** Sec. 5 of the POCAMLTF Guidelines SRO 6 of 2012 requires NPOs to establish internal controls and other procedures to ensure that funds or other assets are not diverted to support the activities of terrorist organizations. It also requires NPOs to adopt best practices set out in Schedule I and to report any suspicion of a donation being linked to ML/TF to the FIU. Further, the guidance notes the importance of every NPO bringing to the attention of the FIU any activity with respect to which it has a suspicion of ML or TF. The Commission as Supervisor pursuant to Sec. 9 of the POCAMLTF Guidelines SRO 6 of 2012 has the authority to inspect, supervise and monitor the activities of NPOs and any suspicions of activities involving TF can be shared with competent authorities by virtue of the Technical Compliance MOU dated 4th March 2014, where the information can be shared with other competent authorities for the purposes of investigation and other preventive measures.

76. **Criterion 8.6** –Grenada’s central point of contact for international cooperation is the Attorney General and requests for information regarding NPOs suspected of TF or involvement in other forms of terrorist support are addressed in the same way as other international cooperation requests, through an MLAT. The procedures to be adopted in responding to international requests are addressed in the policy document on International Cooperation and Mutual Legal Assistance requests and other forms of cooperation.

Weighting and Conclusion

77. NPOs are required to retain beneficial ownership information, adhere to the AG’s inquiries into the condition and management of their companies, when called upon provide documents and search records, submit annual financial statements to the Registrar and be subjected to audits of their accounts. The country, however, has not identified which subset of organizations falls within the FATF definition of NPO and therefore, a risk assessment of the subset was not completed to determine those at greater risk for TF and therefore should be subjected to supervision and monitoring. There are no provisions for periodically reassessing the NPO sector by reviewing new information on the sector’s potential vulnerabilities to TF to ensure effective implementation of measures. **Recommendation 8 is rated Partially Compliant.**

Recommendation 9 – Financial institution secrecy laws

78. This recommendation was rated non-compliant ‘NC’ in the 3rd round MER.

79. **Criterion 9.1** - Pursuant to the Banking Act 20 of 2015 and POCA Guidelines SRO 6 of 2012, Sec. 53, Secrecy laws do not prevent FIs from implementing the FATF Recommendations. Competent authorities are empowered to access information to perform their AML/CFT functions – the ECCB under Art. 35 of the Eastern Caribbean Central Bank Agreement (Amendment), 2015; law enforcement authorities under sec.6 of the POCA Act 6 of 2012 and the FIU under sect. 22 (2) of FIU Act 14 of 2012. Information sharing domestically and internationally is facilitated and there are no hindrances to the sharing of information between FIs as required for correspondent banking, wire transfers and reliance on third parties.

Weighting and Conclusion

80. **Recommendation 9 is rated Compliant.**

Recommendation 10 – Customer due diligence

81. Recommendation 10 (formerly R.5) was rated NC in Grenada's 3rd MER due to significant deficiencies in CDD measures including no requirement for CDD measures when there are doubts about the veracity of previously obtained due diligence. Other deficiencies were no requirements for the verification of or identification of customers, to understand the ownership and control structure of legal persons or legal arrangements, to determine the natural persons that ultimately own or control a customer, to obtain information on the purpose and intended nature of the business relationship, or to conduct ongoing due diligence or perform enhanced due diligence for higher risk categories of customer. Additionally, there were no provisions prohibiting simplified CDD measures whenever there is suspicion of money laundering or terrorist financing and no requirement to apply CDD measures to existing customers on the basis of materiality and risk. These deficiencies were addressed by amendments to the POCAMLTF Guidelines.

82. **Criterion 10.1** – Subsection 36(1)(b) of the Proceeds of Crime (Anti-Money Laundering and Terrorism Financing) Guidelines, 2012 (POCAMLTF Guidelines) prohibits an entity from keeping or maintaining an anonymous account or an account in a fictitious name. Entity as defined in section 2 of the POCAMLTF Guidelines with reference to definition of relevant business in regulation 2(1) of the Proceeds of Crime (Anti-Money Laundering and Terrorism Financing) Regulations, 2012 (POCAMLTF Regulations) includes all FIs as required by the FATF Standards.

83. **Criterion 10.2** –Section 21(4) of the POCAMLTF Guidelines requires a FI to undertake customer due diligence in any of the following circumstances–

- a. when establishing a business relationship;
- b. when effecting a one-off transaction (including a wire transfer) which involves funds of or above EC\$15,000 (US\$5,550) or such lower threshold as the FI may establish;
- c. when there is a suspicion of money laundering or terrorist financing, irrespective of any exemption or threshold that may be referred to in the POCAMLTF Guidelines, including where an applicant for business or a customer is considered by a FI as posing a low risk;
- d. where a business relationship or transaction presents any specific higher risk scenario; and
- e. when the entity has doubts about the veracity or adequacy of previously obtained customer identification data.

84. POCA Guidelines SRO 6 of 2012 section 21 explains the CDD requirements for customers engaged in occasional financial transactions that appear to be linked, “where a customer engages in occasional financial transactions below the established financial threshold but in a series that appear to be linked, serious consideration should be given to not lowering or simplifying the CCD measures in respect of that customer even if the customer is well known to the entity providing the relevant facility.” The CDD requirements for one-off transactions that are wire transfers are captured by SRO 6 of 2012 which speaks to one-off transactions which include wire transfers.

85. **Criterion 10.3** –Subsections 25(1)(a) and (e) of the POCAMLTF Guidelines requires an FI to establish the identity of an applicant for business or a customer with respect to a relationship or transaction by carrying out the verification itself and ensuring that, where reliance is placed on an independent data source, the source, scope and quality of the data received is reasonably acceptable. The above provisions meet the requirements of the criterion.

86. **Criterion 10.4** –Subsection 21(3)(f) of the POCAMLTF Guidelines requires FIs to enquire into and identify a person who purports to act on behalf of an applicant for business or a customer, which is a legal person or a partnership, trust or other legal arrangements, is so authorized and to verify the person’s identity. This provision includes where a person is acting on behalf of a natural person.

87. **Criterion 10.5** –Subsection 26(1)(b) of the POCAMLTF Guidelines requires FIs with respect to an individual, to undertake identification and verification measures where the individual is the beneficial owner or controller of an applicant for business. Section 26(2) specifies that such identification and verification would include obtaining information on the individual’s full legal name (including any former name, other current name or aliases used), gender, principal residential address and date of birth. Subsections 27(1)(b) and (c) of the POCAMLTF Guidelines requires a FI with respect to a legal person, to undertake identification and verification measures where the legal person is a beneficial owner or controller of an applicant for business or is a third party (underlying customer) on whose behalf an applicant for business is acting. Section 21 of SRO 6 of 2012 satisfies the requirement that FI’s are satisfied that it knows who the beneficial owner is using relevant information or data obtained from a reliable source.

88. **Criterion 10.6** –Subsections 21(3)(b) and (d) of the POCAMLTF Guidelines requires a FI to obtain information on the purpose and intended nature of the business relationship and utilize measures to understand the circumstances and business of the applicant for business or the intended customer.

89. **Criterion 10.7** – (a) Subsections 21(3)(d) and (e) of the POCAMLTF Guidelines require FIs to utilize measures to understand the circumstances and business of the applicant for business or the intended customer, including obtaining information on the source of wealth and funds, size and volume of the business, and expected nature and level of the transaction sought and conduct ongoing monitoring of existing relationships and the transactions undertaken for purposes of making an assessment regarding consistency between the transactions undertaken by the customer and the circumstances and business of the customer. (b) Sections 23(1) to (4) of the POCAMLTF Guidelines requires that where a FI determines that a business relationship presents a higher risk, it shall review and keep up-to-date the customer due diligence information at least once every year. In cases where a business relationship is assessed to present normal or low risk, the customer due diligence

information must be reviewed and kept up-to-date at least once every three years. In circumstances where a business relationship is terminated prior to an expected review, the customer due diligence information should be reviewed and kept up-to-date as of the date of the termination of the relationship. Where an existing customer presents a high-risk, the FI shall apply customer due diligence or, where necessary, enhanced customer due diligence, measures and review and keep up-to-date the existing customer's due diligence information.

90. **Criterion 10.8** – Subsections 21(5)(d) and (e) of POCAMLTF Guidelines require FIs to determine in the case of a legal person, the ownership of the legal person and where the legal person is a company, details of any group of which the company is a part, including details of the ownership of the group and whether the trust or trustee or the legal person is subject to regulation and, if so, details of the regulator. Section 27(1) only requires identification and verification of legal persons. Section 21, of SRO 6 of 2020, Section 21 (3) (b) and section 27 of SRO 6 of 2012 requires FIs to understand the nature of the customer's business and its ownership and control structure.

91. **Criterion 10.9** –Section 21(5)(d) of the POCAMLTF Guidelines requires in circumstances where an applicant for business or customer is the trustee of a trust or a legal person, additional customer due diligence measures to be undertaken shall include determining in the case of a legal person, the ownership of the legal person and where the legal person is a company, details of any group of which the company is a part, including details of the ownership of the group. Section 27(2) of the POCAMLTF Guidelines requires for purposes of the identification and verification of a legal person, a FI to obtain information regarding–

- a. the full name of the legal person;
- b. the official registration or other identification number of the legal person;
- c. the date and place of incorporation, registration or formation of the legal person;
- d. the address of the registered office in the country of incorporation of the legal person and its mailing address, if different;
- e. where applicable, the address of the registered agent of the legal person to whom correspondence may be sent and the mailing address of the registered agent, if different;
- f. the legal person's principal place of business and the type of business engaged in; and
- g. the identity of each director of the legal person, including each individual who owns at least ten or more percent of the legal person.

92. Section 27 of SRO 6 of 2012 defines legal persons to include the various forms of legal arrangements as defined by FATF. In relation to verification and identification of legal persons section 27 (2) sets out the requirements therein. Section 27 (4) deals with the requirements for verification of a legal person that is a company, 27(5) deals with the verification of a legal person that is a partnership and 27 (6) deals with verification of a legal person other than a company, partnership and trust.

93. **Criterion 10.10** –The requirement to identify and verify the identity of natural persons exercising control of the legal person or arrangement through other means is captured in section 27 SRO 6 of 2012. The requirement states that where an entity or a professional considers that some or all of the identification and verification requirements are not applicable, it or he is permitted to establish a business relationship. Section 27(1)(b) of the POCAMLTF Guidelines states that a FI must, with respect to a legal person, undertake identification and verification measures where the legal person is a beneficial

owner or controller of an applicant for business. Section 27(2)(g) of the POCAMLTF Guidelines requires FIs in identifying and verifying a legal person, to obtain information on the identity of each director of the legal person and each individual who owns at least ten or more percent of the legal person. The CDD process set out in section 21(4)(e) mandates an entity or professional to make enquiries about the veracity or adequacy of previously obtained customer identification data when the entity or professional has doubts. This section combined with section 27 of the POCA Guidelines, SRO 6 of 2012, requires the entity or professional to make enquiries and to know who in fact controls the funds of the legal person or has a controlling power or management over the legal person in relation to the funds.

94. **Criterion 10.11** – (a) Sections 30(1) and (2) of the POCAMLTF Guidelines state that a FI shall, with respect to a trust undertake identification and verification measures by obtaining the following information:

- a. the name of the trust;
- b. the date and country of establishment of the trust;
- c. where there is an agent acting for the trust, the name and address of the agent;
- d. the nature and purpose of the trust;
- e. identifying information in relation to any person appointed as trustee, settlor or protector of the trust.

95. Where a FI determines from its risk assessment that a relationship with a trust or the product or service channels in relation to the trust presents a higher level of risk, the FI shall perform enhanced customer due diligence and obtain and verify the identities of all the beneficiaries with a vested right in the trust and such other additional relevant information. The above provisions do not require information on other natural persons exercising ultimate effective control over the trust (including through a chain of control/ownership). (b) There were no measures for other types of legal arrangements.

96. **Criterion 10.12** –Section 25 of the POCAMLTF Guidelines with regard to life insurance business with respect to the verification of the beneficiary under a policy, state that requisite verification must be carried out before any payout or the exercise of vested rights under the policy. The above provision does not include the requirements of sub criteria (a) and(b).

97. **Criterion 10.13** –Although section 22 and section 25 of SRO 6 of 2012 does not specifically mention beneficiaries, and this section does rely on the satisfaction of this criterion.

98. **Criterion 10.14** –Sections 25(1) and (2) of the POCAMLTF Guidelines requires a FI to establish the identity of an applicant for business or a customer with respect to a relationship or transaction by carrying out the verification before or during the course of establishing a business relationship or engaging in a transaction. Where it becomes necessary in order not to disrupt the normal conduct of business for a FI to complete the verification after the establishment of a business relationship, it may do so on the condition that the verification is completed within a reasonable period not exceeding thirty days from the date of the establishment of the business relationship. Following the establishment of the business relationship, the ML/TF risks associated with the business relationship are properly and effectively monitored and managed. These provisions comply with the requirements of the criterion.

99. **Criterion 10.15** –Subsection 25(2)(b) of the POCAMLTF Guidelines requires FIs in a situation where completion of verification must occur while establishing a business relationship or engaging in a transaction prior to the establishment of the business relationship, the FI must have appropriate risk management processes and procedures, having regard to the context and circumstances in which the business relationship is being developed.

100. **Criterion 10.16** –Subsection 21(3)(e) of the POCAMLTF Guidelines requires a FI to conduct, where a business relationship exists, ongoing monitoring of that relationship and the transactions undertaken for purposes of making an assessment regarding consistency between the transactions undertaken by the customer and the circumstances and business of the customer. Section 23 of SRO 6 of 2012 sets out the requirement for updating Customer Due Diligence information.

101. **Criterion 10.17** –Section 22(2) of the POCAMLTF Guidelines requires FIs to perform enhanced due diligence where there are higher risks.

102. **Criterion 10.18** –Section 21(8) of the POCAMLTF Guidelines states that where a FI determines on a risk-based approach that a customer poses low risk, the FI may reduce or simplify the customer due diligence measures. Section 21 (6) of SRO 6 of 2012 and Sections 31 & 33 of SRO 6 of 2012 as amended by SRO 24 of 2013 and SRO 58 of 2014. Section 21 specifically says, “In any case, simplified CDD measures must not be applied where a suspicion of money laundering or terrorist financing or specific higher risk scenario exists; where there is a suspicion of money laundering or terrorist financing, this must be reported immediately in accordance with the reporting requirements of the DAPCA, POCA and the AMLTFR and these Guidelines (as applicable)”.

103. **Criterion 10.19** –Subsection 25(5)(c) of the POCAMLTF Guidelines states that where a FI is unable to carry out the required customer due diligence requirements in respect of the applicant for business the FI should terminate the business relationship and submit a report to the FIU if it forms the opinion that the conduct of the applicant for business or customer raises concerns regarding money laundering or terrorist financing. POCA regulation 4(2)(a), (b)&(c) and regulation 5(2) of SRO 5 of 2012 and section 25 (5) of SRO 6 of 2012 as amended by SRO 24 of 2013 state the identification procedures in relation to new and continuing business relationships.

104. **Criterion 10.20** –Section 25 of the POCAMLTF Guidelines states that the effect of a termination of a business relationship in circumstances where there is a suspicion of money laundering on the part of an applicant for business or a customer must be carried out in a manner so as not to tip off the applicant or customer. If an entity forms the opinion that immediate termination of a relationship might tip off the applicant or customer, it or he must liaise with and seek the advice of the FIU and act according to the FIU’s advice. The entity must, however, freeze the relationship prior to any formal termination and no further business must be transacted in relation to the applicant or customer in violation of the requirements of section 25(5) of the Guidelines. The above provision deals with the termination of a relationship not a situation when performing CDD will tip off the customer.

Weighting and Conclusion

105. There is no requirement for FIs to identify and take reasonable steps to verify the identity of beneficial owners for other types of legal arrangements. Further, section 25 of

the POCAMLTF Guidelines do not include requirements for sub-criteria 10.12 (a) and (b). There are no measures for a situation when performing CDD will tip off the customer.
Recommendation 10 is rated Largely Compliant

Recommendation 11 – Record-keeping

106. Grenada was rated ‘LC’ for R.11 (formerly R.10) in the 3rd round MER due to the absence of legislation that required FIs to maintain records of account files and business correspondence for a period of at least five years after the completion of a business relationship. The deficiency was addressed by a modification to Sec. 47(1) and (2) of the POCAMLTF Guidelines of 2012 which requires entities and professionals to do so. The Recommendation now requires the results of any analysis undertaken of the account.

107. **Criterion 11.1** – In accordance with Sec. 47 of the POCAMLTF Guidelines of 2012 an entity or professional is required to maintain records of transactions for a period of at least five years after the transaction has been completed or deemed to have been conducted. No distinction was made between domestic and international transactions and therefore, the provision requires the retention of records for both domestic and international transactions as required.

108. **Criterion 11.2** – Sec. 47(2)(b) of the POCAMLTF Guidelines of 2012 mandates that without prejudice to the provisions of the Anti-money Laundering and Terrorist Financing Regulations, the period for which records are required to be maintained shall, with respect to subsection (1)(e), (f), (g) and (h) be reckoned from the date the business relationship ended or transaction was completed. Anti-money Laundering and Terrorist Financing Regulations, maintained for a period of at least five years after the transaction has been completed or deemed to have been conducted. Sec. 47(1)(a) imposes a requirement for purposes of establishing customer due diligence, compliance auditing, law enforcement, facilitating the strengthening of the entity’s or professional’s system of internal control and facilitating responses to requests for information pursuant to the provisions of the Regulations, these Guidelines or any other enactment or for regulatory or investigative purposes. Sec. 47(1)(e) the activities relating to complex, or unusual large or unusual patterns of transactions undertaken or transactions which do not demonstrate any apparent economic or visible lawful purpose or, in relation to a customer, are unusual having regard to the customer’s pattern of previous business or known sources of business; (f) the activities of customers and transactions that are connected with jurisdictions which do not or insufficiently apply the FATF Recommendations.

109. **Criterion 11.3** – Sec. 46(1) of the POCAMLTF Guidelines requires FIs and DNFBPs to maintain the following information: the name and address of the customer; in the case of monetary transactions, the kind of currency and amount; name and address of the beneficiary of the monetary transaction or product; customer’s account, the number, name or other identifier with respect to the account; transaction date; the nature of the transaction and, where the transaction involves securities and investment, the form in which funds are offered and paid out; the case of a transaction involving an electronic transfer of funds, sufficient detail to enable the establishment of the identity of the customer remitting the funds and compliance with paragraph (c) account files and business correspondence with respect to a transaction; and sufficient details of the transaction for it to be properly understood. This includes all information relevant to permit reconstruction of individual transactions so as to provide, if necessary, evidence for the prosecution of criminal activity.

110. **Criterion 11.4** – There is no requirement for FIs to ensure that all CDD information and transaction records are available swiftly to a domestic CA upon appropriate authority.

Weighting and Conclusion

111. There is no requirement for FIs to ensure that all CDD information and transactions records are available swiftly to a domestic CA upon appropriate authority which the assessment team consider to be a moderate shortcoming. **Recommendation 11 is rated Partially compliant.**

Recommendation 12 – Politically exposed persons

112. This Recommendation was rated as ‘NC’ in the 3rd round. The deficiencies identified included no requirement for FIs: to have appropriate risk management systems to determine whether a potential customer, a customer or the beneficial owner is a PEP; to obtain senior management approval for establishing a business relationship with a PEP or continuing one with a customer who becomes a PEP; to take reasonable measures to establish the source of wealth and the source of funds of customers and beneficial owners identified as PEPs; and to conduct enhanced ongoing monitoring on relationships with PEPs. To rectify the deficiencies identified, authorities included several provisions with regard to identification, due diligence and monitoring of PEPs in Sec. 24(1) of the POCAMLTF Guidelines. The 10th FUR (page 25) indicated that most of the gaps in this Recommendation were closed. Cabinet in October 2013 approved Grenada’s accession to the UN Convention against Corruption and authorities indicated that administrative preparations were being made through the Ministry of Foreign Affairs for the ratification of the Convention.

113. **Criterion 12.1** – Sec. 2 of the POCAMLTF Guidelines SRO 6 of 2012, states that a ‘politically exposed person’ means “an individual who is or has been entrusted with prominent public functions and members of his immediate family, or persons who are known to be close associates of such individuals and, for the purposes of this definition, the explanations to section 24 shall serve as a guide in identifying a PEP”. The explanations to section 24 states that, “PEPs may be domestic or foreign and generally comprise persons who are Heads of State/government, cabinet ministers/secretaries of state, judges (including magistrates where they exercise enormous jurisdiction), senior political party functionaries and lower political party functionaries with an influencing connection in high ranking government circles, military leaders and heads of police and national security services, senior public officials and heads of public utilities/corporations, members of ruling royal families, senior representatives of religious organizations where their functions are connected with political, judicial, security or administrative responsibilities” and that “family members and close associates of PEPs also qualify as PEPs and the same CDD and ECDD measures in relation to establishing business relationships and engaging in transactions apply to them”. (a) Sec. 24(1)(a) of the POCAMLTF Guidelines SRO 6 of 2012, requires that an entity or a professional shall have, as part of its or his internal control systems, appropriate risk-based policies, processes and procedures for determining whether an applicant for business or a customer is a PEP. These measures, however, do not extend to beneficial owners who may be PEPs. (b) Sec. 24(1)(b-d) of the POCAMLTF Guidelines SRO 6 of 2012 mandates that senior management approval is sought for establishing or maintaining a business relationship with a PEP; (c) Sec. 24(1)(b) requires an entity or professional to apply reasonable measures in establishing the source of funds or wealth of

PEP; (d) Sec. 24(1)(e) requires regular monitoring of the business relationship with the politically exposed person.

114. **Criterion 12.2 – (a)** There is no requirement for FIs to take reasonable measures to determine whether a customer or the beneficial owner is a domestic PEP or person entrusted with a prominent function in an international organisation. **(b)** Given that Grenada does not distinguish between a domestic PEP and a foreign PEP, the measures in criterion 12.1(b)-(d) equally applies.

115. **Criterion 12.3** – As stated in criterion 12.1, a PEP also includes family members and close associates. The deficiencies in c12.1 and c12.2 applies.

116. **Criterion 12.4** – There are no requirements for financial institutions to determine whether the beneficiary of a life insurance policy, or the beneficial owner of a beneficiary, is a PEP. Further there are no requirements in higher risks situations for financial institutions to inform senior management before the pay-out of a policy proceeds, to conduct enhanced scrutiny on the whole business relationship with the policyholder, and to consider making a suspicious transaction report. Senior management must approve the establishing of a business relationship with PEPs prior to accepting the business. Compliance also reviews and conducts enhanced due diligence on all PEPs. Once an approved business relationship has been established with a PEP, on-going monitoring is done. Future transactions and one-off payments are also scrutinized.

Weighting and Conclusion

117. Grenada has established measures for the incorporation of PEP identification into the CDD process and subsequently the application of EDD procedures. The application of section 24 of the POCAMLTF Guidelines does not distinguish between domestic and foreign PEPs and also provides for regular monitoring of PEPs. However, there are no requirements for FIs to determine whether a beneficial owner may be a PEP. The deficiencies in c12.1 and c12.2 applies to family members and close associates. Similarly, there is an absence of measures for determining whether the beneficiary of a life insurance policy, or the beneficial owner of a beneficiary, is a PEP which would prompt further EDD procedures. **Recommendation 12 is rated Partially Compliant.**

Recommendation 13 – Correspondent banking

118. Recommendation 13 (formerly R.7) was rated NC in the 3rd MER since none of the criteria were addressed. The deficiencies were dealt with by amendments to the POCAMLTF Guidelines.

119. **Criterion 13.1** – Correspondent banks are required in subsections 37(1)(b), (c), (d) and (f) of the POCAMLTF Guidelines to comply with criterion requirements. However, the provisions of the POCAMLTF Guidelines are limited to correspondent banking and do not provide for other similar relationships.

120. **Criterion 13.2** - Correspondent banks are required to comply with the criterion requirements for “payable-through accounts” in section 38 of the POCAMLTF Guidelines. This provision is also limited to correspondent banks and does not provide for other FIs with similar relationships.

121. **Criterion 13.3** – Subsection 36(1)(a)(i) of the POCAMLTG Guidelines prohibits FIs from entering into or continuing correspondent banking relationships with shell banks. Section 37 (1) of the POCA Guidelines describes the requirement for FI's to satisfy themselves that respondent FIs do not permit their accounts to be used by shell banks.

Weighting and Conclusion

122. While the requirements for correspondent banking relationships are in place, they do not include other similar relationships. **Recommendation 13 is rated Largely Compliant.**

Recommendation 14 – Money or value transfer services

123. Recommendation 14 (formerly SR.VI) was rated NC in the 3rd MER. There were no systems for monitoring MVT service operators for compliance with FATF Recommendations and no requirements for licensed or registered MVT operators to maintain a current list of agents to be made available to the designated competent authority. Additionally, deficiencies were noted regarding Recs. 4-11, 13-15 and 21-23 were also applicable to MVT service operators and supervisory sanctions were not proportionate or dissuasive. These deficiencies were addressed by the enactment of the Money Services Business Act (MSBA) and the implementation of a monitoring system by the Grenada Authority for the Regulation of Financial Institutions (GARFIN).

124. **Criterion 14.1** – Section 4(1) of the MSB Act prohibits a legal¹⁴ person from carrying on money service business in Grenada without a licence. Additionally, section 6(1) requires a person to apply to GARFIN for a licence to operate a money service business. In the absence of a definition of the word “person” in the MSB Act, reference can be made to the definition in the Interpretation and General Provisions Act Cap 153, Section 83 which defines a person as includes any company or association or body of persons, corporate or unincorporate.

125. **Criterion 14.2** – Section 4(4) of the MSB Act criminalises carrying on a money service business without a licence and imposes on summary conviction a fine of XCD\$50,000 (USD\$18,501) or imprisonment for a term of three years or both such fine and imprisonment. The above provision creates an offence to carrying out MVTS without a licence and the sanction is proportionate and dissuasive in comparison with those applicable for AML/CFT measures. MSB Act Cap. 189A provides the enforcement measures to bring suspected unlicensed money service business operators before a Magistrate. Section 11 of the MSB Act Cap. 198A, requires the public display of the license, which allows the verification of those who hold a license. Once a license is granted, the licensee will be published in the Government's Gazette and a complete up-to-date listing is available on GARFIN's website and members of the public can contact GARFIN directly to make inquiries about licensees. Section 35 of the MSB Act 10 of 2009 speaks to persons carrying out money services business without a license and the actions that can be taken and applying proportionate and dissuasive sanctions. Grenada has not provided information procedures or mechanism in place to identify natural or legal persons carrying on illegal MVTS.

¹⁴ The Interpretation and General Provisions Act Cap 153, Section 83 defines a person as includes any company or association or body of persons, corporate or incorporate.

126. **Criterion 14.3** – Section 9(1) of the POCAMLTF Guidelines SRO 6 of 2012) empowers the AML/CTF Commission with monitoring the compliance of its licensees and other persons who are subject to compliance measures with the POCAMLTF Guidelines and any other enactments relating to ML/TF. Section 4 of the POCAMLTF Guidelines SRO 6 of 2021, provides that these Guidelines apply to every entity and professional. Section 2 of POC (AML/TF) further provides that an 'entity' includes a person in a relevant business within the meaning of regulation 2(1) of the POC (AML/TF) Regulations. Sections (2) (f) and (g) defines MVTS as a relevant business and as such it is monitored for AML/CFT compliance by the AML/CFT Commission.

127. **Criterion 14.4** – Section 4 of the MSB Act provides that no person shall carry on a money service business in Grenada unless that person holds a licence in accordance with this Act. Section 2 further provides that 'money service business includes the business of operating as an agent or franchise holder.

128. **Criterion 14.5** – There is no requirement for MVTS providers that use agents to be required to include them in their AML/CFT programme and monitor them for compliance with these programmes.

Weighting and Conclusion

129. MVTS providers and agents are required to be licensed in Grenada. No actions have been described to identify natural or legal persons carrying on illegal MVTS and apply proportionate and dissuasive sanctions. MVTS are monitored for AML/CFT compliance by the AML/CTF Commission. There is no requirement for MVTS providers that use agents to be required to include them in their AML/CFT programme and monitor them for compliance with these programmes. The identified deficiencies are considered to be moderate. **Recommendation 14 is rated Partially Compliant.**

Recommendation 15 – New technologies

130. Recommendation 15 (previously R.8) was rated 'NC' in the 3rd round MER due to no requirement for financial institutions to have policies in place that mitigate the misuse of technological developments by money ML/TF schemes. There was also 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. Item #31, page 25 as outlined in the 10th FUR, states that Grenada met all the outstanding requirements for this Recommendation, based on what is requested by sec. 13 and 21 of the POCAMLTF Guidelines.

131. **Criterion 15.1** – Sec. 12(3)(e) of the POC (AML/TF) Guidelines SRO 6 of 2012 require that an entity or a professional's written system of internal controls shall ensure that the ML and TF risks are assessed and mitigated before new products are offered. Further, Sec. 13 requires the adoption and maintenance by entities and professionals, of such policies, procedures and other measures considered appropriate to prevent the misuse of technological developments for purposes of ML/TF. While these provisions address the identification and assessment of risk in relation to new products, it does not address the identification and assessment of risks arising relative to new business practices including new delivery mechanisms, and the use of new or developing technologies for pre-existing products.

132. **Criterion 15.2** – As stated in the previous criterion, Sec. 12(3)(e) of the POCAMLTF Guidelines SRO 6 of 2012 require entities and professionals to undertake an ML/TF risk assessment before new products are offered. Additionally, Sec. 14 of POCA Guidelines SRO 6 of 2012 require entities and professionals to determine how best to manage and mitigate any identified risk in relation to customers and business relationships. It is noted that the risk assessments in question are limited to products offered and not practices and technologies as required by this criterion.

133. **Criterion 15.3 – Criterion 15.11** – At the time of the onsite, the jurisdiction did not have any specific legislation to regulate, supervise and monitor VASPs¹⁵. Consequently, the criterion is not met with respect to the identification, assessment and mitigation of ML/TF risks relative to VAs in Grenada.

Weighting and Conclusion

134. Grenada has implemented measures that address the assessment of ML/TF risks as it relates to new technologies as well as management and migration requirements. However, there are shortcomings in that these provisions do not extend to new practices and pre-existing products. There are no provisions in place to address the FATF requirements as it relates to VASPs. **Recommendation 15 is rated Non-Compliant.**

Recommendation 16 – Wire transfers

135. Recommendation 16 (formerly SR.VII) was rated NC in the 3rd MER. There was no requirement for ordering financial institutions to obtain and maintain full originator information for all wire transfers of US\$1,000 and above and to include full originator information along with cross-border and domestic wire transfers. Additionally, intermediary and beneficiary financial institutions did not have to ensure that all originator information is transmitted with the wire transfer and beneficiary financial institutions did not have to adopt effective risk-based procedures for identifying and handling wire transfers not accompanied by complete originator information. These deficiencies were addressed by amendments to the POCAMLTF Guidelines.

136. **Criterion 16.1** – Section 41(1) of the POCAMLTF Guidelines requires the payment service provider of a payee to ensure that all transfers of funds are accompanied by full originator information which as defined in section 39 complies with the FATF requirements. The above measure is applicable to all transfers and will therefore include cross-border wire transfers of USD1,000 or more. However, there is no requirement for beneficiary information to accompany wire transfers.

137. **Criterion 16.2** – Section 41(2) of the POCAMLTF Guidelines requires a batch file to contain complete information on the payer. There is no requirement for beneficiary information.

138. **Criterion 16.3** – Grenada does not apply a de minimis threshold for the requirements of criterion 16.1.

¹⁵ Grenada have since passed the Virtual Assets Business Act No 7 of July 2021, however, this legislation was not considered by the assessment team as it came into force after the onsite.

139. **Criterion 16.4** – Subsection 41(3) of POCAMLTF SRO 6 of 2012 requires that payment service providers verify full originator information before transferring any funds, regardless of whether there is a suspicion of ML/TF.

140. **Criterion 16.5** – Section 41(7) of the POCAMLTF Guidelines states that for domestic funds transfers only the account number of the payee or a unique identifier that allows the transaction to be traced back to the payer is needed. Section 41(8) requires that the payment service provider of the payer should make available to the payment service provider of the payee full originator information within three days of such request from the payment service provider of the payee.

141. **Criterion 16.6** – As indicated under criterion 16.5 section 41(7) of the POCAMLTF Guidelines only requires the account number of the payee or a unique identifier that allows the transaction to be traced back to the payer for domestic transfers. Additionally, the payment service provider of the payer must make available to the payment service provider of the payee full originator information within three days of such request from the payment service provider of the payee. No information has been provided as to whether law enforcement authorities can compel the immediate production of such information.

142. **Criterion 16.7** – Section 41(6) of the POCAMLTF Guidelines requires the payment service provider of the payer to keep records of the full originator information on the payer for a period of at least 5 years. This provision does not include beneficiary information as required by the criterion.

143. **Criterion 16.8** – Section 42(4) of the POCAMLTF Guidelines requires the payment service provider of the payee to reject transfers without full originator information. This provision does not apply to the service provider of the payer i.e. the ordering FI as required by the criterion.

144. **Criterion 16.9** – Section 43(2) of the POCAMLTF Guidelines requires intermediary FI to ensure that payer information i.e. originator information is kept with a transfer. The provision does not include beneficiary information as required by the criterion.

145. **Criterion 16.10** – Section 43(6) of the POCAMLTF Guidelines mandates that intermediary FIs using a system with technical limitations that prevents payer information from accompanying a transfer to retain records of all payer information for a period of 5 years. The provision does not include beneficiary information as required by the criterion.

146. **Criterion 16.11** – There are no legislative provisions or enforceable measures requiring intermediary FIs to take reasonable measures to identify cross-border transfers that lack required originator or beneficiary information.

147. **Criterion 16.12** – There are no specific legislative provisions or enforceable measures requiring intermediary FIs to take risk-based policies and procedures to determine when to execute, reject or suspend a wire transfer lacking required originator or beneficiary information and the appropriate follow-up action.

148. **Criterion 16.13** – Section 42(2) of the POCAMLTF Guidelines requires the payment service provider of the payee i.e. the beneficiary FI to have effective procedures

to detect missing or incomplete originator information. The provision does not include beneficiary information as required by the criterion.

149. **Criterion 16.14** – Section 42(6) of the POCAMLTF Guidelines requires beneficiary FIs to keep records of any information received on the payer for a period of at least 5 years. There is no requirement to verify the identity of the beneficiary, if the identity had not been previously verified and maintain this information in accordance with Rec.11.

150. **Criterion 16.15** – Section 42(5) of the POCAMLTF Guidelines requires a beneficiary FI to adopt effective risk-based measures for identifying and handling all transfers of funds that are not accompanied by complete originator information. The lack of complete originator information may be considered a factor in assessing whether a transfer of funds should be reported to the FIU as a STR. The provision does not include required beneficiary information.

151. **Criterion 16.16** – Section 39 of the POCAMLTF Guidelines defines payment service provider to be a person whose business includes the provision of the transfer of funds services. Consequently, all the provisions of sections 41 and 42 are also applicable to MVTs providers and the analysis of criteria 16.1 – 16.15 is also relevant for MVTs providers.

152. **Criterion 16.17** – Section 42(5) states that missing or incomplete information shall be a factor in the risk-based assessment of a payment service provider as to whether a transfer of funds is to be reported to the FIU as a suspicious transaction or activity. There is no distinction regarding a payment service provider which controls both the ordering and the beneficiary side of a wire transfer. However, the information for consideration to file an STR is limited to missing and incomplete information.

153. **Criterion 16.18** – Subsections 14AB(a) and (c) of the Terrorism Act (TA) requires FIs to immediately inform the FIU if any designated person or entity has funds with the FI and submit a STR immediately if any designated person or entity attempts to enter into a transaction or continue a business relationship with the FI and terminate such transaction or relationship. This provision which covers all transactions would include wire transfers and comply with the requirements of the criterion.

Weighting and Conclusion

154. While there are measures for originator information for wire transfers there are none for beneficiary information. Additionally, there are no requirements for verification of the identity of the beneficiary or the submission of STRs by MVTs providers for wire transfers. **Recommendation 16 is rated Partially Compliant.**

Recommendation 17 – Reliance on third parties

155. This recommendation was rated non-compliant ‘NC’ during the 3rd round MER.

156. **Criterion 17.1** – Sec.48 (3) SRO 6 of 2012 requires that the responsibility for CDD remain with the entity or professional and not on the 3rd party. Sec.7 (1) of SRO 5 of 2012 requires production by the introducer of satisfactory evidence of the identity of the applicant for business; a written assurance that evidence of the identity of the applicant for business has been obtained and recorded and will be supplied forthwith upon request. SRO 6 of 2012 Sec. 25 (1) (e) mandates every entity or professional to establish the identity of

an applicant for business or a customer by ensuring where reliance is placed on an independent data source, the source, scope and quality of data received is reasonable acceptable. There is no requirement for the FI to satisfy itself that the 3rd party is regulated, supervised or monitored and has measures in place for compliance with CDD and record-keeping requirements.

157. **Criterion 17.2** – Sec. 54(1) of the POCA Guidelines SRO 6 of 2012 requires every entity and professional to pay special attention to a business relationship and transaction that relates to a person from a jurisdiction which the Commission considers does not apply or insufficiently applies the FATF Recommendations with respect to ML and TF (i.e. jurisdictions not listed on Schedule 2). No other information was provided with respect to the level of country risk required to be taken into account by entities. In addition, sec. 54, states that consideration and acceptance of business from an entity in a jurisdiction that is not included in Schedule 2 of the Guidelines are not precluded however, in relation to such non-listed jurisdictions, the entity or professional considering for acceptance any business from such non-listed jurisdictions has the obligation to ensure full compliance with the AML/CFT due diligence compliance measures outlined in the AMLTFR and the Guidelines; it does not require consideration of the information available on the level of country risk.

158. **Criterion 17.3** – There are no measures to address this criterion.

Weighting and Conclusion

159. Deficiencies exist with respect to the exemption of certain introducers specified in Regulation 6 (1) from the requirements relative to third party reliance as well as regarding the consideration of information on the level of country risk in determining in which countries third party can be based. **Recommendation 17 is rated Partially Compliant.**

Recommendation 18 – Internal controls and foreign branches and subsidiaries

160. This recommendation was rated non-compliant “NC” during the 3rd round MER.

161. **Criterion 18.1** – Sec.6 of the SRO 6 requires every entity and professional to fully comply with the Guidelines (SRO6), which provide the minimum requirements in relation to the compliance obligations relating to ML and TF. It also states that an entity or a professional may adopt such higher standards and systems of internal controls considered commensurate with its risk-based methodology in order to reduce or mitigate identified ML/TF. SRO 6 requires: Establishing internal control systems to forestall and prevent ML and TF (S. 12 (1), Designating at the senior management level a person responsible for managing AML/TF compliance (Sec.12 (3c); S. 13 SRO 5), appropriate and periodic training to all key staff (S. 12 (3) (o), S.49-50; s. 16 of SRO 5), maintaining an independent audit function to test compliance with internal controls and AML/CFT Regulations and Guidelines (s. 12 (40)), and assessment of the competence and probity of employees at the time of recruitment and ongoing monitoring of competence and probity (Sec.51).

162. **Criterion 18.2** – Grenada does not have provisions in support of the requirement to maintain group wide programmes against ML/TF.

163. **Criterion 18.3** – Sec.55 of SRO 6 requires financial groups to ensure that their branches, subsidiaries or representative offices operating in foreign jurisdictions maintain

the AML/CFT standards at least equivalent to those in Grenada; in case it is not possible due to the fact that such observance is prohibited by the laws, policies or other measures of the foreign jurisdiction in which it operates, the entity has to notify the FIU and the Commission and consider the desirability of continuing the operation. The latter in turn are required to consider what steps, if any, need to be adopted to properly and efficiently deal with the notification.

Weighting and Conclusion

164. There are no provisions for financial groups to implement group-wide programmes against ML/TF which are applicable to all branches and majority-owned subsidiaries of the financial group. **Recommendation 18 is rated Partially Compliant.**

Recommendation 19 – Higher-risk countries

165. Grenada was rated “NC” for R.19 (formerly R.21) in the 3rd round MER. The deficiencies include: 1) no enforceable requirement for FIs to pay special attention, to business relationships and transactions with persons from or in countries which do not or insufficiently apply the FATF Recommendations; 2) no measures to ensure that FIs are advised of concerns about the weaknesses in the AML/CFT systems of other countries; 3) 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; and 4) authorities in Grenada were not able to apply appropriate counter-measures where a country continues not to apply or insufficiently applies the FATF Recommendations. In Grenada’s 10th FUR (page 31), to cure the deficiencies, examiners made four (4) recommendations all of which were met.

166. **Criterion 19.1** – There is no requirement for FIs to apply EDD proportionate to risks, to business relationships and transactions from countries for which this is called for by the FATF.

167. **Criterion 19.2 – (a)** The authorities provided no information that there is a mandatory requirement to apply countermeasures when called upon by the FATF. **(b)** The AML and CFT Commission can, as it sees fit apply countermeasures to a jurisdiction it feels does not or insufficiently applies the FATF recommendations, has received poor or unsatisfactory ratings from an organisation such as FATF or CFATF or does not have a mechanism in place to respond to requests for assistance concerning ML/TF activities (S. 56 POCA Guidelines 6 of 2012).

168. **Criterion 19.3** – Sec. 56(2)(a) of the POCAMLTF Guidelines SRO 5 of 2012 authorizes the AML and CFT Commission to issue advisories including warning of a jurisdiction’s non-compliance with FATF recommendations, and that transactions with individuals or legal persons in the jurisdiction may run the risk of ML and TF.

Weighting and Conclusion

169. There are no obligations imposed on FIs to apply EDD proportionate to risks, to business relationships and transactions from countries for which this is called for by the FATF and neither are there explicit evidence that Grenada is able to apply countermeasures appropriate to the risks when called upon to do so by the FATF. **Recommendation 19 is rated Partially Compliant.**

Recommendation 20 – Reporting of suspicious transaction

170. This Recommendation (formerly R.13 and SR. IV) was both rated ‘NC’ in the 3rd MER due to the obligation to submit suspicious transaction reports not being applied to proceeds of all FATF predicate offences. Grenada was also rated non-compliant since the requirement to report STRs relating to the TF was discretionary and did not include funds that are used for terrorism or terrorist organizations or individuals who finance terrorism. There was no requirement to report all suspicious transactions including attempted transactions regardless of the amount of the transaction, as well as no requirement to report suspicious transactions regardless of whether they are thought among other things to involve tax matters. During the follow-up process, as a result of the corrective measures taken by Grenada the rating of Non-Compliant (NC) was moved to a rating of Largely Compliant (LC) on the final follow up report for Grenada.

171. **Criterion 20.1** – Grenada established a legislative framework for the reporting of STRs to the FIU. Sec. 38 of POCA No. 6 of 2012 mandates that a person knowing or suspecting or having reasonable grounds to know or suspect that a person is engaged in money laundering should make a disclosure to the FIU as soon as is reasonably practicable and in any event within seven (7) days. This also includes any matter that would come to his attention during the course of his trade, business or employment. Similar provisions are provided under the Terrorism Act No. 16 of 2012 for the disclosure of the belief or suspicion of terrorist related offences under sec. 19 and 22. Additionally, guidelines have been issued under the Proceeds of Crime (anti-Money laundering and Terrorist Financing) Guidelines SRO 6 of 2012 with subsequent amendments. Criminal activity” refers to: (a) all criminal acts that would constitute a predicate offence for ML in the country; or (b) at a minimum, to those offences that would constitute a predicate offence, as required by Recommendation 3.

172. **Criterion 20.2** – Financial Institutions are required to report all suspicious transactions including attempted transactions or activities pursuant to sec. 19 and 20 (2) of the Proceeds of Crime (anti-Money laundering and Terrorist Financing) Guidelines SRO 6 of 2012.

Weighting and Conclusion

173. **Recommendation 20 is rated Compliant.**

Recommendation 21 – Tipping-off and confidentiality

174. Grenada was rated ‘PC’ for R.21 (formerly R.14) in its 3rd MER with one deficiency that the offence of tipping off did not include disclosing the fact that a STR concerning ML was reported or provided to the FIU. Grenada made legislative adjustments to sec. 39 (2) of POCA which makes it an offence for a person who knows or suspects that a disclosure is being or has been made to the FIU under sec. 34, 35 or 38 of POCA, to disclose to any other person information or any other matter concerning the matter. As a result, the recommendation was closed in the final follow up report for Grenada.

175. **Criterion 21.1** – FIs and their directors, officers and employees are protected under sec. 38 (4), (5) and (6) of POCA No. 6 of 2012 from any criminal or civil action or liability for breaching any restrictions imposed by any statute or otherwise in Grenada regarding the disclosure of information to the FIU or in accordance with procedures

established. Sec. 38 (2) of POCA provides protection to a person if he has a reasonable excuse for not disclosing the information or matter; he is an attorney-at-law and the information or other matter came to his attention in privileged circumstances and he does not know or suspect and has no reasonable grounds for knowing or suspecting, that another person is engaged in money laundering.

176. **Criterion 21.2** – Sec. 39 of POCA No. 6 of 2012 and section 42 of the TA No 16 of 2012 establishes the offence of tipping off. All persons are prohibited from knowing that a disclosure was made to the FIU and from disclosing any information or matter which is likely to prejudice an investigation arising from such a disclosure. In addition, the jurisdiction has not indicated that the provisions prohibiting disclosure that an STR, or related information is being filed with the FIU do not inhibit information sharing under R. 18.

Weighting and Conclusion

177. **Recommendation 21 is rated Compliant.**

Recommendation 22 – DNFBPs: Customer due diligence

178. This recommendation (previously R.12) was rated ‘NC’ in the 3rd round MER. The deficiencies identified were 1) Dealers in precious metals and precious stones were not included in the AML/CFT regime; 2) deficiencies identified for financial institutions regarding Recommendations. 5, 6, 8 to 11 were also applicable to DNFBPs; and 3) lack of awareness of requirements by DNFBPs resulting in the ineffective implementation of AML/CFT obligations. As outlined in the 10th FUR (pages 28, 78-79), there has since been a designation of a competent authority with the responsibility of monitoring and ensuring compliance of the DNFBPs with AML/CFT requirements. This was included in Sec. 3 of the POCAMLTF (Amendment) Guidelines No. 24 of 2013 which amended the previous Sec. 9 of the POCAMLTF Guidelines to require the AMLTF Commission to monitor compliance by an entity, professional or person who is subject to the Guidelines with all ML/TF enactments and Guidelines.

179. **Criterion 22.1 (R.10)** – by virtue of the definition of ‘relevant businesses as outlined in Sec. 2 of the POCAMLTF Regulations SRO 5 of 2012, DNFBPs are required to comply with the CDD requirements set out in R.10 in the following situations:

180. *Casinos* – The legal framework provides for CDD requirements to be applied when a transaction involves accepting a cash payment of XCD3,000 (USD\$1,110.06) or more or the equivalent in any other currency.

181. *Real estate agents* - when engaged in a transaction for a client concerning the buying and selling of real estate.

182. *Dealers in precious metals and dealers in precious stones* – when the transaction involves accepting a cash payment of fifteen thousand dollars or more or the equivalent in any other currency. It is noted that provisions are limited to accepting cash and does not allow for other types of transactions that are offered or other means of payment.

183. *Lawyers, notaries, other independent legal professionals and accountants* when they prepare for, or carry out, transactions for their clients concerning the following activities: buying and selling of real estate; managing of client money, securities or other

assets; management of bank, savings or securities accounts; organization of contributions for the creation, operation or management of companies; creation, operation or management of legal persons or arrangements, or buying and selling of business entities.

184. *Trust and company service providers* when they prepare for or carry out transactions for a client concerning the following activities: acting as a formation agent of legal persons; acting (or arranging for another person to act) as a director or secretary of a company, a partner of a partnership, or a similar position in relation to other legal persons; providing a registered office, business address or accommodation, correspondence or administrative address for a company, partnership or any other legal person or arrangement; acting (or arranging for another person to act) as a trustee of a trust; acting (or arranging for another person to act) as a nominee shareholder for another person.

185. **Criterion 22.2 (R.11)** – DNFBPs are required to comply with the record-keeping requirements set out in Recommendation 11. Sec. 9-12 of the POCAMLTF Regulations SRO 5 of 2012 outlines provisions for maintaining record of transactions and reports, the limitation period for retention of records, format and retrieval of records, and maintaining a register of money laundering reports and inquiries.

186. **Criterion 22.3 (R.12)** – DNFBPs are required to comply with the PEPs requirements set out in Recommendation 12. The deficiencies identified in criterion 12.1 and 12.2 also apply.

187. **Criterion 22.4 (R.15)** – DNFBPs are required to comply with the new technologies' requirements set out in Recommendation 15. The deficiencies identified in Recommendation 15 also apply to DNFBPs.

188. **Criterion 22.5 (R.17)** – DNFBPs are required to comply with the reliance on third-parties requirements set out in Recommendation 17. The deficiencies identified in Recommendation 17 also apply to DNFBPs.

Weighting and Conclusion

189. Grenada does have a framework for CDD which includes DNFBPs and mirrors that of traditional financial institutions. DNFBPs are required to comply with the requirements of Recommendations 11, 12, 15 and 17, however any deficiencies noted in the application of these Recommendations are also relevant to DBFBPs. **Recommendation 22 is rated Partially Compliant.**

Recommendation 23 – DNFBPs: Other measures

190. This Recommendation (previously R.16) was rated 'NC' in the 3rd round MER. The deficiencies identified were: 1) Dealers in precious metals and precious stones were not included in the AML/CFT regime; 2) deficiencies identified for financial institutions with regard to Recommendations 13 to 15 and 21 are also applicable to DNFBPs; and 3) lack of awareness of requirements by DNFBP resulting in the ineffective implementation of AML/CFT obligations. As mentioned in R.22, one of the most important deficiencies solved with regards to R.23 was the designation of a competent authority with the responsibility of monitoring and ensuring compliance of the DNFBPs with AML/CFT Requirements.

191. **Criterion 23.1 (R.20) – (a–c)** The requirements to report suspicious transactions as set out in Recommendation 20 also apply to the DNFBPs sector.

192. **Criterion 23.2 (R.18)** – The requirements to comply with the internal controls and foreign branches and subsidiaries requirements set out in Recommendation 18 also apply to the DNFBPs sector. Sec. 55 of SRO 6 requires financial groups to ensure that their branches, subsidiaries or representative offices operating in foreign jurisdictions maintain the AML/CFT standards as least equivalent to those in Grenada. The deficiencies in recommendation 18 would apply to DNFBPs.

193. **Criterion 23.3 (R.19)** – The requirements to comply with the higher-risk countries requirements set out in Recommendation 19 also apply to the DNFBPs sector. The deficiencies identified in recommendation 19 apply to the DNFBP sector.

194. **Criterion 23.4 (R.21)** – The requirements to comply with the tipping-off and confidentiality requirements set out in Recommendation 21 also apply to the DNFBPs sector.

Weighting and Conclusion

195. The deficiencies noted in R.18 and R.19 apply to this Recommendation. **Recommendation 23 is rated Partially Compliant.**

Recommendation 24 – Transparency and beneficial ownership of legal persons

196. This Recommendation (previously R.33) was rated ‘NC’ in the 3rd round MER. The deficiencies identified were (i) No measures in place to ensure that bearer shares issued under the International Companies Act are not misused for money laundering, (ii) No legislative requirement for the disclosure of beneficial ownership of companies; (iii) insufficient resources delegated to the functions of the Registrar of Companies, (iv) No mechanism to ensure the timely filing of annual returns, (v) No access to current information on companies’ beneficial ownership to competent authorities due to the failure of companies to file annual returns and (vi) no legislation requiring the filing or notification of changes to the particulars, including beneficial ownership of companies.

197. **Criterion 24.1. – (a)** There are four (4) types of LPs in Grenada, and the following Acts and sections describe their forms and basic features:

- i. Companies: (1) Companies with share capital - Companies Act Cap 58A s. 4-16; (2) Non-Profit Companies - Companies Act s. 326 -337; and (3) External Companies- Companies Act s 338-359.
- ii. International Companies: International Companies Act s. 3-17 was repealed by the International Companies Act 17 of 2018. Section 3 provides that International Companies currently in existence continue to be valid until the operative date, which is upon termination, dissolution or winding up or by December 31st, 2021, whichever is sooner; Co-operative societies: Co-operatives Societies Act, 2011 s. 2 and 3;
- iii. Societies registered under the Friendly Societies Act, consisting of friendly societies; loan societies; co-operatives not converted into a co-operative society; benevolent societies; working men’s clubs; and Authorised societies whose purpose must be covered by the Friendly Societies Act: Friendly Societies Act s. 3-23 and Co-operatives Societies Act, 2011 s. 149(1); and
- iv. Building Societies: Building Societies Act s. 3-15.

198. The mechanism that identifies and describes the different types, forms and basic features of legal persons primarily rests with the Registrar's Office. Companies Act Cap 58A Sec. 534 defines body corporate to include a company or other body corporate wherever incorporated other than a corporation sole. Sec. 27 of the POCA Guidelines SRO 6 of 2012 states as follows: To be specific for the purposes of these Guidelines, the reference to a "legal person" must be taken to cover bodies corporate, including partnerships, companies, trusts, foundations, associations and any incorporated or unincorporated clubs, societies, charities, churches and other non-profit making bodies, institutes, friendly societies established pursuant to the Friendly Societies Act, provident societies or cooperative societies established pursuant to the Cooperative Societies Act and any similar bodies.

199. (b) The process for the creation of legal persons is as follows for companies generally - The Companies Act Cap 58A, Incorporation of Companies - sec. 4-16, companies limited by shares - Sec. 26-57, and Non-Profit Companies - The Companies Act Cap 58A Sec. 326 -337; International Companies – International Companies Act s. 12-15; and for body corporates as follows - 4. Co-operative Societies – Co-operatives Act 8 of 2011 Sec. 4, 5, 6, 12-18, Sec. 16 mandates that the Registrar shall register a co-operative society and its bye-laws and issue a certification of registration and Sec. 18 establishes that co-operative society shall have the capacity, rights, powers and privileges of a body corporate in accordance with sec. 49 of the Interpretation Act.; 5. Friendly Societies – Friendly Societies Act Cap 118, Sec. 12, 15 and 21 a friendly society is a body corporate upon registration; and 6. Building Societies – Building Societies Act Cap 38 Sec. 3-11 every building society is a body corporate by its registered name upon receiving a certificate of incorporation - Sec. 3, limitation of liability of members – sec. 5, evidence of registration rests upon any certificate of incorporation or registration or other document relation to a society – sec. 11.

200. Sec. 495, Companies Act Cap. 58A provides that the Registrar shall make upon request and payment of a prescribed fee, furnish any person with a copy of any document received by the Registrar. The Registrar keeps the name of all body corporates in the Register of Companies - Sec. 494 Companies Act Cap. 58A.

201. There are no provisions that set out the process by which LPs must file their BO information before the Companies Registry or record it themselves. In relation to the requirement of making publicly available LPs' beneficial ownership information, the legislation only covers Non-Profit Companies and External Companies under the Companies Act Cap 58A s. 495 and IBCs. The Companies Registry cannot make BO information publicly available for companies with share capital.

202. **Criterion 24.2** – The Grenadian authorities completed an NRA of MT and TF risks faced by the country however the Report does not reflect an assessment of the ML/TF risks associated with all types of legal persons existing in Grenada.

203. **Criterion 24.3** – The Registrar of Corporate Affairs and Intellectual Property, Office is established by Sec. 3 of the Corporate Affairs and Intellectual Property Office Act Cap 69A and the functions of the Registrar are outlined in Sec. 4. Companies Act Cap 58A Sec. 4 sets out that the Registrar shall enter in the Company's Register the names of every incorporator of a body corporate. The incorporator is the person/entity who applies to incorporate a company at the Registry. The Register contains the company name (Sec. 10), proof of incorporation (Sec. 8), legal form and status (Sec. 9), address of the registered

office (Sec. 176), basic regulating powers (Sec. 64) and list of directors (Sec. 69). The information of each body corporate is publicly available by accessing the Register of Companies (Sec. 494). The Registrar of Companies is established in Sec. 491 of the Companies Act Cap 58A. All legal persons must be registered - *Companies Act Cap 58A s. 4 (company with share capital), 328 (non-profit company), and 341 (external company); International Companies Act Cap 152 s. 28 share register and registered agent access to companies' documents s. 39A; Co-operatives Act 8 of 2011 s. 4, 5, and 6; Friendly Societies Act Cap 118 s. 12 and 15; and Building Societies Act Cap 38 s. 8 and 11.* Registries record legal persons' basic information, with exceptions mentioned in criterion 24.1. This information is publicly available only in relation to those legal persons covered by the Companies Act Cap 58A. The Cooperative Societies Act - Sec. 20 establishes and maintains a registered office. There is no public access to basic information for international companies and co-operative societies.

204. **Criterion 24.4** – The Companies Act Cap 58A, Sec. 175-180 require that all companies prepare and maintain at its registered office records on its companies and its members. Sec. 176 requires incorporators to notify the Registrar of the registered address of the company and any change of registered address shall be sent to the Registrar within 15 days in a prescribed form by the company. Sec. 184(1) mandates that a company shall maintain a register of shareholders or members, containing the number of shares held by each shareholder and categories of shares (including the nature of the associated voting rights. Sec. 184(2) enables the Registrar to require the company to furnish him with a copy of the register or part thereof within 14 days of such a request being issued by the Registrar. Section 344 of the Companies provides that in order to register, an external company shall file with the Registrar a statement in the prescribed form setting out (a) the name of the company; (b) the jurisdiction within which the company was incorporated; (c) the date of its incorporation; (d) the manner in which it was incorporated; (e) the particulars of its corporate instruments; (f) the period, if any, fixed by its corporate instruments for the duration of the company; (g) the extent, if any, to which the liability of the shareholders or members of the company is limited; (h) the business that the company will carry on in Grenada; (i) the date on which the company intends to commence any of its business in Grenada; (j) the authorised, subscribed and paid-up or stated capital of the company, and the shares that the company is authorised to issue and their nominal or par value, if any; (k) the full address of the registered or head office of the company outside Grenada; (l) the full address of the principal office of the company in Grenada; and (m) the full names, addresses and occupations of the directors of the company. These provisions cover the requirement for companies to maintain the information set out in sub-criteria 24.1, however, there are no provisions for a register of shareholders or members in order to maintain information for international companies, friendly societies, and building societies. Sec. 21 Cooperative Societies Act No 8 of 2011 requires a co-operative society to maintain mandatory records including bye-laws, register of members, register of directors and copy of shares transfers register and investment reports. Friendly Societies – Friendly Societies Act Cap 118, Sec. 39(3) every registered society shall keep a book of all the shares held by persons so nominated.

205. **Criterion 24.5** - Grenada requires legal persons to ensure the information referred to in criteria 24.3 and 24.4 is accurate and updated in a timely basis through authorised notification of such changes by the company to the Registrar. Sec. 77 (notice of change of directors) and 176 (notice of change of address of registered office) provides for updated information on the Directors and the registered address, respectively to be provided to the Registrar within 15 days of any such change. The Companies Act Cap 58A Sec. 12-15 provides for any change of name of a company and notice of change is published in the

Gazette by the Registrar, fundamental amendment to the articles of a company Sec. 213 the articles of a company may, by special resolution, be amended—(a) to change its name; (b) to add, change or remove any restriction upon the business that the company can carry on; (c) to change any maximum number of shares that the company is authorised to issue; (d) to create new classes of shares; (e) to change the designation of all or any of its shares, and add, change or remove any rights, privileges, restrictions and conditions, including rights to accrued dividends, in respect of all or any of its shares, whether issued or unissued; (f) to change the shares of any class or series, whether issued or unissued, into a different number of shares of the same class or series, or into the same or a different number of shares of other classes or series; (g) to divide a class of shares, whether issued or unissued, into a series of shares and fix the number of shares in each series, and the rights, privileges, restrictions and conditions attached thereto; (h) to authorise the directors to divide any class of unissued shares into series of shares and fix the number of shares in each series, and the rights, privileges, restrictions and conditions attached thereto; (i) to authorise the directors to change the rights, privileges, restrictions and conditions attached to unissued shares of any series; to revoke, diminish or enlarge any authority conferred under paragraphs (h) to (i); (k) to increase or decrease the number of directors or the minimum or maximum number of directors, subject to sec. 71 and 76; (l) to add, change or remove restrictions on the transfer of shares; or (m) to add, change or remove any other provision that is permitted by this Act to be set out in the articles. In relation to fundamental changes for external companies including the name of the company, alternation of corporate instruments of the company, objects having been altered or restriction of business must be made within 60 days and the company shall within 30 days' file with the Registrar copies of the instruments with regard to any changes made among its directions - Sec. 355, the Companies Act Cap 58A.

206. Sec. 189 of the Companies (Amendment) (No. 2) Act 23 of 2014 requires the Non-Profit Company and its agents to take reasonable precautions to maintain the accuracy in the preparation and maintenance of its records and sec. 52(1)(a) creates an offence for the failure to take reasonable precautions to keep accurate records without reasonable cause. These requirements do not fully meet this criterion as there are no provisions for ensuring accurate information which is applicable to external companies and to co-operative, friendly, and building societies that is updated on a timely basis.

207. **Criterion 24.6** – Financial institutions are required to identify and take reasonable measures to verify beneficial owners as part of their customer due diligence requirements. Sec. 21(3)(a) and (5) of the POCA Guidelines as amended by SRO 24 of 2013 provide that every entity or professional can enquire into and identify the applicant for business, or the intended customer, verify the identity and determine who are the natural persons that ultimately own or control the applicant for legal persons as part as the CDD process which means that the information on beneficial ownership be kept by the company itself. Additionally, GARFIN is required to collect beneficial ownership information pursuant to the International Companies Act¹⁶. However, the BO information is limited to only that taken by GARFIN, FIs and DNFBPs.

¹⁶ The International Companies Act was repealed pursuant to Act No. 17 of 2018, which provided that international companies incorporated under the International Companies Act shall continue to be valid after commencement of this Act and prior to the operative date, being December 31, 2021. Pursuant to the International Companies (Repeal)(Amendment) Act, 2021, which came into effect after the onsite visit, international companies incorporated under the International Companies Act, were allowed to continue under the Companies Act. Grenada advised that BO information held by GARFIN were handed over to CAIPO.

208. **Criterion 24.7** – Sec. 543 of the Companies Act Cap 58A only defines the term “beneficial interest” or “beneficial ownership” as including ownership through a trustee, legal representative, agent or other intermediary. Sec. 195(3) deals with the transferring of shares by written instrument in public companies, and provides that the beneficial ownership of the shares or debentures of a company passes to the transferee on (a) on the delivery to him or her of the instrument of transfer signed by the transferor and of the transferor’s share certificate or debenture, as the case may be; or (b) on the delivery to him or her of an instrument of transfer signed by the transferor that has been certified by or on behalf of the company, or by or on behalf of the Stock Exchange of Grenada, or a regional Stock Exchange of the Organisation of Eastern Caribbean States or of CARICOM if Grenada belongs to such regional Stock Exchange. The legislation does not contain any express legal requirement for companies or company registries to obtain and hold up-to-date information on the companies’ beneficial ownership nor does it require companies to take reasonable measures to obtain and hold up-to-date information on the companies’ beneficial ownership. Further, the filing of articles of incorporation does not achieve the requirement in the present legal formulation.

209. **Criterion 24.8** – There is no provision that companies cooperate with competent authorities to the fullest extent possible in determining the beneficial owner. d.

210. **Criterion 24.9** – Sec. 477(2) Companies Act Cap 58A provides that when a company has been wound-up and is about to be dissolved, after five years from the dissolution of the company no responsibility rests on the company, the liquidators or any person to whom the custody of the books and papers has been committed, by reason of any book or paper not being forthcoming to any person claiming to be interested therein. Sec. 477(3) further mandates that provisions may be made by rules for enabling the court to prevent, for such period (not exceeding five years from the dissolution of the company) as the court thinks proper, the destruction of the books and papers of a company which has been wound-up, and for enabling any creditor or contributory of the company to make representations to the court. In relation to any records required to be kept in accordance with POCA Guidelines SRO 6 of 2012, Sec. 47(1) sets out the record keeping measures which provides that the minimum retention period of records required under the AMLTFR is five years. POCA Guidelines SRO 6 of 2012, Sec. 47(6) and (7) set out the time period for the retention of records upon termination of a business relationship for any reason. The provisions cover maintaining information and records for at least 5 years when a company is dissolved or ceases to exist.

211. **Criterion 24.10** – Sec. 74 of the Banking Act, 2015 provides for disclosure and access to books and records by an examiner of the Central Bank for an examination. Sec. 15(3) of the GARFIN Act Cap. 124A allows GARFIN to call upon the manager of a licensee to produce anything requested and to provide any such information. Sec. 53 of the POCA Guidelines Act 6 of 2012 allows a law enforcement officer to apply to the court for a production order in relation to a particular material or materials of a particular description. Companies Act Cap. 58 A as amended by the Companies (Amendment) (No. 2) of Act 23 of 2014, sec. 337A and 337B enable the Attorney General to make inquiries, call for documents and search records concerning the beneficial ownership of a company. This Sec. is in relation to Non-Profit organisations only and is not applicable for the requirements set out in the criterion particularly in relation to the various types of legal persons in the jurisdiction. The FIU Act 14 of 2012 sec. 22 creates a wide power, through the use of the Director’s written request, to obtain any information from a company.

212. Information held at the Registry is publicly available. Sec. 495(1) provides that a person who pays the prescribed fee can examine and make copies of or extracts from the Register. It further allows the Registrar to furnish documents to any person upon payment of a prescribed fee. This would allow competent authorities including police officers to obtain timely access to basic ownership information held by the Registrar in accordance with the Companies Act Cap. 58A. There are no provisions for timely access to beneficial ownership information held by the Registrar. Despite these provisions, not all LEAs have all the powers necessary to obtain timely access to the basic and BO information held by the relevant parties and the deficiencies found in the previous criteria in relation to collecting this information apply here. There are no provisions for timely access to beneficial ownership information to law enforcement.

213. **Criterion 24.11** – Companies Act Cap. 58A sec. 29(2) states that no company may issue bearer shares or bearer shares certificate. There is no clear prohibition for issuing, converting or immobilizing bearer share warrants and no express provision in the Companies Act nor is there a regime prohibiting the operation of bearer share warrants in Grenada to prevent misuse for ML/TF.

214. **Criterion 24.12** – Grenada does not recognise nominee directors. Sec. 178 requires a company to keep a register of directors in accordance with the information set out in sub-sec. 1 and shall lodge such information with the Registrar. In relation to nominee shareholders, Companies Act Cap. 58A, Sec. 181 and 182 require a substantial shareholder to give notice of full particulars of a nominee shareholder within 14 days to the company and Sec. 184 requires the Company to maintain such particulars in a register of substantial shareholders and such information to be forwarded to the Registrar within 14 days of a request to the company for the register.

215. **Criterion 24.13** – Basic information for Companies - Companies Act Cap 58A Sec. 184(3) and 185 creates an offence for the failure to provide the Registrar with the particulars of the nominee shareholder set out in sec. 182. Sec. 178(6) creates an offence if false particulars are given contrary to the requirements in Sec. 178(5). Sec. 531 provides specific offences for any natural person who contravenes. Sec. 532 provides sanctions for any legal person who fails to provide basic information. Sanctions for International Companies are only in relation to confidentiality and study of documents by a trustee - International Companies Act Cap 152 s. 17 and 47.

216. Act 7 of 2018, POCA (Amendment) Act, section 39 (d) requires changes in relation with the entity to be communicated to the Commission within 14 days and establishes an offence for failure to do so. A RE can be liable on summary conviction to a fine of USD 185,010 dollars and to a further fine of USD 111 dollars for each day the offence continues. Other sanctions are available which include cancellation and suspension of registration. There are no express provisions demonstrating proportionate and dissuasive sanctions of LPs in relation to filing BO information.

217. **Criterion 24.14** – (a) The Exchange of Information Act Cap 93A allows the Registrar of Companies, as a regulatory authority, to facilitate the exchange of information from within Grenada with its foreign counterparts for the purpose of assistance in connection with inquiries carried out by a foreign regulatory authority in the exercise of its regulatory functions. (b) The Registrar can provide international co-operation in relation to exchanging basic information on shareholders for LPs. There are no provisions for the exchange of beneficial ownership information on shareholders or members of LPs. (c)

There are no provisions that enable authorities to rapidly provide international cooperation in relation to BO information, on the basis set out in R. 37 and 40.

218. **Criterion 24.15** - There is no mechanism to monitor the quality of assistance Grenada receives from other countries in response to requests for basic and beneficial ownership information or requests for assistance in locating beneficial owners residing abroad.

Weighting and Conclusion

219. Grenada has appropriate controls on bearer shares and nominee shareholders; however, there are major deficiencies related to the collection of basic and BO information of LPs, prohibition on share warrants, the powers of LEAs particularly the RGPF, C&E and IRD to access BO information in a timely manner, the sanctioning regime applicable for non-compliance with the requirements set out in R.24, and the powers and systems to exchange LP's information with foreign authorities. The ML/TF risks associated with the different types of legal persons have not been fully assessed and identified. Some powers available to access BO information cannot obtain such information as the information is not required to be kept. **Recommendation 24 is rated Partially Compliant.**

Recommendation 25 – Transparency and beneficial ownership of legal arrangements

220. This recommendation (previously R.34) was rated 'NC' in the 3rd round MER. The technical deficiencies identified were that there was no system of central registration or national registry where records of local trust are kept, no requirement for the filing/keeping of adequate and accurate information on the beneficial ownership and control of trusts and 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 was not enforceable. These standards were significantly strengthened since the 3rd MER.

221. **Criterion 25.1 – (a)** There is no requirement in Grenada for a trustee of an express trust to obtain and hold adequate, accurate and current information on the identity of the settlor, the trustee, the protector (if any), beneficiaries and any other person exercising ultimate effective control over the trust.

222. Under the International Trust Act Cap 152C, there is a requirement for the trustee of an international trust to have this information. However, this legislation will be repealed with effect from December 31, 2021.

223. The International Trust Act Cap 152C outlines the general duties and powers of trustees. Sec. 17 provides that a trustee of an international trust shall keep in Grenada a copy of the instrument creating the trust and copies of any deed amending or supplementing the deed, a register of the trust specifying the name of the settler, a summary of the purposes of the trust, the name of the protector of the trust, and such documents on the financial position of the trust which are confidential documents. Sec. 47(1) expressly states that no trustee or other person shall disclose any of the following information or documents respecting an international trust— the name of the settlor or any beneficiary; the trustees deliberations as to the manner in which a power or discretion was exercised or a duty conferred by the terms of the trust or by law was performed; the reason for the exercise of the power or discretion or the performance of the duty or any evidence upon which such reason might have been based; any other matter or thing respecting an international trust;

however the exception is that the trustee shall, at the request of a beneficiary, disclose any document or information relating to or forming part of the accounts of the international trust – Sec. 47(2). Notwithstanding any other law, the Court may, in any civil or criminal proceedings, allow the disclosure of information or documents referred to in such circumstances as the court thinks fit or upon a request made pursuant to sub sec. (4A).

224. **(b)** There is no requirement for trustees of an express trust to hold basic information on other regulated agents of, and service providers to, the trust.

225. **(c)** There is no provision for professional trustees to maintain information for at least 5 years after their involvement with the trust ceases.

226. **Criterion 25.2** – There is no requirement to keep accurate and up to date information which is updated on a timely basis for trustees of any express trust and for professional trustees.

227. **Criterion 25.3** – POCA Guidelines SRO 6 of 2012, Sec. 21 sets out the requirements for disclosure of information to FIs and DNFBPs when a trustee is forming a business relationship.

228. **Criterion 25.4** – There are no legislative provisions prescribing that trustees are prevented from providing competent authorities with any information relating to the trust. FIs and DNFBPs can receive information on the beneficial ownership and the assets of the trust to be held or managed under the terms of the business relationship as set out in the POCA Guidelines SRO 6 of 2012, Sec. 2 – “beneficial ownership” means the natural person who ultimately owns or controls an applicant for business or a customer or on whose behalf a transaction or activity is being conducted and *inter alia* in the case of a legal arrangement includes the partner or partners who control the partnership; the trustee or other person who controls the applicant; and the settlor or other persons by whom the legal arrangement is made.

229. Sec. 21(3)(f) of the POCA Guidelines SRO 6 of 2012 mandates the customer due diligence process and requires FIs and DNFBPs to enquire into and identify a person who purports to act on behalf of an application for business or a customer, which is a trust or other legal arrangement and is authorised to verify the person’s identify. Sec. 21(5). In circumstances where an applicant for business or customer is the trustee of a trust or a legal person, additional customer due diligence measures to be undertaken shall include determining the type of trust or legal person; the nature of the activities of the trust or legal person and the place where its activities are carried out; and in the case of a trust (i) where the trust forms part of a more complex structure, details of the structure, including any underlying companies; and (ii) classes of beneficiaries, charitable objects and related matters; (d) in the case of a legal person, the ownership of the legal person and, where the legal person is a company, details of any group of which the company is a part, including details of the ownership of the group; and (e) whether the trust or trustee or the legal person is subject to regulation and, if so, details of the regulator. Sec. 44 of POCA Guidelines SRO 6 of 2012 the FIU and the AML/CTF Commission are provided with requested records in a form that can be easily retrievable.

230. **Criterion 25.5** – FIU Act 14 of 2012 - Sec. 22(2) enables an authorized officer of the FIU to request information for investigative purposes, once that officer has reasonable grounds for suspecting that a person has possession or control of any information, book, record or document which is relevant to an investigation of a financial crime to request

same. Sec. 22 sets out the procedure for the manner in which the FIU can obtain information. Sec. 6(2)(k)(v) allows for the exchange of information with bodies or persons in Grenada. This Sec. addresses the maintenance of statistics on the requests for the exchange of information with foreign financial intelligence units.

231. The Companies (Amendment) No 2. Act 23 of 2014, Sec. 337B gives the Attorney General the authority to require a person to provide records of a non-profit company, which also applies when a trustee is a beneficial owner of a non-profit company. – this Sec. is not relevant to the requirement of the criterion. There are no similar provisions for other law enforcement authorities.

232. **Criterion 25.6 – (a)** The MLA measures outlined in c.37.1 is used to access to basic information held by other domestic authorities. Grenada's ability to provide international co-operation in relation to trusts and other legal arrangements is described at R.40. S. 52(1) of POCA Guidelines SRO 6 of 2012 generally empowers competent authorities to be able to share information held by a registry or any domestic authority with a foreign authority. Treaties e.g. UNTOC and UNCAC, facilitate the exchange of information for signatories, which includes h Grenada. Formal and informal groups e.g. Egmont and ARIN CARIB also generally facilitate the international sharing of information. Mutual Legal Assistance legislation with the United States of America, China and other Commonwealth Jurisdictions set out provisions for international cooperation and sharing of information. The FIU Act 14 of 2012 - sec. 6(2)(k)(v) allows the FIU to exchange information with foreign Financial Intelligence Units through mutual legal assistance and other arrangements. The MOU between FIU and other Public Bodies; Police Act Cap 244. The International Trusts Amendment Act No 7 of 2014 Sec. 50C empowers the Tax Co-operation Authority designated pursuant to the Mutual Exchange of Information on Tax Matters (Amendment) Act No. 24 of 2011, at any time to request an international trust to disclose any document or information with respect to the name of any settlor or beneficiary of an international trust. **(b)** S. 52(2)(d) of POCA Guidelines SRO 6 of 2012. The AML/CFT Commission has a duty to cooperate with foreign regulatory authorities and with persons who have functions in relation to the prevention or detection of financial crime who request assistance under the Act. **(c)** The FIU Act 14 of 2012 - Sec. 22(2)(b)(i); (d) and (e) enables the FIU to collect, request, receive, process, analyse and interpret information relating to financial crimes; to inform persons and bodies (including foreign financial intelligence department), that have made reports or provided information for the purposes of the Proceeds of Crime Act, the Terrorism Act or any other enactment, about measures that have been taken with respect to the report or information; where the Director considers it necessary in relation to the investigation of a financial institution, disseminate the reports or information to the Commission; the Attorney-General; the Commissioner of Police; the Comptroller of Inland Revenue; the Comptroller of Customs; the Director of Public Prosecutions; or any other public body, law enforcement authorities or foreign financial intelligence unit. There are no legislative provisions for the rapid provision of international co-operation in relation to authorities' use of investigative powers to obtain BO information on behalf of foreign counterparts.

233. **Criterion 25.7 – (a)** There are no express provisions in relation to the liability of trustees for failure to perform duties relevant to meeting their trustee obligations. **(b)** Pursuant to the POCA Guidelines, there are criminal sanctions for professional trustees where they fail to comply with their obligations. The AML/CFT Commission can impose sanctions for the failure to carry out customer due diligence measures. Sanctions for Non-compliance are contained in schedule IV of SRO 24 of 2013 of the POCA Guidelines which is made pursuant to sec. 59(1) of SRO 6 of 2012, POCA Guidelines which has been

amended by SRO 58 of 2014, which increased the penalties of corporate bodies for the failure to engage in or undertake customer due diligence, or additional customer due diligence in the case of a trustee of a trust or a legal person as provided in Section 22. Sec. 44(3) of the POCA Guidelines SRO 6 of 2012. The International Trusts Act, 1996 Cap 152C Sec. 17(3) establishes the offence for a trustee of an international trust who does not comply with maintaining a register of the trust and a copy of the instrument creating the trust and copies of any deed commits an offence and is liable on summary conviction to a fine of ten thousand dollars or two years imprisonment or both. The International Trusts Act, 1996 Cap 152C Sec. 47(5) establishes the penalty for the offence of disclosure of any information or documents with respect to an international trust on summary conviction to a fine of one hundred thousand dollars or imprisonment for two years, or both. This includes the disclosure of the name of the settlor or any beneficiary; the trustees' deliberations as to the manner in which a power or discretion was exercised or a duty conferred by the terms of the trust or by law was performed; the reason for the exercise of the power or discretion or the performance of the duty or any evidence upon which such reason might have been based; and any other matter or thing respecting an international trust. The International Trusts Amendment Act No 7 of 2014 Sec. 50A(1) ensures that upon the registration of an international trust, an annual update on the ownership information is sent to the Registrar and Sec. 50(3) provides that where an international trust fails to comply with the requirements, the Authority shall, within one month of the date upon which the information is required, send a written notice to the International Trust requesting that it complies within the time specified in the notice and failure to do so could result in the International trust being struck off the register. There are neither dissuasive nor proportionate sanctions imposed in accordance with the Trustee Act Cap 329 on trustees to ensure that they are legally liable for any failure to perform the duties relevant to meeting their obligations.

234. **Criterion 25.8** – There are no proportionate and dissuasive sanctions, whether criminal, civil or administrative, applicable to trustees for failing to grant to competent authorities timely access to information regarding the trust referred to in criterion 25.1. Sec. 21(2), (4), and (5); 22 and 23 establishes the offences for failing to grant competent authorities timely access to information and sets out the proportionate and dissuasive sanctions.

Weighting and Conclusion

235. Grenada has deficiencies related to the powers of authorities to access trust information and to assist other jurisdictions in obtaining such information. Furthermore, the assessed country needs to set out an appropriate sanctioning regime that meets the requirements set out in criteria 25.1-25.4. LEAs have limited powers to obtain timely access to information held by the trustee and other parties as only the FIU is empowered to obtain timely access. There is no requirement to facilitate access by foreign counterparts to basic information held by registries or domestic authorities. There is also no requirement for exchanging domestically available information on trust or other legal arrangements. **Recommendation 25 is rated Partially Compliant.**

Recommendation 26 – Regulation and supervision of financial institutions

236. This recommendation (previously R.23) was rated 'PC' in the 3rd round MER. The deficiencies identified were: 1) lack of fitness and probity checks on directors, shareholders, management of ECSRC and GARFIN licensees; and 2) no supervisory regime and by extension, no reporting obligations are in place for money service business.

These deficiencies were addressed through legislation and structural changes. As stated in the 10th FUR, there is now compliance with this Recommendation at a level equivalent essentially to an LC.

237. **Criterion 26.1** – In accordance with the provisions of the POCA No.6 of 2012 and its associated Regulations and Guidelines, the AML/CTF Commission, the FIU, the ECCB and GARFIN are charged with the responsibility for regulating and supervising FIs for compliance with AML/CFT requirements in Grenada. The ECCB has powers of supervision in accordance with POCA 19 of 2017 for licensed financial institutions carrying on banking business as defined in the Banking Act, 2015. In relation to non-banks, GARFIN licenses and regulates non-bank financial institutions. It is responsible for prudential supervision but not AML/CFT Supervision and therefore has an integrated approach to supervision, meaning that full scope AML/CFT supervision is not done by GARFIN since the Commission, ECCB and the FIU are solely responsible pursuant to POCA Act SRO 2 of 2018. Grenada prohibits the establishment of international trust after December 31, 2018.

238. **Criterion 26.2** – Sec.3(1) of the Banking Act, 2015 prohibits to carry on banking business without a licence granted by the ECCB. Sec. 7(1) of the Securities Act prohibits the establishment or operation of a securities exchange in Grenada without a licence granted by the Eastern Caribbean Securities Commission (ECSRC). S.33A(1) of the GARFIN Act as amended by Act 8 of 2013 refers to “Licensing of other entities by Minister on the recommendation of the authority” states: No entity offering financial services and products shall operate in or from Grenada unless licensed in Grenada. Section 9 of the Insurance Act 5 of 2010 mandates the requirement to obtain a license from GARFIN to carry out insurance business. S.4 of the Cooperatives Society Act has a registration requirement and S.33A of the GARFIN Act has a licensing requirement. Section 4(1) of the MSB Act Cap 198A mandates that a person shall not carry-on money service business in Grenada unless that person holds a license in accordance with the Act. In accordance with Sec. 36 of the POCAMLTF Guidelines SRO 6 of 2012 an entity shall not enter into or maintain a correspondent relationship with a shell bank or any other bank, unless the entity is satisfied that the bank is subject to an appropriate level of regulation. This provision however is limited to establishing correspondent banking and does not cover the establishment, or continued operation, of shell banks.

239. **Criterion 26.3** – The Banking Act of 2015 requires the fit and proper assessment of shareholders, directors, and persons in senior management position in accordance with Sec. (8)(2)(e), 22, 24, 25, 37, 97 Section 24 of the Banking Act 2015, required that a person who has received the approval of the Central Bank under section 23 shall at all times during which the person holds the shares or control, continue to be a fit and proper person pursuant to sections 97 (Minimum criteria for determining whether a person is fit and proper), and Section 98 (Criteria for determining whether a person is fit and proper to be a significant shareholder). Thus, persons who have been convicted will not meet the Fit and Proper requirements to be a beneficial owner.

240. Entities regulated by GARFIN are required to have fit and proper persons performing the functions of director, shareholders and senior management in accordance with Sec. 15A of the GARFIN Act 27 CAP 125A, as amended by the GARFIN (Amendment) Act 27 of 2014. Subsection. 2 gives the criteria to determine fitness and probity. A licence shall not be granted by the Authority to the licensee under the Act unless every person who is a director, shareholder or who performs senior management functions is a fit and proper person to hold the particular position which he or she holds or is likely to hold. The

POCAMLTF Guidelines SRO 6 of 2012 sec. 3(d)(iii) states that one of the objectives of the POCAMLTF Guidelines is to assist every entity and professional to develop measures to ensure fitness and appropriateness of professionals and the management of an entity. Provisions for fit and proper assessments are also found in Sec. 14(4B) of the Money Services Business Act CAP. 198A as amended by the MSB (Amendment) Act 29 of 2014; Sec. 201 of the Insurance Act CAP 150 as amended by the Insurance (Amendment) Act 25 of 2014; and Sec. 57 of the Securities Act CAP 299A as amended by the Securities (Amendment) Act 26 of 2014. Despite the above provisions, there are no specific requirements for preventing criminals from holding or being the BO of financial institutions under the remit of GARFIN.

241. **Criterion 26.4 – (a)** With regard to regulation and supervision in line with core principles, Grenada has not implemented measures in compliance with the relevant Basel Committee on Banking Supervision (BCBS) Principles, information on implementation of the International Association of Insurance Supervisors (IAIS) Principles 7 – 11, 18, 21 – 23 and 25 nor did Grenada provide details on core principles 1-15 which are contained in Responsibilities A, B, C and D. SD06 only addresses core principle 24, 28, 29, and 31. International Association of Securities Commission Responsibilities (IOSCO) A, B, C and D. **(b)** The authorities have referenced the POCAMLTF Guidelines and Regulations as providing mandatory systems for ensuring compliance with AML/CTF requirements. For all other FI's, POCA Regulation Section 2, SRO 5 of 2012 and section 4 of SRO 6 of 2012 and its explanatory notes make the regulations and guidelines mandatory requirements for ensuring compliance with AML/CFT standards.

242. **Criterion 26.5 – (a)** Pursuant to the Proceeds of Crime Act No.19 of 2017, the ECCB was appointed AML/CFT supervisor for licensed financial institutions under the Banking Act No. 20 of 2015. In December 2018 the ECCB circulated an AML/CFT Risk Assessment Questionnaire to all licensed FIs. The ECCB also developed a risk rating tool to assist in determining the AML/CFT profile of its licensed FIs. The information and data received from the questionnaire were fed into the risk rating tool. The assessment process included a review of the governance framework, products and services, customers and entities and geographies. Based on the ratings assigned by the risk rating tool, a risk-based approach to supervision is adopted by the ECCB. For all other FIs, SRO 2 of 2018 empowers the FIU and the AML/CTF Commission as the AML/CFT regulators. No information has been provided to evidence the model used to determine the frequency and intensity of on-site and off-site inspections for the FIU and the AML/CTF Commission. **(b)** Grenada indicated that the NRA will form the basis for determining policy on the frequency of supervision. The AML/CTF Commission, the FIU and the ECCB perform joint on-site and off-site inspections on the entities supervised for AML/CFT compliance. Full scope supervision is carried out on these high-risk entities and a report is done highlighting deficiencies and giving timelines for mitigation. Follow-up work is done by the entity and an examiner is assigned to monitor and give guidance. **(c)** ECCB's AML/CFT Risk Based Supervision Framework also takes into account the risks specific to the FI based on the characteristics of the FI. However, there are no mechanisms in place to address this sub-criterion by the FIU and the AML/CTF Commission for all other FIs.

243. **Criterion 26.6 –** Pursuant to the Banking Act No. 19 of 2017 establishes the ECCB as the AML/CFT regulator of all licensed FI's under the banking act 2015. This is supported by of SRO 2 of 2018. SRO 2 of 2018 also authorized FIU and the Commission to supervise other FIs and DNFBPs. The ECCB, FIU and the Commission also carry out joint on-site and off-site supervision. The ECCB's offsite supervisory process requires an AML/CFT Risk Assessment which results in the rating of a license FI and the ECCBs prudential return

for completion which provides statistics pertinent to the supervision of ML/TF risk. Further, the ECCB's AML/CFT Risk Based Supervision Framework provides for the assignment of a relationship manager between the ECCB and Grenada, this relationship manager assists in continuously assessing the ML/TF risk profile for the banks under the remit of ECCB. There are no mechanisms in place to address this criterion by the FIU and the AML/CTF Commission for all other FIs.

Weighting and Conclusion

244. Regulation and supervision with the core principles does not include all of the BCBS Principles. In 2019 the ECCB developed a risk-based approach to off-site and on-site supervision as well as the frequency and intensity of on-site and off-site inspections. However, no similar mechanisms have been provided for the FIU and the AML/CTF Commission. The several deficiencies noted above are the prohibition of engagement with shells is limited only to when entering a correspondent relationship and does not cover its established or continued operation and the frequency and intensity of onsite and offsite AML/CFT supervision of FIs or groups is not adequately determined on the basis of a risk-based approach apart from the banking sector for which the ECCB has remit for AML/CFT. **Recommendation 26 is rated Partially Compliant.**

Recommendation 27 – Powers of supervisors

245. Recommendation 27 (formerly R.29) was rated LC in the 3rd MER due to GARFIN's powers of sanctions and enforcement being inadequate due to the lack of a ladder of enforcement powers. This was addressed under the individual statutes of GARFIN's regulated entities.

246. **Criterion 27.1** – Subsection 63A(2)(a) of POCA as amended by POC (Amendment) Act No. 19 of 2017, designates the Central Bank to monitor and supervise compliance of all licensed FIs with ML/TF legislation. The Central Bank is the Eastern Caribbean Central Bank (ECCB). Section 9 of the POC (AML/TF) Guidelines designated the Commission and the ECCB to monitor compliance to the POCAMLTF Guidelines and any other AML/CFT enactment by any entity, professional or person subject to the POCAMLTF Guidelines. Section 9(2) of the POCAMLTF Guidelines also designates the FIU with similar responsibilities for persons other than licensees of the Commission. The Commission is the Anti-Money Laundering and Combating Terrorism Financing Commission (AMLCTF Commission) established under section 63 of POCA. Consequently, the AMLCTF Commission, the FIU and the ECCB are the designated AML/CFT supervisors.

247. **Criterion 27.2** –Section 63A(2)(d) of POCA, as amended by the POC (Amendment) Act No. 19 of 2019, empowers the ECCB to conduct AML/CFT inspections (Amendment) Act No. 19 of 2019, empowers the ECCB to conduct AML/CFT inspections of any licensed FI under the Banking Act. Section 10 of the POC (AML/TF) Guidelines SRO 6 of 2012 empowers the AML/CTF Commission, the FIU and the ECCB to inspect any entity for compliance with AML/CFT measures.

248. **Criterion 27.3** – Section 74 of the Banking Act provides for the disclosure and access to books and records of banks licensed under the Banking Act by an ECCB examiner in order to access compliance with the requirements of the Banking Act. However, this provision is limited to prudential supervision under the Banking Act and does not cover AML/CFT requirements. Section 22 FIU Act 14 of 2012, empowers the FIU to compel

information without the use of a court order. There is no provision for the AML/CTF Commission to compel the production of information relevant to monitoring AML/CFT compliance.

249. **Criterion 27.4** – Section 59 of the POC (AML/CFT) Guidelines SRO 6 of 2012 allows for the imposition of administrative penalties as specified in Schedule IV of the Guidelines by the AML/CTF Commission or the ECCB for breaches of the Guidelines. These sanctions are not applicable to breaches against other AML/CFT legislation and measures. In addition, prescribed offences in the POC (AML/CFT) Guidelines are to be dealt with in accordance with sec. 32(4) of the POCA which provides that any person who contravenes the provisions of the Guidelines commits an offence and is liable on summary conviction to a fine not exceeding XCD\$25,000 (USD\$9250.52) or to a term of imprisonment not exceeding two (2) years, or both. Pursuant to section 14 of the Banking Act, the ECCB can invoke the disciplinary action or revocation of the LFI's licence for prudential breaches, however, this can only be applied for AML/CFT breaches which affect prudential requirements. No information has been provided on the authority by the FIU to impose sanctions for AML/CFT breaches.

Weighting and Conclusion

250. The AML/CTF Commission, the ECCB and the FIU are designated supervisors to ensure compliance with AML/CFT requirements and can conduct inspections. Only the FIU can compel the production of information for AML/CFT functions and supervisory sanctions are limited to administrative sanctions by the AML/CTF Commission and the ECCB and does not include other disciplinary penalties or the ability to revoke licences for non-compliance with AML/CFT requirements. **Recommendation 27 is rated Partially Compliant.**

Recommendation 28 – Regulation and supervision of DNFBPs

251. Grenada was rated “NC” for R.28 (formerly R.24) in its 3rd round MER. One of the most important deficiencies solved in relation to this recommendation was the designation of a competent authority with the responsibility of monitoring and ensuring compliance of the DNFBPs with AML/CFT requirements. Page 28 of Grenada's 10th FUR outlines the measures adopted by the country in addressing the deficiencies highlighted. The new FATF Standard specifically indicates that the systems for monitoring and ensuring compliance with AML/CFT requirements should be performed by a supervisor or SRB. It is also required that the supervisor or SRB take necessary measures to prevent criminals or their associates from being professionally accredited and to have effective, proportionate and dissuasive sanctions.

252. **Criterion 28.1** – (a) Sec.6 of the Casino Gaming Act 2014 requires an application to be made for a licence to operate a casino. (b) Pursuant to sec. 12 of the Casino Gaming Act, a licence shall not be granted if any shareholder, director or officer of that company has ever been convicted of any offence involving fraud, dishonesty or violence, or any other criminal offence punishable by imprisonment for six months or longer. There is no mention of beneficial owners. (c) Sec. 9 of the POCMLTF Guidelines SRO 6 of 2012, provides for the FIU and the AML/CTF Commission to monitor an entity for compliance with these Guidelines. Sec. 2 further provides that an ‘entity’ means a relevant business within the meaning of sec. 2 of the AML/TF regulations. Sec. 2 of the POC (AML/TF) Regulations provides that a ‘relevant business’ includes the business of operating a casino

(where permitted by law when a transaction involves accepting a cash payment of three thousand dollars or more or the equivalent in any other currency).

253. **Criterion 28.2** - Pursuant to POCA Guidelines SRO 5 of 2012, Section 2 (i), (j), (k) & (m) the definition of relevant business is defined to include Attorneys at Law and Law firms, Notary Publics, Accounting firms Auditors, Real Estate Agents, Dealers in Precious Stone and Precious Metals and those in the business of buying and selling of Cars. Sec.39C(1) of the POC(Amendment) Act No. 7 of 2018 which requires a registration requirement with the AML/CTF Commission further supports this criterion. These entities are jointly supervised by the AML/CTF Commission and the FIU, pursuant to section 9 of POCA Guidelines 6 of 2012 as amended by SRO 24 of 2013 and SRO 2 of 2018 and Section 10 of POCA Guidelines 6 of 2012.

254. **Criterion 28.3** - Pursuant to POCA Regs. SRO 5 of 2012, Section 2, the definition of relevant business covers all categories of DNFBPs therefore these entities are regulated by the Commission and supervised by the Commission and the FIU, pursuant to section 9 of POCA Guidelines 6 of 2012 as amended by SRO 24 of 2013 and SRO 2 of 2018 and Section 10 of POCA Guidelines SRO 6 of 2012. Sec.39C (1) of the POC(Amendment) Act No. 7 of 2018 which requires a registration requirement with the AML Commission further supports the requirement of this criterion.

255. **Criterion 28.4** – (a) Sec. 9 of the POCAMLTF Guidelines SRO 6 of 2012 as amended by the POCMLTF (Amendment) Guidelines SRO 24 of 2013 and SRO 2 of 2018 gives the AML/ CTF Commission and FIU statutory powers to monitor compliance of the Guidelines and any other enactment relating to ML and TF by an entity, professional or person who is subject to the Guidelines. (b) The Grenadian authorities did not provide sufficient evidence to indicate what provisions are currently implemented to prevent criminals or their associates from being professionally accredited or holding (or being the beneficial owner of) a significant or controlling interest or holding a management function in DNFBPs other than casinos. (c) Sec. 39C (7), 39D(2), 39E-G of the POC(Amendment) Act No. 7 of 2018 and Sec. 59 of the POCAMLTF Guidelines SRO 6 of 2012 as amended by SRO 24 of 2013 and SRO 58 of 2014 sets out offences and penalties for failure to comply with the provisions of the Guidelines as specified in Schedule IV. Sanctions are applicable to both entities and individuals.

256. **Criterion 28.5** – (a) There are no measures to addition this sub-criterion. (b) While assessment of DNFBPs risk assessments forms a part of the supervisory activities, there is no clear indication of a framework in place that allows for supervision of DNFBPs on a risk-sensitive basis.

Weighting and Conclusion

257. DNFBPs are subjected to AML/CFT supervision and regulations. The FIU and AML/CTF Commission is the competent authority with the responsibility for ensuring that these institutions comply with the requirements of the Guidelines and any other enactments relating to ML and TF. The Grenadian authorities however did not indicate the provisions implemented to prevent criminals or their associates from holding a significant or controlling interest or holding a management function in DNFBPs nor is there supervision of DNFBPs on a risk-sensitive basis. **Recommendation 28 is rated Partially Compliant.**

Recommendation 29 - Financial intelligence units

258. In Grenada's 3rd round MER, this Recommendation (formerly R 26) was rated 'LC' with deficiencies related to the absence of analysis of trends and typologies in the annual report; the appointment of FIU Director as well as specific grounds for removal of FIU Director; the need for education drives to inform reporting parties and the general public of typologies, trends and other AML/CFT matters and the sourcing specialized training for the FIUs staff. The recommendation was closed in the final follow up report for Grenada.

259. **Criterion 29.1** – Grenada has established an FIU pursuant to sec. 5 of the FIU Act No. 14 of 2012. The FIU has the function of collecting, requesting, receiving, processing, analysing and interpreting reports made or received by the unit pursuant to sec. 6 (2) (b) (ii) of the FIU Act No. 14 of 2012. Reports include STRs relative to ML, relevant offences and terrorist related offences.

260. **Criterion 29.2** – (a) Grenada FIU is the central agency with the responsibility to collect, request, receive, process, analyse and interpret reports made or received by the FIU pursuant to sec. 6 (2) (b) (ii) of the FIU Act No. 14 of 2012. Reports include STRs relative to money laundering, relevant offences and terrorist related offences. (b) The FIU can receive any other report made to or received by the Unit pursuant to sec. 6 (2) (b) (ii) of the FIU Act No. 14 of 2012. However, there is no indication that the jurisdiction has a reporting requirement for cash transaction reports, wire transfer reports or any threshold-based declarations or disclosures and if so whether the FIU receives them.

261. **Criterion 29.3** – (a) The FIU has the capacity through a Director's Letter, pursuant to sec. 22 (2) of the FIU Act No. 14 of 2012, to require a person to provide or furnish information, book, record or documents which is relevant to an investigation of a financial crime. A person failing to comply with the Director's Letter or furnishing false information is liable to a fine not exceeding fifty thousand dollars Eastern Caribbean currency or to a term not exceeding two (2) years in prison or pursuant to sec. 22 (8) of the FIU Act No. 14 of 2012. (b) The FIU has access to a wide range of information from Government Departments including the IRD, Traffic Department, etc. through the provision established at sec. 22 (2) of the FIU Act No. 14 of 2012. Additionally, the FIU has formal access to the Company Registry which is publicly accessible and informal access to information from the C&E and Immigration Division which are all part of the Royal Grenada Police Force. A MOU was established between the FIU and the Royal Grenada Police Force in October 2019 to formalize the FIU's access to all information collected by the Police. In addition, in July 2020 the FIU also formalised the access to information from the C&E with the signing of a MoU.

262. **Criterion 29.4** – (a) Grenada's FIU conducts operational analysis as part of its function by using information obtained from the various sources referred in the relevant legislations. The FIU pursuant to sec. 6 (2) (b) of the FIU Act No. 14 of 2012 can collect, request, receive, process, analyse and interpret, information related to financial crimes, transaction report, STRs or any other reports and information on trends and typologies of financial crimes. The operational analysis is used to identify targets to determine if there are any links between possible proceeds of crime, money laundering, predicate offences and terrorist financing. The results of such operational analysis can be disseminated to the entities listed in sec. 6(2)(e) and includes the Commissioner of Police, Comptroller of Inland Revenue, etc. (b) Grenada's FIU can conduct strategic analysis as outlined in the

legislative provisions outlined at R29.4 (a). The FIU has conducted one (1) Strategic Analysis on monies sent to a neighbouring jurisdiction through MSBs.

263. **Criterion 29.5** – The FIU also has the function of disseminating the analysis of the investigation to relevant competent authorities in Grenada pursuant to sec. 6 (2) (e) of the FIU Act No. 14 of 2012. Sec. 6 (2) (e) (vii) relates particularly to the dissemination of information to law enforcement or foreign financial intelligence units. These reports can be disseminated upon request or spontaneously pursuant to s 6(2)(d) and (e) of the FIU Act No. 14 of 2012 respectively. These reports are either issued by hand or through encrypted email.

264. **Criterion 29.6** – (a) Sec. 12 of the FIU Act No. 14 of 2012 speaks to the obligation of secrecy and confidentiality of the member of the FIU. The FIU has also issued its Information Technology (IT) Security policy which speaks to the general and use of the FIU system by staff members. The policy for International Cooperation, information exchange and SARs cover specific protocols for the procedures for the handling, storage, dissemination and protection of or access to disclosures or any related information. (b) The IT Security Policy which is in place at the FIU allows for the Head of the FIU to “designate various levels of rights as he thinks fit”¹⁷. This mechanism allows for varying clearance levels and understanding of responsibilities within the organization structure to be assigned as it relates to the dissemination of sensitive and confidential information.¹⁸ This information transmitted to the FIU is hand delivered on a flash drive or disk. Some institution records are password protected. The information is also entered on the office database by the Systems Manager and the hardcopies are filed away in fireproof cabinets. (c) The FIU shares a building with other public authorities however, there is limited access to the FIU office as it is secured with a key in system as visitors have to be buzzed in to access the FIU’s offices. There is also an RGPF Officer assigned as a Sentry to the front of the building. Additionally, information is stored both on a secured database and in fireproof cabinets. The FIU server is secured in a separate room to which only authorized members have access. A back-up of that server is also held securely off-site.

265. **Criterion 29.7** – (a) Grenada has established legislation for its FIU to be operationally independent and autonomous. Sec. 18, 19 and 21 of the FIU Act No. 14 of 2012 provides that the Director of the FIU is the Chief Executive Officer with all decisions making powers including training and entering into agreements. Therefore, decisions on the analysis, request or forwarding or dissemination of information are made by the Director. (b) Sec. 21 of the FIU Act No. 14 of 2012 provides that the Director with the approval of the Minister may enter into agreements, contracts or MOUs with foreign FIUs or other competent authorities for the exchange of information. The requirement for approval from the Minister takes away the Director’s independence and autonomy in making or engaging in such activities. (c) The FIU is a separate Department of the Government of Grenada and is not a part of any other organizational structure. (d) The Director has all the powers as a head of a department in the public service in the Government of Grenada and is responsible for the performance of the functions of the FIU pursuant to sec. 18 (3) of the FIU Act No. 14 of 2012.

266. **Criterion 29.8** – Grenada has been a member of the Egmont Group since 2004.

¹⁷ The Financial Intelligence Unit Grenada IT Security Policy pg. 6

¹⁸ The Financial Intelligence Unit Grenada IT Security Policy pg. 6

Weighting and Conclusion

267. Grenada's FIU is a standalone department in the Government of Grenada and is the central body for the receipt and analysis of reports received by the FIU including STRs. The FIU can conduct both operational analysis and strategic analysis. Information and analysis can be shared both domestically and internationally upon request or spontaneously. The FIU has been a member of the Egmont Group since 2004. The FIU has a significant level of independence and autonomy as it relates to the performance of its functions. However, whilst the FIU can enter into agreements, contracts or arrangement it requires the approval of the Minister. This approval affects the independence and autonomy of the FIU. There exists an Information Technology Security policy which outlines the security access and clearance levels. There also exists a policy in place which covers the procedures for the handling, storage, dissemination and protection of or access to information. **Recommendation 29 is rated Largely Compliant.**

Recommendation 30 – Responsibilities of law enforcement and investigative authorities

268. In Grenada's 3rd round MER, R 27 was rated Largely Compliant (LC) with one (1) deficiency highlighted which related to law enforcement authorities not having the capacity to make decisions or postpone or waive the arrest of suspected persons and/or the seizure of money written in any law or other enforceable means.

269. **Criterion 30.1** – Sec. 6 (1) of the FIU Act No. 14 of 2012 establishes the FIU as the designated law enforcement authority to investigate predicate offences or financial crimes and the investigations related to the Terrorism Act and other enactments. A Police Officer also has the power to investigate terrorist related offences under the Terrorism Act.

270. **Criterion 30.2** – The FIU is designated as the entity with responsibility to conduct ML/TF investigations (FIU Act, Sec. 6). The RGPF is charged with the prevention and detection of crime (Police Act, Sec. 5) and can therefore pursue ML/TF offences during a parallel financial investigation. The CED and FIU has signed an MOU which at Sec. 3.6.6 details the mechanism by which the FIU is informed of investigations into predicate offences initiated by Customs or reported to Customs. No information was provided relative to the ability of the IRD to refer ML/TF matters to the FIU or the RGPF for investigation.

271. **Criterion 30.3** – Grenada has established a legislative framework for competent authorities to expeditiously identify, trace, and initiate freezing and seizing of property that is subjected to confiscation or suspected of being proceeds of crime. Sec. 22 of FIU Act No. 14 of 2012 makes provision for a Director's Letter to be issued to any entity for the retrieval of information to assist in the investigation of financial crimes "within the time limit stated in the notice, for the purposes of the investigation". The notice can also require that a person should "answer questions either at once or, at such time and place as may be specified in the notice" (Sec. 22(3)(c)). Sec. 24 and 25 of the FIU Act No. 14 of 2012 makes provision for a freezing and restraint order respectively. Applications for freezing and or restraint orders may be made without notice. The Director under Sec. 24 (8) of the FIU Act may by notice in writing, mandate a financial institution to freeze the bank account. For a period not exceeding 72 hours when there are reasonable grounds to believe that a financial crime has been or will be committed and there is an urgent need for an account to be frozen to avoid removal or dissipation of funds. Sec. 23 of the FIU Act No. 14 of 2012 makes

provision for a search warrant to be obtained. Further sec. 21 and 58 of POCA No. 6 of 2012 makes provision for a restraint order and the search and detention of cash respectively.

272. **Criterion 30.4** – Authorities that are not law enforcement agencies in Grenada have separate powers to investigate predicate offences. For tax- related offences the Comptroller of the Inland Revenue Division has the power to investigate offences under the Tax Administration Act No. 14 of 2016 or any other tax legislation in Grenada pursuant to sec. 86 of the said Act. Further, on the other hand, powers are attributed to the Director of Public Prosecutions and the Grenada Authority for the Regulations of Financial Institutions (GARFIN). Sec. 27A of the Terrorism (Amendment) Act No. 11 of 2013 provides the Director of Public Prosecutions with the power to apply for a freezing order on property related to terrorism or terrorist related activities. Sec. 15 (2) (c) of the GARFIN Act Cap. 125A provides the authority with the power to assist any competent authority with the investigation of any offence against the laws of Grenada. Further sec. 3 of the said Act makes provision for the use of investigative tools such as the inspection, request or production of documents or records reasonably required to aid in such investigations. Sec. 6(2)(f) of the FIU Act allows for investigations by the FIU to be initiated upon request “(i) at the request of the Director of Public Prosecutions, the Commissioner of Police or any other public body; or (ii) on the initiative of the Director”.

273. **Criterion 30.5** – Grenada’s Integrity Commission is not designated to investigate ML/TF offences arising from, or related to, corruption offences.

Weighting and Conclusion

274. No information was provided relative to the ability of the IRD to refer ML/TF matters to the FIU or the RGPF for investigation. **Recommendation 30 is rated Largely compliant.**

Recommendation 31 - Powers of law enforcement and investigative authorities

275. This Recommendation (formerly Recommendation 28) was rated ‘LC’ in the 3rd round MER as a deficiency was found with the legislative capability of the Royal Grenada Police Force to take witness statements. Grenada provided information which showed that the Grenadian Police Force can take statements pursuant to sec. 22 (3) of the Police Act Cap. 244 and Judges Rules of 1989 as well as sec. 116 of the Police Regulations.

276. **Criterion 31.1 – (a)** Law Enforcement officers can seek an order to make materials available under sec. 53 of POCA No 6 of 2012. Customs Officers can require copies of documents through provisions provided at sec. 145 – 147 of the Customs Act No. 9 of 2015. Sec. 22 of the FIU Act No. 14 of 2012 provides for the FIU to request by notice the production of information, documents or records, to make such information, available to the FIU and to answer questions relevant to such a request at a date time specified. Sec. 5 of the 5th Schedule of the Terrorism Act No. 16 of 2012 makes provision for a senior police officer of the rank of inspector or above to make an application for a production and access order for documents which have been excluded and or special procedure materials. The IRD access documents and information by way of a warrant or consent for use in the investigation of tax related matters pursuant to s. 27 of the Tax Administration Act. **(b)** Part I of the 5th Schedule of the Terrorism Act No. 16 of 2012 makes provisions for a police officer to apply for a search warrant while investigating of terrorism related offences. Customs Officers have extensive powers of search and seizure under provisions at sec. 116, 119, 120-124 and 154 – 157 of the Customs Act No. 9 of 2015. Sec. 23 of the FIU Act No.

14 of 2012 provides for the FIU to obtain a search warrant. Sec. 15 of the Criminal Procedures Code Cap72B allows for the Magistrate to issue a search warrant for a police constable upon being satisfied that there are reasonable grounds to do so. The IRD does not conduct searches however, pursuant to section 27 of the Tax Administration Act can collect documents and information for authorised purposes. Authorised purposes are defined under s. 27 (15). S. 28 allows for Notices to production information and documents. (c) Sec. 116 of the Police Act Cap 244 makes provision for the statement to be taken by Police Officers. Officers within the FIU are police officers assigned to the Unit and thus continues to carry police powers under the Police Act. Customs Act 9 of 2015, Part II section 10 gives customs officers the same powers authorities and privileges as given by law to members of the police force. Thus Sec. 116 of the Police Act Cap 244 authorises Customs Officers to take statements. The IRD does not have the power to take statements for use in the investigation of tax matters. (d) Sec. 23 of the FIU Act No. 14 of 2012 makes provision for the FIU to obtain a search warrant for the seizure and retention of records, books and documents. Similar powers are conferred onto the Police under sec. 15 to 17 of the Criminal Procedure Code Cap72B and sec. 35 of the Drugs Abuse (Prevention and Control) Act Cap84A. Customs officers also have a wide array of powers under s. 110 – 165 of the Customs Act No. 9 of 2015 for requesting (s. 131), accessing (s. 114), retention (Secs. 149 and 150) and seizure of records, documents or goods (s. 124). The IRD pursuant to s 27 and 28 of the Tax Administration Act can seize and obtain documents and information for the investigation of tax matters.

277. **Criterion 31.2 – (a)** There are no statutory, procedural or policy mechanisms which provide for the use of undercover operations. **(b)** Measures for the intercepting of communications are provided for in the Interception of Communications Act No. 22 of 2013 as amended by the Interception of Communications Amendment Act No. 1 of 2014. Sec. 50 of the Terrorism Act No. 16 of 2012 grants powers to intercept communications and the admissibility of intercepted communications for terrorism related investigations. S. 6 of the Act allows for an authorised person as outlined at sec. 3 to make an ex-parte application to the high court for an intercept warrant. An authorised person is the Commissioner of Police, The Director of the FIU or a person carrying the lawful function or action on behalf of the two. **(c)** Measures for the accessing of computer systems are captured under sec. 22 of the Electronic Crimes Act No. 23 of 2013. The provisions allow Police Officers to obtain a warrant for access to and search of an electronic system and the seizure of data and information from the said system. **(d)** There are no measures that authorise the use of controlled delivery.

278. **Criterion 31.3 – (a) - (b)** Measures are provided at sec. 22 of the FIU Act No. 14 of 2012 for the FIU to obtain information book, record or document from a person within the time limit stated in the notice any institution relevant to an investigation without prior notification being made. The notice can specify that a response should be made “within the time limit stated in the notice, for the purposes of the investigation” in addition a person can be required to “answer questions either at once or, at such time and place as may be specified in the notice” (Sec. 22(3)(c)). Additionally s 39 of the Proceeds of Crime Act No. 6 of 2012 criminalizes Tipping-off if a person knows or suspects that an enforcement officer or a member of the Unit or other person is acting, or is proposing to act, in connection with an investigation which is being, or is about to be, conducted into money laundering or any action in relation to or arising from money laundering; and he discloses to any person information or any other matter which is likely to prejudice that investigation or proposed investigation. As such, a competent authority can identify in a timely manner whether a natural or a legal person has or controls an account in Grenada FI, and that they can identify assets without prior notification to the owner. S. 27 & 28 of the Tax

Administration Act 14 of 2016 and the Mutual Exchange of Information on Taxation Matters Act Chapter 202D as amended by Act 14 of 2017 also gives IRD the authority to identify in a timely manner whether a natural or a legal person has or controls an account in Grenada FI, and that they can identify assets without prior notification to the owner.

279. **Criterion 31.4** – Grenada’s FIU is a hybrid model and is the main authority with responsibility to conduct investigations relating to financial crimes pursuant to the provisions of the Proceeds of Crime Act, the Terrorism Act or any other related enactment (Sec. 6(2)(a) of FIU Act). The exchange of financial information between the FIU and LEAs in Grenada is facilitated through MOUs signed between each LEA and the FIU. However, no information was provided to determine if the IRD is able to ask for all relevant information held by the FIU.

Weighting and Conclusion

280. Grenada has designated a wide range of investigative tools and techniques for competent authorities to access electronic information to intercept communications, search and seize information and to take witness statements for the effective investigation of the predicate, money laundering and terrorist financing offences. The jurisdiction also relies on common law for the use of undercover operations in investigations. However, there is no legal basis or mechanism for the use of undercover operations and controlled delivery by LEAs in the investigation of ML/TF matters. There is no indication that the provision for the recording of a statement extends to the IRD while the IRD does have the power to conduct searches. No information was provided relative to the ability of the IRD to request information from the FIU. **Recommendation 31 is rated Partly Compliant.**

Recommendation 32 – Cash Couriers

281. In Grenada’s 3rd round MER, SR. IX and R. 32 were rated ‘NC’ with the following deficiencies identified: (i) the penalty for the offence of false declaration/disclosure was not dissuasive, (ii) insufficient domestic cooperation between customs and other agencies; (iii) inadequate information sharing among customs and other law enforcement agencies; (iv) customs participation in the AML/CFT regime was insufficient; (v) inability to assess whether the systems for the reporting of cross-border transactions were subject to strict safeguards and (vi) no assessment of the efficiency of the disclosure system .

282. **Criterion 32.1** – Grenada has implemented a declaration system for the pre-delivery of all currency into the country, regardless of the value, pursuant to sec. 40 (7) of the Customs Act No. 9 of 2015 and for the declaration “in relation to his or her baggage”¹⁹ by persons entering into Grenada under sec. 48 (1) (a) of the Customs Regulations S.R&O 13 of 2018 as set in form 15. Further, sec. 23 through to 25A of the Exchange Control Act restricts the importation and deportation of any foreign currency. However, there is no legislative requirement providing for a disclosure or declaration system which is applicable to persons or mail and cargo leaving Grenada. The declaration provision only relates to undeclared items in a person’s baggage and does not cover items found on the person. Grenada applies a declaration system pursuant to the Customs Act 9 of 2015, sec. 40(7) which permits the pre-delivery of currency into Grenada but mandates a declaration of same within 48 hours by the importer failing which an offence is committed and a fine not exceeding XCD\$25,000 (USD\$9,250.52) is payable. The Customs Regulations SRO 13 of 2018, makes it mandatory for persons entering Grenada to make a declaration under

¹⁹ Sec. 48 (1) (a) of the Customs Regulations S.R&O 13 of 2018

48(1)(a) as set out in form 15 where a declaration should be made for travelling into Grenada with an amount exceeding XCD\$10,000 (USD\$3,700.21). Exchange Control Act Cap 93 Part IV of 2010 particularly sec. 23, 24, 25 and 25A – restricts the importation and exportation of any foreign currency except with the consent of Permanent Secretary, Ministry of Finance.

283. **Criterion 32.2** – Persons entering Grenada must complete a written declaration system for the declaration under sec. 48(1)(a) of the Customs Regulations S.R&O 13 of 2018 as set out in form 15. Section 30 of the Customs Act 9 of 2015 provides for a person to present his accompanying baggage to the customs officer. Section 2 of the Customs Act 9 of 2015 defines accompanying baggage to mean property including currency carried for a passenger on a conveyance whether or not in the passenger's personal possession. The declarations are made at all ports of entry to the jurisdiction. There is no legislative requirement for persons leaving Grenada to make a disclosure or declaration in any form. The assessment team was unable to identify the threshold amount.

284. **Criterion 32.3** – This criterion is not applicable as Grenada utilizes a written declaration system.

285. **Criterion 32.4** – Sec. 125, Customs Act No 9 of 2015 authorises customs officers to question any person in a customs-controlled area. Regulation 48(1)(b) requires all passengers entering Grenada to answer any question posed by a customs officer with regard to the passenger's baggage. The C&E can compel a person to answer any question or produce any documents within that person's possession or control related to goods carried by a conveyance (Sec. 21(2), Customs Act No 9 of 2015). Sec. 28(10) Customs Act No 9 of 2015 provides that a person who makes a written report shall answer all questions relating to the vessel or aircraft, its cargo, stores, baggage, crew, passengers, voyage or flight as may be put to him by the proper officer; and produce all books, documents in his custody or control relating to the vessel or aircraft, its cargo, stores, baggage, crew, passengers, voyage or flight as the customs officer may require.

286. **Criterion 32.5** – The Comptroller is empowered to administratively impose a fine or penalty not exceeding that prescribed for an offence under the Act, seize the goods or mitigate or remit any fine or penalty or restore anything seized under the customs law - sec. 141, Customs Act 2015. Additionally, sec. 48(5) of the Customs Regulations S.R&O 13 of 2018 makes failure to declare an offence a penalty of ten thousand dollars Eastern Caribbean currency (XCD\$10,000) (USD\$3,700.21) or four times the value of the undeclared goods or whichever is greater. The goods were also liable for forfeiture - Sec. 48(6). A false declaration is an offence pursuant to sec. 176 the Customs Act No. 9 of 2015 as amended by the Customs Act (Amendment) No. 6 of 2017. The penalty is upon summary conviction to a fine not exceeding one hundred thousand dollars' Eastern Caribbean currency (XCD\$100,000) (USD\$37002.09), or equivalent to five times the value of the goods, whichever is greater, or to a term of imprisonment not exceeding five years. The penalties are therefore assessed to be proportionate and dissuasive. Any goods can be liable to forfeiture – sec. 176(3). Sec. 179 of the Customs Act criminalizes fraudulent evasions of duties by creating an offence on summary conviction with the penalty of either a fine or imprisonment. Sub-sec.80 (2)(b) and 81(2)(b) of the Customs Act creates a civil remedy to recover import and export duties on behalf of the State. Regulations 48(5) and 48(6)(a) and (b) create an offence for the false declarations on the examinations and clearance of passengers and baggage.

287. **Criterion 32.6** – Information obtained through the declaration/disclosure process is made available to the FIU through the filing of SARs as the C&E is mandated to comply with AML/CFT legislation pursuant to sec. 163 of the Customs Regulations S.R&O 13 of 2018.

288. **Criterion 32.7** – Grenada has established legislative provisions as well as other mechanism for the sharing of information, collaboration with investigation and cooperation among all relevant competent authorities - Sec. 52 of POCA Guidelines as amended by SRO 2 of 2018 mandated the sharing and exchange of information as a public body together with the Commission and the Central Bank. The C&E is mandated to comply with AML/CFT legislation pursuant to sec. 163 of the Customs Regulations S.R&O 13 of 2018. All public bodies along with the FIU, GARFIN and the Central Bank are required to cooperate and coordinate on all issues pursuant to AML/CFT. Further, the MOU signed among the members of the Technical Working Group ensures the capacity to share information, collaborate with the investigation and cooperate concerning AML/CFT issues.

289. **Criterion 32.8** – Sec.58(1)(a) and secs. 59 and 60 as amended by the POC (Amendment) Act 35 of 2014 enables customs officers, among other law enforcement officers, to stop or restraint currency or BNIs for a reasonable time. **(a)** Grenada has established legislative provisions to allow their competent authorities to be able to restrain currency or BNIs for a reasonable time in order to ascertain evidence of ML/FT. Provisions under sec. 58(3) of POCA No. 6 of 2012 allows the Comptroller of Customs or a representative at a port to seize and detain any cash, regardless of whether it is declared on not upon suspecting that the cash is intended by any person for use in criminal conduct; or directly or indirectly represents any person's proceeds of criminal conduct. Sec.59 to 60 of POCA No. 35 of 2014 allows law enforcement officers to seize and detain any cash if there are reasonable grounds to suspect that the whole or part thereof is recoverable cash. If necessary, the initial seizure can be extended by a Magistrate Sec. 58(4) POCA 2012. Sec. 29 of the Terrorism Act No. 16 of 2012 provides for the seizure and detention of terrorist related monetary instruments and property. **(b)** There is no provision for authorities in Grenada to stop or restrain the currency of BNIs to ascertain whether evidence of ML/TF may be found when there is a false declaration.

290. **Criterion 32.9** – Grenada has established a framework for international co-operation and assistance in relation to its declaration/disclosure system under Article 12 of the WTO Agreement ratified on 8th December 2015. However, there is no framework that relates to the period for retaining or record keeping. **(a)** Customs facilitates the cooperation and assistance under the WTO Agreement on information from the declaration/disclosure system. However, there is no legislative requirement for persons or mail and cargo leaving Grenada to make a disclosure or declaration for Customs to share this information via international cooperation and assistance. **(b)** There is no requirement for Customs to share information via international cooperation and assistance where there is a false declaration or false disclosure in relation to its disclosure or declaration system for persons or mail and cargo leaving Grenada. **(c)** C&E is mandated to file a SAR to the FIU once there is a suspicion of ML/TF pursuant to sec. 163 of the Customs Regulations S.R&O 13 of 2018. The FIU Act at sec. 29 requires the FIU to retain this information for a minimum of eight years. This allows for international cooperation and assistance though the ESW, INTERPOL, etc. However, the deficiency at c32.1 cascades here. There is no provision to enable Customs to file a SAR as the existing limitation in relation to disclosures or declarations for persons or mail or cargo leaving Grenada would hinder this reporting.

291. **Criterion 32.10** – Grenada ratified the WTO Agreement on 22 February 2017 which promotes trade facilitation through the use of risk management while simplifying and facilitating trade to make the clearance of goods faster. Article 5 of the agreement addressees the “protection and confidentiality” of information between competent authorities between member nations. There are no apparent restrictions in relation to trade payments or limitations on the movement of capital. Section 9 of the Customs Act prohibits disclosure of any information relating to the valuation or assessment of customs duties in respect of goods by a Customs officer which is a criminal offence. Section 4B of Act 32 of 2017 Customs Amendment (No. 2) provides that the Comptroller shall in relation to the Customs Computerised System implement such security or other measures as may be reasonably necessary to– (a) safeguard the integrity of any data processed therein; (b) prevent unauthorised access and disclosure of any record or stored or processed information; (c) prevent illegal interception or interruption of any data or information transmitted or processed; and prevent loss, destruction, inappropriate alteration, modification or inappropriate disclosure of any record of information. Article 11 of the WTO Agreement provides for the freedom of transit - Members shall endeavour to cooperate and coordinate with one another with a view to enhancing freedom of transit. Such cooperation and coordination may include, but is not limited to, an understanding on: (a) charges; (b) formalities and legal requirements; and (c) the practical operation of transit regimes. While Grenada has requirements to safeguard information received in the declaration/ disclosure regime and this information does not appear to affect trade and capital movements, the lack of a requirement for outgoing disclosures/ declarations has a cascading effect on this criterion.

292. **Criterion 32.11** – (a) Grenada has a range of civil, criminal and administrative provisions to ensure that persons who are carrying out a physical cross-border transportation of currency or BNIs that are related to ML/TF or predicate offences would be subjected to proportionate and dissuasive sanctions and confiscation provisions. Cash seized are subject to cash seizure provisions under sec.58 of POCA No. 6 of 2012 and 59 to 60 of POCA No. 35 of 2014. Cash seizure provisions are also provided in the Terrorism Act No. 16 of 2012. Administrative penalties are provided pursuant to Sec. 59 of POCA Guidelines 6 of 2012, SRO 24 of 2013 as amended by SRO 58 of 2014. Additionally, the C&E can institute administrative sanctions under the Customs Act No. 9 of 2015. (b) The currency or BNIs would be subject to civil and criminal forfeiture as set out in R. 4. Grenada authorities may also apply the cash forfeiture regime if the currency is over 10,000 and is determined to be directly or indirectly the proceeds of criminal conduct or intended for use in criminal conduct Sec. 59 POCA No 6 of 2012.

Weighting and Conclusion

293. Grenada has implemented a wide variety of legislative provisions and measures that addresses the cross-border transportation of currency or BNIs that are related to ML/TF or predicate offences. The major deficiency relates to the absence of a disclosure or declaration provision for persons leaving the jurisdiction. Additionally, Grenada has ratified the WTO Agreement that speaks to confidentiality and safeguard procedures that would protect information collected either through trade payments between countries for goods and services and through the freedom of capital movements. The Customs is limited in provision of international cooperation requests for information or assistance specifically for disclosures or declarations for persons or mail or cargo leaving Grenada. There was no information provided for the assessment of timeframe for data retention or record keeping for C&E. **Recommendation 32 is rated Partially Compliant.**

Recommendation 33 – Statistics

294. In Grenada's 3rd round MER, R. 32 was rated 'PC'. The identified deficiencies were that the jurisdiction did not establish a mechanism for the review of effectiveness of its AML/CFT system. Additionally, statistical information provided did not include the following: spontaneous referrals by the FIU to foreign authorities; the number of cross-border disclosures or the amount of currency involved; and the number of mutual legal assistance requests. The deficiencies were addressed and R.32 was 'met' in the 10th follow-up report.

295. **Criterion 33.1** – (a) Pursuant to section 6(2)(k) of the FIU Act, the FIU maintains comprehensive statistics about STR's received and disseminated. (b) Records on prosecutions and convictions of ML/TF are kept by the Office of the Director of Public Prosecutions and the Criminal Records Department, RGPF respectively. The Police Act Cap 244 provides for record keeping by the police officers in Sections 14, 85, 107 and 108. Police Standing Orders and Instruments 1997 made pursuant to section 66(2) of the Police Act Cap 244, see section 44 for criminal records office to maintain records. Records on investigations are kept by the relevant departments. There are no investigations, prosecutions and convictions for TF but the same method for maintaining comprehensive statistics applies. (c) Statistics related to property frozen; seized and confiscated are maintained by the FIU. (d) Statistics on mutual legal assistance or other international requests for co-operation made and received are maintained by the AG, Central Authority and the FIU.

Weighting and Conclusion

296. **Recommendation 33 is rated Compliant.**

Recommendation 34 – Guidance and feedback

297. In Grenada's 3rd round MER, R. 25 was rated Partially Compliant (PC) with the requirements that the FIU provide consistent feedback on suspicious transaction reports filed by financial institutions and DNFPBs and that guidelines should include instructions that cover terrorist financing. Grenada addressed all deficiencies highlighted and R. 25 were 'met' in the 10th follow up report for Grenada.

298. **Criterion 34.1** – The FIU pursuant to sec. 14(2) of POCA SRO No. 5 of 2012 provides for the FIU to issue directives as it considers necessary. Section 17 establishes the offence for any person who fails to comply with a directive issued by the FIU. Further, s.32 of the POCA 6 of 2012, the AML/CTF Commission may issue guidelines relative to (a) giving practical guidance on issues relating generally to ML/TF; (b) providing guidance regarding adherence to the requirements of the POCA, and any other enactment relation to ML/TF; (c) preventing, detecting and dealing with ML/TF activities; (d) implementing, consistent with the provisions of this Act and any other enactment relating to ML/TF, internationally established standards for the prevention and detection of ML/TF activities; and (d) providing such other things as are necessary, relevant or incidental to the matters outlined in paragraphs (a) to (d).

299. The FIU provides feedback on the STRs that are received (S. 6 (2) (d) of FIU Act No. 14 of 2012. POCA Guidelines SRO 6 of 2012 as amended by SRO 2 of 2018, requires the AML/CTF Commission, the FIU or the ECCB to provide guidance and feedback for reporting suspicious transactions in accordance with Section 8 (1)(e) and (g) together with

the explanatory notes (iv), (v) and (vi). Section 8(e) requires that the reporting entity or professional keep informed of the interim and final result of any investigation consequent to the reporting of a suspicion to the Commission, the FIU or the ECCB and section 8(g) provides that the Commission, the FIU or ECCB endeavors to issue an interim report to the institution at regular intervals and in any event to issue the first interim report within one month of a report having been made to the FIU. Sec. 63A (2) (b) of POCA (amendment) No. 19 of 2017 provides for the Central Bank under the Banking Act 2015 to issue prudential standards relating to anti-money laundering and terrorist financing to all licensed financial institutions.

Weighting and Conclusion

300. The FIU can issue directives, guidance and feedback relating to AML/CFT obligations and FIU has provided feedback to reporting entities on the reporting of suspicious transactions. Additionally, the AML/CTF Commission and the ECCB as Supervisors can also provide feedback and guidance to reporting entities in relation to their AML/CFT obligations. **Recommendation 34 is rated Compliant.**

Recommendation 35 – Sanctions

301. Grenada was rated ‘PC’ for Recommendation 35 (formerly R. 17) in the 3rd round MER. It was recommended that the authorities amend the POCA and the Money Laundering (Prevention) Act to ensure sanctions were consistent and broad in range. Accordingly, the administrative penalties for specific breaches by corporate entities have been increased as indicated in the POCAMLTF (Amendment) Guidelines SRO 58 of 2014. This recommendation continues to be addressed.

302. **Criterion 35.1** – Grenada uses an administrative system to deal with natural or legal persons that fail to comply with the AML/CFT requirements. Sec. 59 of POCA (AML/TF) Guidelines SRO No. 6 of 2012 as amended POCA (AML/TF) Guidelines SRO No. 24 of 2013 and POCA (AML/TF) Guidelines SRO No. 58 of 2014 provides for a range of administrative penalties against an entity and individual who commits an offence listed within Schedule IV. The penalties as outlined do not appear to be proportionate in accordance with the nature or severity of the offence.

303. Provisions for other form of sanctions such as the cancelation and suspension of registration of regulated entities for failure to comply with registration with the Commission are accounted for at S. 39 (E) and (F) of POCA Amendment No. 7 of 2018. Thus, not only the authorities do not have a range of sanctions (only one type of sanctions-fines-are available), the quantum of fines also does not seem to be adequate for the varying types of offences. Sanctions are not dissuasive for entities as the maximum that can be levied is approximately USD 92,590.

304. The sanctions as outlined in Schedule IV are not applicable to violations of Recommendations 6 & 9. Sec. 32(4) of the POCA No. 6 of 2012 as amended by Act 4 of 2015 provides for non-compliance with the guidelines issued by the Commission is an offence, punishable on summary conviction by a fine not exceeding XCD\$250,000 (USD\$92505.23) or imprisonment not exceeding two years or both. Additionally, s. 32(7) was also amended to provide an administrative penalty not exceeding \$250,000 for non-compliance or contravention of POCA guidelines. S. 39 (E) and (F) of POCA Amendment No. 7 of 2018 makes provision for the AML/CTF Commission to cancel and suspend the registration of regulated entities and the process, respectively, when the regulated entity is

in breach of AML/TF legislation and the regulated entity has failed to comply with any obligation imposed under the Act.

305. (a) Targeted financial sanctions (R.6): The offences in relation to breaches of reporting requirements for FI can be found in Section 14C Terrorism (Amendment) Act No 35 of 2013 which provides that a financial institution which fails to comply with sections 14AB and 14C commits an offence and is liable on summary conviction to a fine not exceeding XCD\$250,000 (USD\$92505.23). There are no express provisions for civil or administrative sanctions to natural and legal persons for non-compliance with a freezing order in relation to a listed entity.

306. (b) NPOs (R.8) – See analysis 8.4 (b) Administrative penalties and sanctions for violations of NPOs or persons acting on behalf of these NPOs, have been created by Sec. 59(1) of POCA MLTF Guidelines SRO 6 of 2012 as amended by POCA MLTF (Amendment) Guidelines SRO 24 of 2013 and further amendment by the POCA MLTF (Amendment) Guidelines SRO 58 of 2014. The sanctions range from \$7,000 – \$25,000 for individuals and \$50,000- \$250,000 for entities.

307. For Preventative Measures and Reporting see analysis under R.9-23. The penalties as outlined do not provide a range of proportionate options and are limited to only administrative penalties. Sanctions are not dissuasive for entities as the maximum that can be levied is approximately USD92,590. The sanctions as outlined in Schedule IV are not applicable to violations of Rec 6 & 9. Further, sanctions do not apply to all breaches by FIs and DNFBPs as some of the Rec (R. 8, 12, 14, 15 & 22) are not being applied to the various sectors.

308. **Criterion 35.2** – Sec. 59(2) of POCA (AML/TF) Guidelines SRO No. 6 of 2012 provides for the administrative penalties to be applicable to not only to financial institutions and DNFBPs but also to their directors and senior management.

Weighting and Conclusion

309. Grenada established administrative sanctions that are available to treat with natural or legal persons that fail to comply with the AML/CFT requirement relative to R. 8. These administrative sanctions are also extended the directors and senior management of any corporate body. These sanctions are proportionate and sufficiently dissuasive for entities. Although there are criminal penalties, there are no provisions for civil or administrative sanctions to natural and legal persons for non-compliance with a freezing order in relation to a listed entity. There are no sanctions in place for breaches to R. 9. **Recommendation 35 is rated Partially Compliant.**

Recommendation 36 – International instruments

310. This recommendation (previously R.35) was rated ‘PC’ in the 3rd round MER. The deficiencies identified were that all designated categories of offences are not adequately addresses in the range of predicate offences and not all relevant articles of the Conventions have been fully implemented. The 9th FUR addressed legislative provisions covering Articles 8, 10, 11 of the Vienna Convention and Articles 20 and 24 of the Palermo Convention.

311. **Criterion 36.1** –Grenada acceded to both the Vienna Convention and Palermo Convention on December 10, 1990, and May 21, 2004, respectively. The Terrorist

Financing Convention was acceded to on December 13, 2001, and Grenada acceded to the Merida Convention on April 1, 2015.

312. **Criterion 36.2** – The Vienna Convention is fully implemented in the Drug Abuse Prevention and Control Act Cap. 84A, Proceed of Crime Act No 6 of 2012, Extradition Act Cap. 198, Extradition Treaty (Government of Grenada and Government of the People’s Republic of China) Act 11 of 2018; Mutual Legal Assistance in Criminal Matters Act Cap. 202B; Mutual Legal Assistance Treaty (Government of Grenada and Government of the People’s Republic of China) Act 10 of 2018; Financial Intelligence Unit Act 14 of 2012; Customs Act 9 of 2015, Terrorist Act Witnesses Act 17 of 2014; Criminal Code Cap 72A as amended by Act 34 of 2013; Interception of Communications Act No. 22 of 2013 and Protection of Witnesses Bill No. 17 of 2014. The Palermo Convention: - See legislation listed above for the Vienna Convention, also Criminal Code Cap 72A as amended, POCA Guidelines No. 6 of 2012 amended. The Terrorist Financing Convention (Articles 2-18) is fully implemented in the Schedule of the Terrorism (Amendment) Act No 11 of 2013. The authorities of Grenada have provided relevant sections on the implementation of The Merida Convention Articles 14-17, 23-24, 26-30, 38, 40, 43-44, 46, 48, 50-55, and 57-58 which have been implemented by virtue of the Proceeds of Crime Act, the Customs Act, the Mutual Assistance in Criminal Matters Act, the Extradition Act, the Criminal Code and Criminal Procedure Code, the FIU Act, the Public Service Commission Regulations, the Integrity in Public Life Act and the Constitution. Grenada has not fully implemented Article 31 (Freezing, seizure and confiscation), Article 48 (Law enforcement cooperation), Article 50 (Special investigative techniques), Article 53 (Measures for direct recovery of property), and Article 57 (Return and disposal of assets) of the Merida Convention.

Weighting and Conclusion

313. Grenada has acceded to all four Conventions and fully implemented three of these Conventions. Grenada has not fully implemented Article 31 (Freezing, seizure and confiscation), Article 48 (Law enforcement cooperation), Article 50 (Special investigative techniques), Article 53 (Measures for direct recovery of property), and Article 57 (Return and disposal of assets) of the Merida Convention. **Recommendation 36 is rated Largely Compliant.**

Recommendation 37 - Mutual legal assistance

314. This recommendation (previously R.36) was rated ‘C’ in the 3rd round MER.

315. **Criterion 37.1** – Grenada has a legal basis for providing a wide range of mutual legal assistance through the framework established in the Mutual Legal Assistance in Criminal Matters Act, Cap 202 B (MLAMA), more specifically, sections 6-9. This Act was made pursuant to the Harare Scheme relating to Mutual Assistance in Criminal Matters in the Commonwealth. The mutual legal assistance in criminal matters treaty between the Government of Grenada and the Government of the USA Act Cap 202C provides mutual legal assistance in connection with the investigation, prosecution and prevention of criminal offences between the two countries. The Terrorism Act 16 of 2012, Sec. 32 and 34 allow for the sharing of information with foreign jurisdictions. The Exchange of Information Act Cap 93A makes provision for assisting foreign regulatory authorities in obtaining information from within Grenada. This form of obtaining information includes production of documents and furnishing of information. The regulatory authorities that are subject to this Act are defined in sec. 2 and 3 and set out in the Schedule and includes the Attorney-General. The Mutual Exchange Information on Tax Matters Act Cap 222D makes

provision on information on tax matters made on request pursuant to the rules of exchange of information pursuant to the rules set out in the act.

316. **Criterion 37.2** – Sec. 3(1) provides that the Attorney General is the Central Authority of Grenada for the purpose of Mutual Legal Assistance – MLACMA. Sec. 3(2) - the Attorney-General may in writing authorise another public officer to act as the Central Authority of Grenada generally or in respect of any particular request. The Mutual Exchange of Information on Tax Matters Act Cap 202D, sec. 4 authorises the Comptroller of Inland Revenue as the Tax Co-operation Authority for executing requests under the Act or any scheduled agreement for tax matters. With regard to the content of a request by a designated country to Grenada for assistance, sec. 16(1), Schedule 1(n) sets out that a request must indicate any time-limit within which compliance with the request is desired, giving reasons. The legislation does not contain a specific reference for aiding requests in a timely manner. The Central Authority of Grenada Mutual Legal Assistance and International Cooperation Policy executed on June 21, 2021 sets out the processes to facilitate the prompt and constructive exchange of mutual legal assistance for incoming and outgoing requests, the case management system and the management of confidential information. The authorities have not provided any information in relation to the Central Authority's ability to monitor the progress of requests and the maintenance of a case management system.

317. **Criterion 37.3** – Sec. 18 of the MLACA provides the basis upon which the refusal of assistance may be made by the Central Authority which are not unreasonable or unduly restrictive conditions. Sec. 18 requires the Central Authority of Grenada to communicate the grounds for refusal to a designated country.

318. **Criterion 37.4** – (a) Pursuant to sec. 18 of the MLACMA, there is no basis for the Central Authority to refuse MLA requests if the offence is also considered to involve fiscal matters. (b) Pursuant to sec. 18 MLACMA, there is no basis for the Central Authority to refuse MLA requests on the grounds of secrecy and confidentiality. MLA on Tax Matters Act, Article 8 of all scheduled agreements, and MLA-Grenada-USA, Article 3. Sec. 12(2) the Mutual Exchange of Information on Taxation Matters Act Cap 202D addresses confidentiality with regard to requests for information where legal professional privilege applies – a person who is notified of a request, or is required to take any action, or produce any document, or supply any information in response to or in relation to any matter to which a request relates, shall not disclose the fact of the receipt of such request, or any of the particulars required, or documents produced, or information supplied to any other person, except that person's attorney at-law and such other persons as the Authority may authorise, for such period as he may be notified by the Authority.

319. **Criterion 37.5** –Sec. 20 of the MLACMA – the Central Authority and other competent authorities of a designated country making a request for assistance under this Act must use their best efforts to keep confidential a request and its contents and the information and materials supplied in compliance with a request, except for disclosure in criminal proceedings and as otherwise authorised by the laws of Grenada. In addition, Articles 5(5) and 7(2) of the US Mutual Legal Assistance in criminal matters Act 5 of 2001 provides that the Requested State shall use its best efforts to keep confidential a request and its contents, if such confidentiality is requested by the Central Authority of the Requesting State. If the request cannot be executed without breaching such confidentiality, the Central Authority of the Requesting State, shall so inform the Central Authority of the Requesting State which shall then determine whether the request should nevertheless be executed. Article 7(2) provides limitation on the use of information – The Central Authority

of the Requested State may request that information or evidence furnished under this Treaty be kept confidential or be used only subject to terms and conditions it may specify. If the Requesting State accepts the information or evidence subject to such conditions, the Requesting State shall use its best efforts to comply with the conditions. Sec. 12 and 13 of the Mutual Exchange of Information on Taxation Matters Act Cap 202D require confidentiality on making and receiving a request for legal assistance as well as the particulars of and all matters relating to a request shall be treated as confidential

320. **Criterion 37.6** – Sec. 18 of the MLACMA provides that the Central Authority may, in whole or in part, refuse a request if the conduct would not constitute an offence under the laws of Grenada contrary to the requirements of this criterion.

321. **Criterion 37.7** – Sec. 2 of MLACMA definition of “criminal matter” – All that is required for assistance as it relates to dual criminality under the MLACMA Act is that the conduct constitute a criminal offence in both countries. Dual criminality is required under the Mutual Exchange of Information on Taxation Matters Act Cap 202D, once the information is obtained and provided under the laws of both countries, for the purposes of the administration or enforcement of its own tax laws.

322. **Criterion 37.8** – (a) The powers and investigative techniques under Recommendation 31 are available for mutual legal assistance request pursuant to part 2 of MLACMA and Article 1 of the US Treaty Act. The Mutual Exchange of Information on Taxation Matters Act sets out limited powers and investigative techniques that are required under Recommendation 31 in Sec. 14, 15, and 16. (b) The powers and investigative techniques available under recommendations 31 but not mentioned in (a) above are available in responding to MLA request. However, the shortcomings found in the analysis of criteria 31.1 and 31.2 cascade into the present one in relation to availability in response to MLA requests.

Weighting and Conclusion

323. The MLACMA provides a wide range of powers for Grenada to provide MLA. There is no legal requirement which identifies a clear process concerning timeliness and prioritization as required in criterion 37.1. Additionally, the Central Authority may refuse a request in the absence of dual criminality. **Recommendation 37 is rated Largely Compliant.**

Recommendation 38 – Mutual legal assistance: freezing and confiscation

324. In Grenada’s 3rd round MER, R. 36, R. 37, R. 38 and SR. V were rated ‘C’, ‘C’, ‘LC’ and ‘PC’ respectively. The deficiencies identified in R. 38 and SR. V were that there were no provisions under MLACMA for the tracing and restraining of instrumentalities intended for use in the commission of an offence. Additionally, there were no asset-sharing arrangements in place between Grenada and other countries. As it related to TF, not all TF offences were covered by mutual legal assistance mechanisms within the jurisdiction and the TF offence of fund-raising was not an offence subject to extradition protocols.

325. **Criterion 38.1** – Grenada can take expeditious action in response to requests by foreign countries to identify, freeze, seize, or confiscate properties and instrumentalities related to ML, TF and predicate offences pursuant to sec. 14 to 15 of the Mutual Legal Assistance in Criminal Matters Act Cap. 202B and sec. 42 to 44 of POCA No. 6 of 2012. Similar provisions are established under Article 16 (2) of the Mutual Legal Assistance in

Criminal Matters Treaty (Government of Grenada and Government of the USA) Act Cap. 202C and in the Mutual Legal Assistance in Criminal Matters Treaty (Gov. of Grenada and Gov. of the Republic of China) Act No. 10 of 2018.

326. **Criterion 38.2** – Grenada has established legislative provisions which provides assistance to requests for co-operation made on the basis of non-conviction-based confiscation proceedings. The definition for criminal matter includes both a criminal and forfeiture proceedings. Forfeiture proceedings are either criminal or civil as per sec. 2 the MLACM. Provisional measures that relate to a perpetrator that is unavailable by reason of death, flight, absence, or the perpetrator are outlined within provisions for the enforcement of an external order under sec. 42 to 44 of POCA No. 6 of 2012. Additionally, section 4 (1) of the MLACM binds Grenada to Harare Scheme (Commonwealth Schemes for International Cooperation in Criminal Matters).

327. **Criterion 38.3** – Grenada has established legislative provision for the co-ordination of seizing and confiscation actions with other countries under the relevant legislations discussed at R. 38.1 and R. 38.2. Mechanisms for the management of assets and property that have been disposed of, frozen, seized or confiscated are provided for at section 6(2) of the FIU Act as well as s. 47 of the Drug Abuse (Prevention and Control) Act.

328. **Criterion 38.4** – Grenada has mechanisms in place for sharing of assets or property confiscated or forfeited directly or indirectly as a result of co-ordinated law enforcement activities in MLA matters. (s. 40 (2) and 3 (b) of POCA 6 of 2012 and Schedule I Article 16 of Mutual Legal Assistance in Criminal Matters Treaty (Government of Grenada and Government of the USA) Act Cap. 202C).

Weighting and Conclusion

329. **Recommendation 38 is rated Compliant.**

Recommendation 39 – Extradition

330. In its 3rd MER, Grenada was rated ‘C’ with former R. 37 and 39 and ‘PC’ for SRV. The deficiencies were that the terrorist financing offence of fund-raising is not an extraditable offence, the provision/collection of funds for an individual terrorist is not an offence and is not extraditable.

331. **Criterion 39.1** – (a) Money laundering and terrorist financing are extraditable offences pursuant to sec. 4 of the Extradition Act Cap 98. (b) Grenada has a case management system called “My Case” and a process for the timely execution of extradition requests (c) There are no unreasonable or unduly restrictive conditions on the execution of request for extraditions.

332. **Criterion 39.2** –Extradition Act Cap 98, Sec. 3(2) allows the extradition of a person in Grenada who is accused of an extradition offence in a commonwealth country. Sec. 4 sets out what is an extraditable offence and the conditions which must be met. These sections do not prohibit the extradition of nationals of Grenada. The Extradition Act (United States of America) Order SRO 21 of 2018, Article 3, extradition shall not be refused based on nationality.

333. **Criterion 39.3** –Pursuant to sec. 4 of the Extradition Act, Grenada can execute extradition requests in relation to conducts that would constitute offences both in Grenada and the foreign State or Commonwealth country, regardless of how they are described in their respective laws.

334. **Criterion 39.4** – The Extradition Act Cap 98, Sec. 9 sets out the extradition procedure together with the authority of the minister to proceed. All extradition proceedings can be simplified further if the requested person consents to his extradition where an authority to proceed has been issued, according to Sec. 14 of the Extradition Act. The Extradition Act (United States of America) Order SRO 21 of 2018, Article 15 sets out the procedure for waiver of extradition to the United States of America, i.e., if the person sought consents to surrender to the Requesting State, the Requested State may surrender the person as expeditiously as possible without further proceedings.

Weighting and Conclusion

335. **Recommendation 39 is rated Compliant.**

Recommendation 40 – Other forms of international cooperation

336. This recommendation was rated ‘LC’ in the 3rd round MER. The only recommendation in regard to this Recommendation was that consideration should be given to making amendments to the Financial Intelligence Unit Act and the Exchange of Information Act to state specifically that requests should be refused on the sole ground that the request pertains to fiscal matters. Both amendments were made as requested (FIUA Sec. 33A through Act No 27, 2013 and EIA by Act No. 30 of 2014, Sec. 3).

337. **Criterion 40.1** – Regulatory agencies including the AG, the Registrar of Companies, GARFIN, the Department of Co-operatives, the Eastern Caribbean Central Bank, and the Supervisory Authority under the EIA can exchange information with a foreign regulatory authority upon request. This information exchange can be completed within three days from the date of request pursuant to the Exchange of Information Act Cap 93A s. 2, 3, 4, and 5. However, the EIA does not have provisions which allows for spontaneous dissemination of information.

338. The FIU can exchange information both spontaneously and upon request and can also enter into arrangements and agreements under the FIU Act No 14 of 2012 sec. 21. The FIU is also a member of the EGMONT Group and utilizes the ESW for the exchange of information regarding ML/TF and associated predicate offences with foreign FIUs. The EGMONT Group principles on the sharing of information provides that the sharing of information should be rapid, constructive and effective to ensure that the widest range of international co-operation is provided. Additionally, the FIU and Commissioner of Police can exchange information relating to terrorist groups and terrorist acts upon a request from an appropriate foreign authority. (Sec. 32 of Terrorism Act No. 16 of 2012). The Royal Grenada Police Force, which includes Immigration, can exchange information relating to ML or associated predicate offences either upon request or spontaneously through Interpol. Grenada is a member of the Joint Regional Communications Centre (JRCC), a sub-agency, located in Barbados and the Regional Intelligence Fusion Centre (RIFC), a sub-agency, located in Trinidad and Tobago. The JRCC is mainly responsible for the operations and management of the Advance Passenger Information System (APIS) which screens passengers annually, specifically those entering, and travelling within the CARICOM region by air and seaports.

339. Grenada is a signatory to an MOU with the Caribbean Customs Law Enforcement Council of which the C&E is a member. The MOU enables the exchange of information between Customs agencies within the Caribbean region upon a request but does not provide a legal basis for spontaneous disseminations. The FIU and the AML/CTF Commission can also exchange information upon request through a MMOU between the ECCB and regional Regulatory Authorities and FIUs. The RSS Act allows for cooperation among its members states. No information was provided to evaluate or determine whether IRD has met this criterion.

340. **Criterion 40.2** – The lawful bases for competent authorities to provide international cooperation are as follows: (a) (i) Grenada is a signatory to the Egmont Group of Financial Intelligence Unit which provides an avenue for FIUs to exchange information spontaneously and upon request. Additionally, the FIU can provide cooperation under Exchange of Information Act, Cap 93A, s. 2, 3 and 4; the FIU Act No 14 of 2012 sec. 21 and the Terrorism Act No 16 of 2012 sec. 32. (ii) The Commissioner of Police in the case of Terrorist activity can provide cooperation as well. Indication was made as to the RGPF, Special Branch having signed several MOUs for the sharing of information concerning associated predicate offences. However, this information could not be verified. (iii) The EIA provides a legal basis for the regulatory authorities listed in the Schedule to provide international cooperation. (iv) The Immigration Amendment Act 13 of 2017 provides the legal basis for the advance passenger information. Immigration can provide cooperation relative to passenger information. The jurisdiction can also provide cooperation with other member states of the RSS under the RSS Act. No information was provided to evaluate or determine whether IRD has met this sub criterion. (b) Grenada has indicated that the use of the most efficient means to cooperate is ad hoc and would be dependent on the nature of the request among other variables. The MMOU between the ECCB and the regional FIU including FIU Grenada provides that request is to be treated with urgency and responses should be provided in a timely manner. The FIUs use of the EWS allows for the most efficient means to co-operate. Furthermore, the RGPF can share information through Interpol and the RSS system. The EIA allows for the most efficient means to co-operate between supervisory agencies however, this cooperation is limited due to the inability to share information spontaneously. No information was provided to evaluate or determine whether IRD has met this sub criterion. (c) The FIU uses the EGMONT ESW to facilitate and allow for the transmission and execution of requests. The C&E uses direct informal channels to exchange information under the Caribbean Customs Law Enforcement Council MOU. The authorities have not provided information on the mechanisms that are used to facilitate the transmission and execution of requests by those authorities listed in the Schedule, Exchange of Information Act, Cap 93A. An indication was made as to the RGPF, Special Branch having signed several MOUs for the sharing of information concerning associated predicate offences. However, this information could not be verified. The RGPF can share information related to drug offences with other RSS member states through provisions in the RSS Act. No information was provided to evaluate or determine whether IRD has met this sub criterion. (d) Information provided suggest that the C&E has a clear process for the receipt, prioritization and timely execution of the request. Information requests are received by way of emails, prioritized and completed with responses presented in a timely manner. The FIU has established several MoU with various foreign FIUs and investigation agencies which sets out the processes for the prioritisation and timely execution of requests. Additionally, the use of the ESW requires the FIU to subscribe to the EGMONT sharing principles. The RGPF can share information related to drug offences with other RSS member states through provisions un the RSS Act. The Immigration department utilises the advance passenger information system to transmit

passenger information in a timely manner (at least 30 mins to 3 hours before the arrival of a passenger). This allows for the prioritisation and timely execution of requests with the other competent authorities. No information was provided to evaluate or determine whether IRD has met this sub criterion. **(e)** The AG, Registrar of Companies, GARFIN, Supervisor of Insurances, Department of Co-operatives, Eastern Caribbean Central Bank, and Supervisory Authority are obliged to not disclose the information they exchange with foreign regulatory authority: Exchange of Information Act Cap 93A s. 5(1). The Eastern Caribbean Central Bank and the FIU must safeguard the information received in the application of the Multilateral Memorandum of Understanding among Regional Regulatory Authorities for the Exchange of Information and Cooperation and Consultation: Article 9. The FIU Act No 14 of 2012 sec. 21(2)(c) provides that the information or other cooperation be treated in a confidential manner, and not be further disclosed or made use of without the express consent of the Unit. The FIU through its various signed MOU treats all cooperation to be treated in a confidential manner. Customs have provisions for the safeguarding of information within the WTO. Agreement (Article 12, part 5). The RGPF through the Interpol principle on the exchange of information has a clear process for the safeguarding of information. No information was provided to evaluate or determine whether IRD has met this sub criterion.

341. **Criterion 40.3** – The FIU can enter into agreements and contracts with foreign counterparts pursuant to s. 21 of the FIU Act No. 14 of 2012. However, the requirement for approval to be sought by a Minister may delay the timeliness of signing. There are no legal provisions which requires IRD, Customs and RGPF to enter into an agreement to enter into bilateral or multilateral agreements or arrangements to cooperate. The regulatory authorities can co-operate without the need of bilateral or multilateral agreements or arrangements according to sec 2, 3, 4 of the Exchange of Information Act Cap 93A in criterion 40.1 above. The GARFIN is a party of the Multilateral Memorandum of Understanding among Regional Regulatory Authorities for the Exchange of Information and Cooperation and Consultation. Grenada has indicated that bilateral and multi-lateral agreements are negotiated and signed in a timely manner, however no information was provided to allow for an assessment or substantiation of this information.

342. **Criterion 40.4** – CAs have a mechanism in place to facilitate feedback in a timely manner regarding the information received, its use and usefulness. The FIU can provide feedback in a timely manner regarding the information received, its use and usefulness pursuant to s(2)(d) of the FIU Act. The FIU also provides feedback under the Egmont Principles. The Regulatory authorities can provide feedback upon request under sec 4(1) of EIA Cap 93A. The RGPF being a member of Interpol also provides feedback under the Interpol exchange of information principles. However, there are no provisions identified for Customs and IRD to provide feedback in a timely manner regarding the information received, its use and usefulness.

343. **3Criterion 40.5** – **(a)** Sec. 3(6), Exchange of Information Act Cap 93A as amended by the Exchange of Information Amendment Act No. 30 of 2014 makes provision for the Regulatory authorities not to refuse a request for information from a foreign Regulatory authority solely on the grounds that it relates to fiscal matters. In addition, the FIU Amendment No 27 of 2013 Section 33A provides for that a request for information sent to the FIU by a foreign Financial Intelligence Unit should not be refused solely on the ground that it relates to fiscal matters. However, there is no indication that such provisions are provided for the LEAs. **(b)** There is prohibition or provisions that places unreasonable or undue restrictive conditions on, the provision of exchange of information or assistance. There are no restrictions in relation to assistance on the grounds of legislation that requires

FI or DNFBPs to maintain secrecy or confidentiality. (c) There is no mechanism or legislative requirement for any of the competent authorities to prohibit the exchange of information on the grounds that an inquiry, investigation or proceedings is underway in the requesting country. (d) There is no restriction on the exchange of information based on the status of the counterpart authority.

344. **Criterion 40.6** – Sec. 3(2)(d) of the EIA Cap 93A provides that the Regulatory authority will only furnish information that the Regulatory authority is satisfied as to the nature and seriousness of the request. Sec 33(7)(a) and (b) the EIA Cap 93A, the provision of assistance is limited by GARFIN only to those requests considered necessary for an overseas regulatory body to carry out its regulatory functions and the overseas regulatory body is subject to adequate legal restrictions on further disclosures which includes an undertaking of confidentiality as well as an undertaking by the foreign regulatory body that the information will not be disclosed without the consent of the Authority. Sec 33(2)(c) the EIA Cap 93A, GARFIN has the discretion to consider the seriousness and importance of the request for information from an overseas regulatory authority to determine whether to furnish the said information. The information shared can only be shared with any other third party with the consent of the Regulatory authority. Similar provisions are provided under clause 15 (c) of the MMOU between the ECCB and regional FIUs. The FIU ensures controls and safeguards for information exchanged through the ESW principle of information exchange. The RGPF also ensures controls and safeguards for information exchanged through Interpol principle of information exchange. Customs can ensure the control and safeguard of information exchange under the WTO agreement. No information was provided to determine whether IRD has mechanisms in place to established controls and safeguards to ensure that information exchanged by competent authorities is used only for the purpose for, and by the authorities, for which the information was sought or provided, unless prior authorisation has been given by the requested competent authority.

345. **Criterion 40.7** – Sec. 32 and 33 (7) of the GARFIN Act imposes confidentiality measures on GARFIN with the handling of any request for cooperation and exchange of information with overseas counterpart. GARFIN can refuse information exchange if confidentiality cannot be safeguarded effectively by the requesting agency pursuant to Sec 33(2)(c) the EIA Cap 93A. Further, confidentiality provisions are imposed at clause 9.1 of the MMOU signed between the ECCB and regional Regulatory Authorities. However, the MMOU does not provide for the refusal of information exchange if confidentiality cannot be safeguarded effectively by the requesting agency. Confidentiality provisions are established under sec. 9 of the Customs Act. While this provision requires confidentiality by Customs Officers, there is no requirement set out for the refusal of any request on the basis that the information cannot be safeguarded effectively by the requesting agency. The jurisdiction has indicated that a draft treaty is to be implemented between the Caribbean Customs Agencies which will establish the same level of confidentiality and secrecy among its signatories. The treaty has not been ratified and implemented. FIU Act 14 of 2012 stipulates, that the agreements or arrangements entered into section 21(2)(c) requires that the information or other cooperation be treated in a confidential manner and not be further disclosed or made use of without the expressed consent of the FIU. Sec. 21 (7) of the FIU Act 14 of 2012 confers upon the Director of the authority to refuse to provide information if the requesting authority cannot give an undertaking of confidentiality. There is no indication that there is a similar provision provided for the RGPF and IRD.

346. **Criterion 40.8** – Competent authorities in Grenada can conduct inquiries on behalf of a foreign counterpart and exchange the results of those investigations. Competent authorities therefore have access to a wide range of information domestically. The

exchange of information is in accordance with the EIA, the FIUA and the multilateral and bilateral arrangements relative to the FIU, Regulatory authorities and C&E. Similar provisions also exist for the RGPF and Immigration Department through the use of Interpol and the sharing of passenger information through the APIS. In the case of the C&E the multilateral agreement is limited to the Caribbean region. Additionally, The Customs treaty has yet to be ratified by Grenada. No information was provided to evaluate or determine whether IRD has met this criterion.

347. **Criterion 40.9** – The FIU as part of its function can provide domestic and international cooperation on money laundering, associated predicate offences and terrorist financing investigations. (Sec. 3 (d), 6 (2) (b) and 21 of the FIUA).

348. **Criterion 40.10** – The FIU as part of its function can provide feedback on the measures taken with respect to the request. (Sec. 6 (2) (d) of the FIUA).

349. **Criterion 40.11** – (a) Section 21 (5) of the FIUA allows for the FIU to exchange all information which it has access to or obtain directly or indirectly “to enable such body to exercise regulatory functions, including the conduct of civil, criminal or administrative investigations and proceedings to enforce laws”²⁰. (b) Sec. 21(2)(a) of the FIU Act 14 of 2012 gives the FIU the power to provide information or other co-operation on the basis of reciprocity or mutual agreements with a foreign financial intelligence unit or association of such units.

350. **Criterion 40.12** – Sec. 94 of the Banking Act, 2015, provides for the Agreement or arrangement with the foreign supervisory authority and states, “The Central Bank may enter into an agreement or arrangement for coordination, cooperation, and the exchange of information with a foreign supervisory authority with responsibility to supervise financial institutions, financial holding companies, or other similar institutions. Sec. 33 of the GARFIN Act Chapter 125A, Sec. 21 of the FIU Act 14 of 2012 provides the legal framework for financial supervisors to provide co-operation with their foreign counterparts. The MMOU between the ECCB and Regional Financial Authorities also provides a legal basis for the exchange of supervisory information related to or relevant for AML/CFT purposes.

351. **Criterion 40.13** – Grenadian financial supervisors are able to exchange with foreign counterparts’ information domestically available to them, including information held by financial institutions, in a manner proportionate to their respective needs based on the provisions outlined in criterion 40.12.

352. **Criterion 40.14** – (a)-(c) In all instances, supervisors have broad provisions as indicated in 40.12 that would allow them to share information contemplated under this criterion. The MMOU allows for the exchange of information amongst 20 regional members, however, the exchange of information with international countries was not provided by Grenada. Clause 2.3 of the Regional MMOU states, “The Authorities intend either through their own initiatives or by request, to share relevant information including but not limited to financial information, corporate structure, administration, quality of organisation and systems, quality of management and any other information that may be relevant to the adequate supervision of Financial Institutions. The Authorities will seek to identify group operations and share any information that can facilitate adjustments to consolidated financial statements or present a risk to the operations of a regulated entity.”

²⁰ FIU Act 14 of 2012 s. 21 (5)

The MMOU relates to Insurance Companies and Insurance Intermediaries and may be considered appropriate for that category of financial institutions only. Further clause 2.4 states, “This Memorandum will serve to promote the integrity, efficiency and financial soundness of Financial Institutions by improving the effective regulation and enhancing the supervision of cross-border transactions.” See the legal framework set out in 40.12.

353. **Criterion 40.15** – As mentioned in Criterion 40.8, competent authorities are said to be able to conduct inquiries domestically on behalf of foreign counterparts however this was not supported by evidence. GARFIN has the ability to authorise or facilitate the ability of foreign counterparts to conduct inquiries themselves in Grenada, in order to facilitate effective group supervision in accordance with the provisions of Sec. 8 of the MMOU among Regional Regulatory Authorities for the Exchange of Information and Co-operation and Consultation dated June 2018. Clause 21 of the MMOU between the ECCB and Regional Financial Authorities provides for joint examinations/inspections for AML/CFT. No information was provided to indicate whether FIU or ECCB can conduct inquiries on behalf of foreign counterparts.

354. **Criterion 40.16** – In accordance with the provisions of Clause 7.3 and 9.5 of the MMOU among Regional Regulatory Authorities for the Exchange of Information and Co-operation and Consultation dated June 2018, GARFIN as a signed party must ensure that prior consent is received prior to disseminating information for use other than what is stated in an agreement. Similar provisions are applicable to the FIU and the ECCB via article 19 of the MMOU between the ECCB and the ECCU which states that “subject to clause 27, the requesting authority may not use the information furnished for any purpose other than that identified pursuant to clause 15(c), without the prior written consent of the requested authority”.

355. **Criterion 40.17** – The FIU can exchange information with foreign counterparts pursuant to sec. 21 (4) and (5) of the FIUA in relation to ML, associated predicate offences, TF matters and the identification and tracing of the proceeds and instrumentalities of crime. The Customs and Excise Department can exchange information with other C&E until the WTO Agreement for the purpose of verifying an import or export declaration in identified cases where there are reasonable grounds to doubt the truth or accuracy of the declaration. (Article 12 (2)(1)) has similar provisions with in the MMOU signed to exchange information with foreign counterparts, however this provision is limited to the Caribbean region.

356. The legislation has centralized any exchange of information between law enforcement agencies to the FIU. The C&E has similar provisions with in the MMOU signed, however this provision is limited to the Caribbean region. The RGPF can exchange information with associated members of the RSS pursuant to the RSS Act relating to associated predicate offences including ML/TF and the identification and tracing of the proceeds and instrumentalities of crime. The RGPF can also utilize provisions through Interpol to exchange information on ML/TF and the identification and tracing to identify and trace of the proceeds and instrumentalities of crime. No information was provided to evaluate or determine whether IRD can exchange domestically available information relating to associated predicate offences including the identification and tracing of the proceeds and instrumentalities of crime with foreign counterparts for intelligence or investigative purposes.

357. **Criterion 40.18** – Grenada’s LEAs can use their powers including inquiry, investigative techniques and tools domestically to conduct inquiries on behalf of foreign counterparts. Powers and tools are established under section 22 to 30 of the FIUA. The FIU and RGPF also utilize the agreements signed with the ESW and Interpol respectively to govern the sharing of information. Additionally, the FIU signed several MOUs with foreign LEAs and foreign FIUs which encompassed the capacity to share information within the scope and restrictions on its use. No information was provided to evaluate or determine whether IRD has powers or mechanism to conduct inquiries and obtain information on behalf of foreign counterparts.

358. **Criterion 40.19** – Article 4 of the Regional Security System Act CAP 279A provides for Law Enforcement Authorities to form teams for the purposes of joint investigations. The CAs in Grenada have demonstrated that they can form joint investigative teams to conduct investigations. Joint investigations are conducted within the Stem Flow team for drug interdiction. Additionally, the SCIC was developed to ensure joint intelligence and investigative support. No information was provided to evaluate or determine whether IRD can form joint investigative teams to conduct cooperative investigations.

359. **Criterion 40.20** – Sec. 5 of EIA restricts the disclosure of information supplied by a foreign counterpart or obtained through the exercise of powers with the Act. Such information can be disclosed directly or indirectly with consent. Additionally, information exchange through the multilateral agreement among the regional regulatory authorities obtained as a result of a request can only be shared with another upon notification and written consent from the requesting agency. The MMOU between the ECCB, Regional Financial Services Units, FIUs and AML/CFT Commissions restricts the exchange of information to any third party without written consent and the undertaking that confidentiality will be preserved. The FIU and RGPF also utilize the agreements signed with the EWS and Interpol respectively to govern the sharing of information directly or indirectly with foreign FIUs and non-counterparts. The FIU conforms to the EGMONT exchange of information principle. The RGPF also shares information under the Interpol exchange of information principles. There is no indication whether this mechanism extends to the C&E.

Weighting and Conclusion

360. Grenada has an established framework for the formal exchange of information and informal international cooperation which complies with the FATF standards. The FIU can effectively and securely exchange information with foreign FIUs upon request or on a spontaneous basis. Both the FIU and RGPF are guided by the exchange of information principles of the Egmont Group and INTERPOL, respectively. The Immigration Department can securely exchange passenger information. C&E can exchange information with foreign customs authorities by virtue of the WTO Agreement. Additionally, GARFIN and the ECCB have similar mechanisms in place to allow for the secure and effective exchange of information. However, the exchange of information between financial supervisors extend only to counterparts in the Caribbean region. The EIA does not allow for spontaneous dissemination of information. Additionally, no information was provided to assess IRD in respect of the recommendation. **Recommendation 40 is rated Largely Compliant.**

Summary of Technical Compliance – Key Deficiencies

Annex Table 2. Compliance with FATF Recommendations

Recommendations	Rating	Factor(s) underlying the rating
1. Assessing risks & applying a risk-based approach	PC	<ul style="list-style-type: none"> There was no inclusion of the Citizenship by Investment Programme within the NRA. There was no Risk Assessment for Legal Persons and Non-Profit Organizations within the NRA There is no framework designating an authority to co-ordinate actions to assess ML/TF risks. There is no AML/CFT policy to ensure risk assessments are up to date. There are no formal mechanisms for the provision of information on the results of the NRA to all relevant competent authorities and self-regulatory bodies (SRBs), financial institutions and DNFBPs. Absence of a RBA for allocation of resources and measures to prevent or mitigate ML/TF. There are no mechanisms in place to allow for the AML/CFT regime to address identified high such risks There is no provision for those actions taken, in accordance with the low risks identified by entities, to be consistent with the country's assessment of its ML/TF risks. There is no requirement identify, assess and understand the ML/TF risk for customer, countries or geographic areas, products, services, transactions or delivery channels. There is no requirement for senior management approval of policies, controls and procedures.
2. National cooperation and coordination	LC	<ul style="list-style-type: none"> No mechanism for the general co-operation and co-ordination by domestic competent authorities on PF at either the policymaking or operational levels.
3. Money laundering offences	C	<ul style="list-style-type: none"> This recommendation is fully met.
4. Confiscation and provisional measures	LC	<ul style="list-style-type: none"> No provision to confiscate proceeds intended or allocated for use in terrorism and terrorist organisation.
5. Terrorist financing offence	PC	<ul style="list-style-type: none"> The definition in section 2 of the TA does not include international organisations. The definition of terrorist property does not include property that is used in full or in part for the purposes of terrorism. No provision for the financing of travel of individuals to a State other than their States of residence or nationality for the purpose of perpetration, planning, or preparation of, or participation in, terrorist acts or providing or receiving terrorist training. There is no requirement for the intent and knowledge required to prove a TF offence to be inferred from objective factual circumstances. No provision to cover organising or directing others to commit a TF offence or attempted offence. There are no provisions to criminalise the contributing to the commission of an offence under the TA, by a group of persons acting with a common purpose.
6. Targeted financial sanctions related to terrorism & TF	NC	<ul style="list-style-type: none"> There are no mechanisms to propose persons or entities to the UN 1267/1989 and 1988 sanctions committee. There is no mechanism for identifying targets for designation to allow operational agencies to propose targets against the UNSCR 1267/1989 and 1988 sanctions regimes. There are no requirements or mechanisms in place to ensure that authorities follow the procedures and standard forms for listing, as adopted by the relevant committees. There are no requirements or mechanism in place to ensure that relevant authorities are able to provide as much relevant information as possible in support of nominations to the Committees. Section 14(1) of the TA does not address if designations can be made after examining and giving effect to the request of another country. There is no legal authority or guidelines for identifying targets for designation based on the criteria set out in UNSCR 1373. No provisions to permit authorities when receiving requests from operational partners to discuss the merits of the proposed designation based on the criteria in UNSCR 1373. No procedures to request another country to give effect to the actions initiated under freezing mechanisms in Grenada. There are no specific mechanisms to facilitate the collection or solicitation of information to identify persons and entities who meet the criteria for designation pursuant to UNSCRs 1267, 1988 or 1373.

Recommendations	Rating	Factor(s) underlying the rating
		<ul style="list-style-type: none"> There is no provision which sets out which is the competent authority to identify and propose a designation with a procedure/mechanism for collection of information outside of the regulated sector. There are no provisions requiring the FIs to freeze the funds the funds or assets of designated entities, should it be discovered. There are no requirements or mechanisms in place to freeze of funds without delay to take place within hours of the issuance of the UN designation of an individual or entity. The authorities have not applied for any Court Orders to give effect UN designations. No similar provisions exist for all natural and legal persons including DNFBPs to be required to freeze without delay and without prior notice the funds or other assets of designated persons and entities. The TA does not specify the scope of funds or other assets subject to a freezing action. There is no provision prohibit dealing with funds or economic resources owned, held or controlled by a designated person, and prohibit making funds, financial services and economic resources available to designated persons or to another person for their benefit. There is no requirement that the funds are tied to a particular terrorist act, plot or threat. There is no specific reference to funds or other assets which are jointly owned or controlled. There is the cascading deficiency that the term "funds" is not defined and cannot be assessed for compliance with the criterion requirement for funds, or other assets, economic resources, or financial or other related services. There is no provision to prohibit dealing with funds or economic resources owned, held or controlled by a designated person, and prohibit making funds, financial services and economic resources available to designated persons or to another person for their benefit. The measures to submit the list and restrict funds are limited to FIs and does not include the whole financial sector, for example credit unions and insurance companies and DNFBPs as required by the criterion. There are no equivalent measures for DNFBPs to report to the FIU or the AG on any assets frozen or actions taken regarding designated entities. There are no provisions to protect the rights of bona fide third parties acting in good faith. Grenada does not have any mechanisms to address criterion 6.6. There are no provisions in place to authorise access to frozen funds in accordance with the respective UNSCRs.
7. Targeted financial sanctions related to proliferation	NC	<ul style="list-style-type: none"> There is no legislation addressing targeted financial sanctions related to proliferation.
8. Non-profit organisations	PC	<ul style="list-style-type: none"> Grenada has no measures in place to allow for the identification of the nature of threats posed by terrorist entities to the NPOs which are at risk as well as how terrorist actors abuse those NPOs. Grenada has not identified which subset of organizations fall within the FATF definition of NPO and therefore a risk assessment of the subset was not completed to determine those at greater risk for TF. Grenada has provided no measures relative to reviewing the adequacy of measures, including laws and regulations. There are no measures in place for Grenada to work with NPOs to develop and refine best practices to address TF risks and vulnerabilities. No information was provided to demonstrate that NPOs were encouraged to conduct transactions via regulated financial channels. No evidence provided to demonstrate that risk-based measures apply to identified NPOs at risk of terrorist financing abuse. No information has been provided to determine whether the FIU has the investigative expertise and capability to examine those NPOs suspected of either being exploited by, or actively supporting, terrorist activity or terrorist organisations.
9. Financial institution secrecy laws	C	<ul style="list-style-type: none"> The Recommendation is fully met.
10. Customer due diligence	LC	<ul style="list-style-type: none"> There is no requirement for FIs to identify and take reasonable steps to verify the identity of beneficial owners for other types of legal arrangements. Section 25 of the POCAMLTF Guidelines does not include requirements for sub-criteria 10.12 (a) and (b). There are no measures for a situation when performing CDD will tip off the customer.

Recommendations	Rating	Factor(s) underlying the rating
11. Record keeping	PC	<ul style="list-style-type: none"> There are no requirements for FIs to ensure that all CDD information and transaction records are available swiftly to a domestic CA upon appropriate authority.
12. Politically exposed persons	PC	<ul style="list-style-type: none"> The POCAMLTF Guidelines does not extend to beneficial owners who may be PEPs. There is no requirement for FIs to take reasonable measures to determine whether a customer or the beneficial owner is a domestic PEP or person entrusted with a prominent function in an international organisation. The deficiencies in c12.1 and c12.2 applies to family members and close associates. There are no requirements for financial institutions to determine whether the beneficiary of a life insurance policy, or the beneficial owner of a beneficiary, is a PEP. There are no requirements in higher risks situations for financial institutions to inform senior management before the pay-out of a policy proceeds, to conduct enhanced scrutiny on the whole business relationship with the policyholder, and to consider making a suspicious transaction report There is no requirement for FIs to conduct enhanced ongoing monitoring on relationships with PEPs
13. Correspondent banking	LC	<ul style="list-style-type: none"> The provisions of the POCAMLTF Guidelines are limited to correspondent banking and do not provide for other similar relationships. The provisions of section 38 of the POCAMLTF Guidelines does not provide for other FIs with similar relationships.
14. Money or value transfer services	PC	<ul style="list-style-type: none"> No actions have been described to identify natural or legal persons carrying on illegal MVTS and apply proportionate and dissuasive sanctions. There is no requirement for MVTS providers that use agents to be required to include them in their AML/CFT programme and monitor them for compliance with these programmes.
15. New technologies	NC	<ul style="list-style-type: none"> There are no provisions to address the identification and assessment of risks arising relative to new business practices including new delivery mechanisms, and the use of new or developing technologies for pre-existing products. The risk assessments in question are limited to products offered and not practices and technologies. There are no laws, policies, procedures and/or mechanisms in place to address criteria 15.3-15.11.
16. Wire transfers	PC	<ul style="list-style-type: none"> There is no requirement for beneficiary information to accompany wire transfers. There is no requirement for beneficiary information where several cross border wire transfers from a single originator are bundled in a batch file for transmission to beneficiaries. No information has been provided as to whether LEAs can compel immediate production of the information accompanying domestic wire transfers. There is no requirement to keep beneficiary information in accordance with recommendation 11. There is no prohibition ordering a FI to execute the wire transfer if it does not comply with criteria 16.1-16.7. There is no requirement for intermediary FIs to keep beneficiary information. There are no legislative provisions or enforceable measures requiring intermediary FIs to take reasonable measures to identify cross-border transfers that lack required originator or beneficiary information. There are no specific legislative provisions or enforceable measures requiring intermediary FIs to take have risk-based policies and procedures to determine when to execute, reject or suspend a wire transfer lacking required originator or beneficiary information and the appropriate follow-up action. There are no requirements for beneficiary FIs to identify beneficiary information. There is no requirement for beneficiary FIs to verify the identity of the beneficiary if the identity had not been previously verified and maintain this information in accordance with recommendation 11. There is no requirement for beneficiary FIs to have a risk-based policies and procedures for determining when to execute, reject or suspend a wire transfer for lacking the required beneficiary information. All deficiencies in criteria 16.1-16.5 apply to MVTS. The information for consideration by an MVTS to file an STR is limited to missing and incomplete information.

Recommendations	Rating	Factor(s) underlying the rating
17. Reliance on third parties	PC	<ul style="list-style-type: none"> There is no requirement for the FI to satisfy itself that the 3rd party is regulated, supervised or monitored for and has measures in place for compliance with CDD and record-keeping requirements. No other information was provided with respect to the level of country risk required to be taken into account by entities. There is no requirement for considering the level of country risk in determining whether the 3rd party meets the condition. There are no measures to address criterion 17.3.
18. Internal controls and foreign branches and subsidiaries	PC	<ul style="list-style-type: none"> There are no provisions for financial groups to implement group-wide programmes against ML/TF which are applicable to all branches and majority-owned subsidiaries of the financial group
19. Higher-risk countries	PC	<ul style="list-style-type: none"> There are no obligations imposed on FIs to apply EDD proportionate to risks, to business relationships and transactions from countries for which this is called for by the FATF. There are no requirements to apply countermeasures proportionate to the risk when called upon to do so by the FATF.
20. Reporting of suspicious transaction	C	<ul style="list-style-type: none"> This recommendation is fully met.
21. Tipping-off and confidentiality	C	<ul style="list-style-type: none"> The recommendation is fully met.
22. DNFBPs: Customer due diligence	PC	<ul style="list-style-type: none"> DNFBPs are required to comply with the requirements of Recommendations 11, 12, 15 and 17, however any deficiencies noted in the application of these Recommendations for FIs, are also relevant to DBFBPs
23. DNFBPs: Other measures	PC	<ul style="list-style-type: none"> The deficiencies identified in Recommendation 18 apply to the DNFBP sector. The requirements to comply with the higher-risk countries requirements set out in Recommendation 19 also apply to the DNFBPs sector.
24. Transparency and beneficial ownership of legal persons	PC	<ul style="list-style-type: none"> There are no provisions that requires BO information of companies and in relation to the requirement of making basic information of legal persons available. There is no ML/TF risk assessment for all types of legal persons. There is no public access to basic information for international companies and co-operative societies. There are no provisions for a register of shareholders or members in order to maintain information for international companies, friendly societies, and building societies. There are no provisions for ensuring accurate information which is applicable to external companies and to co-operative, friendly, and building societies that is updated on a timely basis. The measures in place to ensure that BO information of a company is available is limited to BO information held by FIs and DNFBPs. No provision for accurate and up-to-date beneficial ownership information. No provision that companies fully cooperate with authorities in determining beneficial ownership information and giving further assistance to authorities as may be required. No provision for timely access to beneficial ownership information to law enforcement. No clear prohibition for issuing, converting or immobilizing bearer share warrants and no express provision in the Companies Act nor is there a regime prohibiting the operation of share warrants in Grenada to prevent misuse for ML/TF. There are no express provisions for proportionate and dissuasive sanctions of LPs in relation to filing BO information. There are no provisions for the exchange of beneficial ownership information on shareholders or members of LPs. No provisions that enable authorities to rapidly provide international cooperation in relation to BO information. No mechanism to monitor the quality of assistance it receives from other countries in response to requests for basic and beneficial ownership information or requests for assistance in locating beneficial owners residing abroad.
25. Transparency and beneficial ownership of legal arrangements	PC	<ul style="list-style-type: none"> There is no requirement in Grenada for a trustee of an express trust to obtain and hold adequate, accurate and current information on the identity of the settlor, the trustee, the protector (if any), beneficiaries and any other person exercising ultimate effective control over the trust. There is no requirement for trustees of an express trust to hold basic information on other regulated agents of, and service providers to, the trust.

Recommendations	Rating	Factor(s) underlying the rating
		<ul style="list-style-type: none"> • There is no provision for trustees to maintain information for at least 5 years after their involvement with the trust ceases. • There is no requirement to keep accurate and up to date information which is updated on a timely basis for trustees of any express trust. • No timely access provision by competent authorities, other than the FIU. • Law Enforcement Authorities have limited powers to obtain timely access to information held by the trustee and other parties as only the FIU is empowered to obtain timely access. • There are no legislative provisions for the rapid provision of international co-operation in relation to authorities' use of investigative powers to obtain BO information on behalf of foreign counterparts. • There are no provisions in relation to the liability of trustee for failure to perform duties relevant to meeting their trustee obligations. • There are no sanctions in accordance with the Trustee Act Cap 329 on trustees to ensure that they are legally liable for any failure to perform the duties relevant to meeting their obligations. • There are no proportionate and dissuasive sanctions, whether criminal, civil or administrative, applicable to trustees for failing to grant to competent authorities' timely access to information regarding the trust referred to in criterion 25.1.
26. Regulation and supervision of financial institutions	PC	<ul style="list-style-type: none"> • There are no provisions which prohibit the establishment, or continued operation, of shell banks nor are there provisions to prevent criminals from holding or being the BO of financial institutions. • There are no specific requirements for preventing criminals from holding or being the BO of FIs under the remit of GARFIN. • Grenada has not implemented measures in compliance with the relevant Basel Committee on Banking Supervision (BCBS) Principles, information on implementation of the International Association of Insurance Supervisors (IAIS) Principles 7 – 11, 18, 21 – 23 and 25 and the nor did Grenada provide details on core principles 1-15 which are contained in Responsibilities A, B, C and D. SD06 only addresses core principle 24, 28, 29, and 31. International Association of Securities Commission Responsibilities (IOSCO) A, B, C and D. • No information has been provided to evidence the model used by the FIU and the AML/CTF Commission to determine the frequency and intensity of on-site and off-site inspections for the FIU and the AML/CTF Commission. • No mechanisms in place to address sub-criterion 26.5(c) by the FIU and the AML/CTF Commission for all other FIs. • There are no mechanisms in place to address criterion 26.6 by the FIU and the AML/CTF Commission for all other FIs.
27. Powers of supervisors	PC	<ul style="list-style-type: none"> • There are no measures to compel production of information for AML/CFT functions. • Administrative sanctions are not applicable to breaches against other AML/CFT legislation and measures. • ECCB can only invoke disciplinary action or revocation of the LFI's licence for prudential breaches. • No information has been provided on the authority by the FIU to impose sanctions for AML/CFT breaches.
28. Regulation and supervision of DNFBPs	PC	<ul style="list-style-type: none"> • There is no indication that the provisions implemented are to prevent criminals or their associates from being beneficial owners of a significant or controlling interest or holding a management function in DNFBPs. • There are no measures to prevent criminals or their associates from being professionally accredited or holding (or being the beneficial owner of) a significant or controlling interest or holding a management function in DNFBPs other than casinos. • There are no measures to address criterion 28.5.
29. Financial intelligence units	LC	<ul style="list-style-type: none"> • The requirement for the approval from the Minister takes away the Director's independence and autonomy in making or engaging in such activities.
30. Responsibilities of law enforcement and investigative authorities	LC	<ul style="list-style-type: none"> • No information was provided relative to the ability of the IRD to refer ML/TF matters to the FIU or the RGPF for investigations
31. Powers of law enforcement and investigative authorities	PC	<ul style="list-style-type: none"> • No measures for the IRD to conduct searches. • The IRD does not have power to take statements for use in the investigation of tax matters. • There are no statutory, procedural or policy mechanisms which provide for the use of undercover operations.

Recommendations	Rating	Factor(s) underlying the rating
		<ul style="list-style-type: none"> There are no measures to authorise the use of controlled delivery. No information was provided to determine if the C&E, IRD and the RGPf are able to ask for all relevant information held by the FIU.
32. Cash couriers	PC	<ul style="list-style-type: none"> No legislative requirement providing for a disclosure or declaration system which is applicable to persons or mail and cargo leaving Grenada. The declaration provision only related to undeclared items in a person's baggage and does not cover items found on the person. There is no provision for authorities in Grenada to stop or restrain currency of BNIs to ascertain whether evidence of ML/TF may be found when there is a false declaration. There is no that relates to the period for retaining or record keeping. No requirement for persons or mail and cargo leaving Grenada to make a disclosure or declaration for Customs to share this information via international cooperation and assistance. No requirement for Customs to share information via international cooperation and assistance where there is a false declaration or false disclosure. No provision to enable Customs to file a SAR as the existing limitation in relation to disclosures or declarations for persons or mail or cargo leaving Grenada would hinder this reporting. While Grenada has requirements to safeguard information received in the declaration/disclosure regime and this information does not appear to affect trade and capital movements, the lack of a requirement for outgoing disclosures/ declarations has a cascading effect on criterion 32.10.
33. Statistics	C	<ul style="list-style-type: none"> This Recommendation is fully met.
34. Guidance and feedback	C	<ul style="list-style-type: none"> This Recommendation is fully met
35. Sanctions	PC	<ul style="list-style-type: none"> The range of administrative penalties against an entity or individual who commits an offence listed in Schedule IV does not appear to be proportionate in accordance with the nature or severity of the offence. Sanctions are not dissuasive for entities as the maximum that can be levied is approximately USD 92,590. Although there are criminal penalties, there are no provisions for civil or administrative sanctions to natural and legal persons for non-compliance with a freezing order in relation to a listed entity. The penalties as outlined do not provide a range of proportionate options and are limited to only administrative penalties. Sanctions do not apply to all breaches by FIs and DNFBPs as some of the recommendations (8, 12, 14, 15 & 22) are not being applied to the various sectors.
36. International instruments	LC	<ul style="list-style-type: none"> Grenada has not fully implemented Article 31 (Freezing, seizure and confiscation), Article 48 (Law enforcement cooperation), Article 50 (Special investigative techniques), Article 53 (Measures for direct recovery of property), and Article 57 (Return and disposal of assets) of the Merida Convention as not fully implemented.
37. Mutual legal assistance	LC	<ul style="list-style-type: none"> The authorities have not provided any information in relation to the Central Authority's ability to monitor the progress on requests and the maintenance of a case management system. Sec. 18 of the MLACMA provides that the Central Authority may, in whole or in part, refuse a request if the conduct would not constitute an offence under the laws of Grenada contrary to criterion 37.7. Shortcomings in criteria 31.1 and 31.2 on the range of powers and investigative techniques cascade into the use in response to MLA requests.
38. Mutual legal assistance: freezing and confiscation	C	<ul style="list-style-type: none"> The Recommendation is fully met.
39. Extradition	C	<ul style="list-style-type: none"> This Recommendation is fully met.
40. Other forms of international cooperation	LC	<ul style="list-style-type: none"> EIA does not have provision that allows for spontaneous dissemination of information. No information was provided to evaluate or determine whether IRD has can provide the widest range of international co-operation in relation to associated predicate offences spontaneously or upon request. No information was provided to determine whether IRD has a lawful basis for providing co-operation. No information was provided to determine if IRD is authorised to use the most efficient means to co-operate.

Recommendations	Rating	Factor(s) underlying the rating
		<ul style="list-style-type: none"> • No information was provided to determine if IRD has clear and secure gateways, mechanisms or channels that will facilitate and allow for the transmission and execution of requests. • No information was provided to determine if IRD has clear processes for the prioritisation and timely execution of requests. • No information was provided to determine if IRD has clear processes for safeguarding the information received. • Grenada has indicated that bilateral and multi-lateral agreements are negotiated and signed in a timely manner, however no information was provided to allow for an assessment or substantiation of this information. • There are no legal provisions which requires IRD, Customs and RGPF to enter into agreement to enter into bilateral or multilateral agreements or arrangements to cooperate. • There are no provisions that prohibits LEAs from refusing a request involving fiscal matters. • There are no provisions identified for Customs and IRD to provide feedback in a timely manner regarding the information received, its use and usefulness. • No information was provided to determine whether IRD has mechanisms in place to established controls and safeguards to ensure that information exchanged by competent authorities is used only for the purpose for, and by the authorities, for which the information was sought or provided, unless prior authorisation has been given by the requested competent authority. • The MMOU between ECCB and Regulatory Authorities does not provide for the refusal of information exchange if confidentiality cannot be safeguarded. • In relations to C&E, there is no requirement set out for the refusal of any request on the basis that the information cannot be safeguarded effectively by the requesting agency. • There are no provisions in place for RGPF and IRD with respect to criterion 40.7. • No information was provided to evaluate or determine whether IRD can form joint investigative teams to conduct cooperative investigations, • No information was provided to evaluate or determine whether IRD has powers or mechanism to conduct inquiries and obtain information on behalf of foreign counterparts. • No information has been provided to indicate whether FIU or ECCB can conduct inquiries on behalf of foreign counterparts. • No information was provided to evaluate or determine whether IRD is capable of exchanging domestically available information relating to associated predicate offences including the identification and tracing of the proceeds and instrumentalities of crime with foreign counterparts for intelligence or investigative purposes. • No information was provided to evaluate or determine whether IRD has powers or mechanisms to conduct inquiries and obtain information on behalf of a foreign counterpart. • No information was provided to evaluate or determine whether IRD can form joint investigative teams to conduct cooperative investigations. • There is no indicate whether this mechanism extends to the C&E.

Glossary of Acronyms²¹

	DEFINITION
ACA	Association of Chartered Accountants
ACIS	Advance Cargo Information System
AGO	Attorney General's Office
AML Commission	Office of the Anti-Money Laundering and Combating Terrorist Financing Commission
AML/CFT	Anti-money laundering/Countering Terrorist Financing
APEP	Associated Politically Exposed Persons
APIS	Advance Passenger Information System
ARIN-Carib	Asset Recovery Inter-Agency Network for the Caribbean
ARU	Asset Recovery Unit
AT	Assessment Team
BNI	Bearer Negotiable Instrument
BO	Beneficial Ownership
C&E	Grenada Customs & Excise Division
CA	Central Authority
CAs	Competent Authorities
CA	Compliance Officer
CAIPO	Corporate Affairs and Intellectual Property Office
CBI	Citizenship By Investment
CBI	Citizen By Investments
CCLEC	Caribbean Customs Law Enforcement Council
CDD	Customer Due Diligence
CFATF	Caribbean Financial Action Task Force
CID	Criminal Investigation Department
DNFBP	Designated Non-Financial Business and Professions
DPMS	Dealers in Precious Metals and Stones
DPP	Director of Public Prosecutions
DS	Drug Squad
ECCB	Eastern Caribbean Central Bank
ECSRC	Eastern Caribbean Securities Regulatory Commission
EDD	Enhanced Due Diligence
ESW	Egmont Secure Web
FATF	Financial Action Task Force
FIs	Financial Institutions
FIU	Financial Intelligence Unit
GARFIN	Grenada Authority for the Regulation of Financial Institutions
GC	Gaming Commission
GIDC	Grenada Industrial Development Corporation
IAIS	International Association of Insurance Supervisors
IBCs	International Business Companies
IC	Office of the Integrity Commission
IMF	International Monetary Fund

²¹ Acronyms already defined in the FATF 40 Recommendations are not included into this Glossary.

INTERPOL	International Criminal Police Organization
IRD	Inland Revenue Division
JIO	Joint Intelligence Office
KG	Kilograms
LEA	Law Enforcement Agency
LFI	License Financial Institutions
MFA	Ministry of Foreign Affairs
ML	Money Laundering
MLA	Mutual Legal Assistance
MLRO	Money Laundering Reporting Officer
MNS	Ministry of National Security
MoF	Ministry of Finance
MoU	Memorandum of Understanding
MSBs	Money Services Businesses
NPOs	Non-Profit Organisations
NRA	National Risk Assessment
OECS	Organization of Eastern Caribbean States
PEPs	Politically Exposed Persons
PF	Proliferation Financing
PO	Production Order
POCA	Proceeds of Crime Act
POCAMLTF Guidelines	Proceeds of Crime (Anti-Money Laundering and Terrorist Financing) Guidelines
RGPF	Royal Grenada Police Force
RO	Restraint Order
SB	Special Branch
SIC	Strategic Intelligence Committee
SRB	Self-Regulatory Body
SSU	Special Services Unit
STR	Suspicious Transaction Report
TF	Terrorist Financing
TFS	Targeted Financial Sanctions
TIE	Tax Information Exchange
UN	United Nations
UNSCR	United Nations Security Council Resolutions
WB	World Bank
WCO	World Customs Organisations
XCD	Eastern Caribbean Dollar



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Anti-money laundering and counter-terrorist financing measures – Grenada *Mutual Evaluation Report*

In this report: a summary of the anti-money laundering (AML) / counter-terrorist financing (CTF) measures in place in Grenada as at the date of the on-site visit June 14-25, 2021. The report analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of Grenada's AML/CTF system, and provides recommendations on how the system could be strengthened.