



Sixth Follow-Up Report

Grenada

November, 2012

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GRENADA – SIXTH FOLLOW-UP REPORT

I. Introduction

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

Table 1; Ratings of Core and Key Recommendations

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

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

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

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

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

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

**Table 3: Size and integration of Grenada's financial sector
As at June 30, 2012**

		Banks	Other Credit Institutions*	Securities	Insurance	TOTAL
Number of institutions	Total #	5	15		24	44
Assets	US\$	1,057.3m	133m.		102m*	1,292.3m
Deposits	Total: US\$	897.1m	99m.		n.a+	996.1m
	% Non-resident	17.6% of deposits			n.a	
International Links	% Foreign-owned:	% of assets	% of assets	% of assets	% of assets	% of assets
	#Subsidiaries abroad	79.3%				

* Estimate

+ Not applicable

II. Summary of progress made by Grenada

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

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5, 6, 7, 8, 11, 12, 15, 16, 18, 21, 22, 24, SRVII and SRVIII, the fact that the AMLTF Guidelines were not considered other enforceable means resulted in the level of compliance of these recommendations remaining unchanged. The authorities have advised that under subsection 32(3)(b) of the POCA the AMLTF Guidelines are subject to negative resolution of the House of Representatives which would under the FATF Methodology make them enforceable. Consequently, it is planned to present the AMLTF Guidelines at the next session of Parliament for negative resolution. This report will focus on measures implemented since the Fifth Follow-Up Report to address outstanding Recommendations with a view to assess compliance with the examiners' recommended actions.

Key Recommendations

Recommendation 23

5. The authorities have advised that the deficiency identified in previous Follow-Up Report that provisions which establish fitness and probity checks on directors and management of insurance companies does not include shareholders is dealt with in the IA since the Act stipulates that shareholders are not required to have control of more than twenty (20) percent of the voting rights of a local insurance company. Further, section 204 of the IA requires the company to submit quarterly reports to the Supervisor of all the names and addresses of persons who own five (5) percent or more of the total voting rights. The above provision sets absolute limits for ownership and does not establish fitness and probity checks on ownership. As such this deficiency remains outstanding and the level of compliance of this Recommendation remains unchanged from the last Follow-Up Report.

Other Recommendations

Recommendation 12

6. The situation with regard to the two (2) recommendations dealing with legal deficiencies remains unchanged from the previous report with one being met and the other outstanding. The authorities have advised in relation to the recommendation for specific training and/or awareness programs to educate DNFBPs about AML/CFT requirements, that a workshop for DNFBPs was held on July 9-10, 2012 together with radio and television programs and interviews on the importance of AML/CFT compliance. Training was also held for prospective supervisors of financial and DNFBPs on July 11-13, 2012.

Recommendation 32

7. The authorities have submitted information for the period January to August 2012 with regard to the examiners' recommended actions requiring the maintenance of statistics on spontaneous referrals made by the FIU, excise operations including records of seizures and mutual legal assistance and extradition requests.

8. One (1) spontaneous referral was made by the FIU to another jurisdiction during the period. Requests made and received by the FIU are presented in the following table.

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Table 4: Requests Made and Received by the FIU during January to August 2012

	No Completed	No Pending	Total
Requests Made	9	9	18
Requests Received	3	1	4
Requests Made via Egmont System	2	11	13
Requests Received via Egmont System	3	0	3
Total	17	21	38

9. Two (2) mutual legal assistance requests were received during the period, one from St. Vincent which was completed and one from the United Kingdom which is pending. One (1) extradition request from United Kingdom was received and granted during the period. Additionally, three (3) production orders and six (6) restraints orders were applied for and obtained. Customs and Excise made fourteen (14) seizures consisting of general merchandise and boats. Finally, the FIU received one hundred and five (105) SARs for the period with sixteen (16) being resolved and eighty-nine (89) still outstanding. The above statistics demonstrates implementation with regard to the operations of the FIU, Customs and Excise and mutual legal assistance and extradition. The situation with regard to the other examiners' recommended actions which include the Supervisory Authority establishing a Secretariat to monitor the implementation of Grenada's AML/CFT regime and the dedication of additional technical resources to the compilation of statistical data remains unchanged from the previous report.

Special Recommendation IX

10. As noted in the last follow-up report there has been substantive implementation of the examiners' recommendations. With regard to this follow-up report the authorities advise in relation to the recommendation for customs official to be trained in the use of passenger screening systems to analyze behavior, appearance and communication style of potential currency carriers that a customs officer is due to attend a Maritime Intellectual Conference in St. Lucia in October organized by the Serious Organized Crime Agency from the United Kingdom.

III. Conclusion

11. As already mentioned, the authorities have planned to present the AMLTF Guidelines at the next session of Parliament for negative resolution which would result in the AMLTF Guidelines being considered enforceable and thereby positively enhancing the level of compliance for Rs. 5, 6, 7, 8, 11, 12, 15, 16, 18, 21, 22, 24, SR VII, and SR VIII. The present measures have been limited to the provision of training to financial institutions, DNFBPs and supervisory authorities. Figures have been presented to demonstrate implementation. As such, the circumstances as noted have remained substantially unchanged from the previous report. Given the above, Grenada should remain on expedited follow-up and be required to report to the next Plenary in May 2013 on measures to implement recommendations in the MER.

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

Forty Recommendations	Rating	Summary of factors underlying rating	Recommended Actions	Undertaken Actions
Legal systems				
1. ML offence	PC	<ul style="list-style-type: none"> The list of psychotropic substances in DAPCA is not in accordance with the list under the Vienna Convention The list of predicate offences for ML does not cover five (5) of the FATF's designated category of offences, particularly trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy or terrorist financing offence of providing or receiving money or other property in support of terrorist acts. The low number of ML convictions suggests ineffective use of ML provisions given the wide range of measures available under the legislation. 	<ul style="list-style-type: none"> The authorities should consider pursuing ML as a stand-alone offence. Schedules I to III of DAPCA should be amended to include all narcotic drugs and psychotropic substances listed in Tables I and II of the Vienna Convention. The authorities should extend the range of predicate offences for ML to include all the FATF designated categories of offences i.e. trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy and the terrorist financing offence of providing or receiving money or other property in support of terrorist acts. 	<p>Addressed under Part V, Section 34 & 35 of POCA No. 6 of 2012</p> <p>Amendment to DAPCA 1992 made June 2011. Part III of Schedule I of DAPCA 1992 is repealed and replaced with DAPCA SRO 16 of 2011 – to include the entire list of substances under control as cited in the Vienna Convention (electronic copy of amendment provided).</p> <p>Schedule at p. 261 - Section 2 of POCA Act 6 of 2012 provides for the entire range of predicate offences.</p>
2. ML offence – mental element and corporate liability	LC	<ul style="list-style-type: none"> The low number of money laundering convictions suggest ineffective use of ML provisions 	<ul style="list-style-type: none"> The authorities should consider consolidating the three pieces of legislation governing money laundering. Having the MLPA, 	<p>The Consolidation of the Poca /ML bill is in the process of finalization by the Consultant. It is expected before the end of September 2011. The new FIU Bill is in its final stages</p>

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			POCA 1992 and POCA 2003 in force with differing penalties for ML and definitions for certain key terms will give rise to confusion and has affected the ability of law enforcement and prosecutorial authorities to aggressively pursue ML offences.	<p>before the Houses of Parliament. It is expected to be passed by the next sitting.</p> <p>Consolidation of POCA/ML bills has been completed. POCA Act 6 of 2012 is now in effect and the following Acts have subsequently been repealed:-</p> <ul style="list-style-type: none"> a) POCA No. 27 of 1992 b) POCA No. 3 of 2003 c) Money Laundering (Prevention) Act, No. 18 of 1999 <p>ML offences are now addressed under one act.</p>
	LC	<ul style="list-style-type: none"> Ineffective implementation of the forfeiture and freezing regime. 	<ul style="list-style-type: none"> Given the high rate of drug-related offences occurring in Grenada, authorities should place greater emphasis on the automatic confiscation mechanism following conviction available to the DPP in accordance with POCA 1992 and 2003 	<p>To date 12 Production Orders have been served on Institutions and 10 restraint orders on properties in investigation, confiscation and forfeiture.</p> <p>Part II, Section 6 of POCA 2012 empowers magistrates to make confiscation and forfeiture orders</p> <p>Part IX, Section 49 also addresses this area of concern</p>
Preventive measures				
5. Customer due diligence	NC	<ul style="list-style-type: none"> CDD measures are required when there is suspicion of money laundering and only with one-off transactions 	<ul style="list-style-type: none"> Competent authorities may consider carrying out a national risk assessment to determine the risk of money laundering and terrorist financing to enable the application of 	POCA AML/TF Guidelines SR&O No 6 of 2012, Part III – 21 and 22, provides for effective CDD measures for steps required to an entity or a professional in dealing with an applicant for business or a customer in relation to a business relationship or one-off transaction in order to forestall and

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	<ul style="list-style-type: none"> • CDD measures for wire transfers are for occasional transactions over US\$10,000 rather than over the FATF US\$1,000 limit. • CDD measures are not required when there are doubts about the veracity of previously obtained due diligence • No provision to verify that any person purporting to act on behalf of the customer is so authorized, and identify and verify the identity of that person 	<ul style="list-style-type: none"> • reduced or simplified anti-money laundering and counter terrorist financing measures. • Competent authorities should consider making the Guidelines mandatory and enforceable with effective, proportionate and dissuasive sanctions. • Regulations or legislative amendments should be introduced to require CDD measures when there is suspicion of money laundering or terrorist financing and for occasional transactions over US\$1,000 that are wire transfers. • Regulations or legislative amendments should be introduced for financial institutions to be required to undertake CDD measures where there are doubts about the veracity or adequacy of previously obtained CDD. 	<p>prevent money laundering, terrorist financing and other financial crimes.</p> <p>POCA No, 6, 2012, is the enabling Act which allows for the provision of the Guidelines and Regulations. POCA 2012, Part V, Section 32, sub-sections (4-9), makes the Guidelines mandatory and enforceable and outlines penalties for non-compliance. Section 4 stipulates that “where a person fails to comply with or contravenes a provision of the Guidelines, he commits an offence, and is liable on summary conviction, to a fine not exceeding \$25,000 or to a term of imprisonment not exceeding two years, or both.</p> <p>Poca AML Guidelines Part III addresses measures for dealing with suspicions of money laundering including wire transfers irrespective of any exemption or threshold.</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution. Inevitably, all requirements under this recommendation will be satisfied.</p> <p>The Guidelines sufficiently addresses all other requirements under this recommendations as listed below :</p>
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	<ul style="list-style-type: none"> • No requirement in law or regulation for the verification of identification of customers • No provision to understand the ownership and control structure of customers that are legal persons or legal arrangement • No provision to determine the natural persons that ultimately own or control the customer • No requirement for financial institution to obtain information on the purpose and intended nature of the business relationship • No legislative provision for financial institutions to conduct ongoing due diligence to include scrutiny of transactions and ensuring that CDD documents and information are kept up-to- 	<ul style="list-style-type: none"> • Regulations or legislative amendments should be introduced for financial institutions to be required to verify that any person purporting to act on behalf of the customer is so authorized, and identify and verify the identity of that person. • Financial institutions should be legislatively required to verify the identification of customers. • Financial institutions should be required to understand the ownership and control structure of customers that are legal persons or legal arrangements • Financial institutions should be legislatively required to determine the natural persons that ultimately own or control the customer • Financial institutions should be 	<p>Guidelines at Part III , 21 (4) (e) directly addresses</p> <p>Guidelines at Part III, 21 (3) (f) sufficiently addresses.</p> <p>Guidelines at Part III - Section 21 Sub-section (3) refers</p> <p>Guidelines Part III – 21(5) (d) Amendment to section 21 (5) d to include “the ownership and control structure of legal persons and arrangements would be made as soon as Grenada parliament reconvenes</p> <p>Guidelines Part III 21 (3) (a)</p> <p>Guidelines Part III - 21 (3) (b) Guidelines Sec 23 (2) sufficiently addresses</p>
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		<p>date</p> <ul style="list-style-type: none"> • No requirement for financial institutions to perform enhanced due diligence for higher risk categories of customer • The exemptions for reduced or simplified CDD measures are not justified on the basis of low risk • No requirement for financial institutions to limit simplified or reduced CDD measures to non-resident customers from countries that the authorities are satisfied are in compliance with FATF Recommendations • No provisions prohibiting simplified CDD measures whenever there is suspicion of money laundering or terrorist financing • No requirement for financial institutions to apply CDD measures to existing customers on the basis of materiality and risk. 	<p>required to obtain information on the purpose and intended nature of the business relationship.</p> <ul style="list-style-type: none"> • Legislative amendments should be introduced to require that financial institutions and other relevant persons apply ongoing due diligence measures to their client base. This should include scrutiny of transactions and ensuring that CDD documents and information are kept up-to-date. • Financial institutions should be required to perform enhanced due diligence for higher risk categories of customers. • Financial institutions should be required to limit the application of simplified or reduced CDD measures to non-resident customers from countries that the authorities in Grenada are satisfied are in compliance with FATF Recommendations. • Simplified CDD measures should be prohibited whenever there is suspicion of money laundering or terrorist financing. • Financial institutions should be required to terminate a business relationship if the verification of a 	<p>Guidelines Part III - 21 (3) (e)</p> <p>Guidelines Part III – 21 (4) (d)</p> <p>Guidelines Part III – 21 (6) (h) applies</p> <p>Guidelines Section 22 (2) applies</p> <p>Guidelines Section 25 (5)</p> <p>Technical Assistance is required with regards to conducting a risk assessment for Grenada. This was stated in our Technical Assistance and Training needs matrix submitted to CFATF in 2011 and also in January 2012.</p>
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			<p>customer cannot be completed.</p> <ul style="list-style-type: none"> Financial institutions should be required to perform CDD measures on existing clients and to conduct due diligence on existing relationships at appropriate times. Financial institutions should also be required to review and consider closing existing accounts where due diligence is inadequate against the requirements of Recommendation 5. 	<p>Proceeds of Crime (Anti-Money Laundering) Guidelines address the issue of 'Identification procedures'. Identification and verification procedures are also currently enforced by financial institutions. Presently financial institutions in Grenada require two to three pieces of identification; proof of address i.e. a utility bill to verify same; a reference letter from another financial institution or a job letter; A questionnaire is required to be filled out by the customer, with regard to proposed monthly or expected activities on the account. Background checks/ verification of information is done through a swift Alliance programme which is a secure network for transmitting wire transfer messages between them. This method is quick and reliable.</p> <p>Due diligence measures are undertaken by financial institutions. Compliance Officers are mandated to ensure that all documents submitted by customers are accurate and complete, this information is verified and kept.</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution.</p> <p>This would invariably address all comments under this recommendation.</p>
6. Politically exposed persons	NC	<ul style="list-style-type: none"> No requirement for financial institutions to have appropriate risk management systems to determine whether a potential customer, a customer or the beneficial owner is a PEP. 	<ul style="list-style-type: none"> Financial institutions should be required to have appropriate risk management systems to determine whether a potential customer, a customer or the beneficial owner is a PEP. 	<p>Part III of the Proceeds of Crime (Anti-money laundering and Terrorist Financing Guidelines 2012 address this Recommendation</p> <p>Section 24 (1) (a) stipulates that Financial Institutions should ensure that the necessary provisions are in place for the identification of PEPS.</p>

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				<p>The Explanatory notes gives a guide as to what must be considered as indicators in establishing whether or not a customer is a PEP. They are as follows :-</p> <ul style="list-style-type: none"> - Country of origin of the customer; - The stability of the country of origin and whether it is prone to corruption and other criminal activities such as abduction and kidnapping for ransom; - Whether the country of origin is cash based; - Whether the country of origin has in place adequate AML/CFT measures, including “know your customer” requirements; - Where large amounts are presented for establishing the business relationship, the form in which they are presented; - Whether the country of origin is under any established sanction, embargo or other restriction or whether any such sanction, embargo or other restriction is specifically imposed on the customer, (entities and professionals are encouraged to conduct regular checks of the Gazette to note any new lists on the UN and EU sanctions and embargo regimes, including modifications thereto). <p>Guidelines - Section 24 (1)(c)(f) provides for this requirement</p> <p>Guidelines - Section 24 (1) (b) address requirement</p>
		<ul style="list-style-type: none"> • No requirement for financial institutions to obtain senior 	<ul style="list-style-type: none"> • Financial institutions should be required to obtain senior 	

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		<p>management approval for establishing a business relationship with a PEP or continuing one with a customer who becomes a PEP.</p> <ul style="list-style-type: none"> • No requirement for financial institutions to take reasonable measures to establish the source of wealth and the source of funds of customers and beneficial owners identified as PEPs. • No requirement for financial institutions to conduct enhanced ongoing monitoring on relationships with PEPs 	<p>management approval for establishing a business relationship with a PEP or continuing one with a customer who becomes a PEP.</p> <ul style="list-style-type: none"> • Financial institutions should be required to take reasonable measures to establish the source of wealth and the source of funds of customers and beneficial owners identified as PEPs. • Financial institutions should be required to conduct enhanced ongoing monitoring on relationships with PEPs. • Grenada should undertake steps to sign the 2003 United Nations Convention against Corruption. 	<p>Guidelines - Section 24 (1) (d) addresses requirement</p> <p>Financial Institutions have implemented additional internal guidelines and measures to strengthen their compliance in this area. For e.g. an account for a PEP will not be opened unless it is approved at a Senior Managerial Level. Clear guidelines are set to determine the persons who fall within this category and the treatment given to them by the financial institution.</p> <p>Grenada is a member of the OAS Convention against Corruption and also is presently Vice Chair of the Committee of Experts of the MESICIC.</p> <p>However, Grenada is contemplating the signing of the United Nations Convention against Corruption in order to fully comply with FATF's requirements.</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution.</p> <p>This would invariably address all comments under this recommendation.</p>
7. Correspondent banking	NC	<ul style="list-style-type: none"> • No requirement for financial institutions to gather sufficient information about a respondent institution to understand the 	<ul style="list-style-type: none"> • Financial institutions should be fully aware and document a respondent institution's circumstances: - this should include details of its business, 	<p>Proceeds of Crime (Anti-money laundering and Terrorism Financing) Guidelines SRO 6 of 2012. Gazetted on Friday 17th February, 2012 addresses all requirements of this recommendation.</p>

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		<p>nature of the respondent's business and to determine from publicly available information the reputation of the institution and the quality of supervision.</p> <ul style="list-style-type: none"> • No requirement for financial institutions to have written procedures to obtain and assess the anti-money laundering procedures and CDD procedures of a respondent institution. • No requirement for financial institutions to obtain approval from senior management to establish new correspondent relationships in all cases. • No requirement for financial institutions to document the respective AML/CFT responsibilities of each institution in cross-border correspondent relationships • No requirement for financial institutions to be satisfied that respondent financial institutions have performed all the normal CDD obligations on customers who have access to "payable-through accounts" and can 	<p>management, regulated status and other information that may be publicly available or available upon request for the purposes of establishing a relationship.</p> <ul style="list-style-type: none"> • Financial institutions should be required to have written procedures to obtain and assess the anti-money laundering procedures and CDD procedures of a respondent institution. • Financial institutions should be required to obtain approval from senior management to establish new correspondent relationships in all cases. • Financial institutions should document the respective AML/CFT responsibilities of each institution in cross-border correspondent relationships • Financial institutions should be satisfied that respondent financial institutions have performed all the normal CDD obligations on customers who have access to "payable-through accounts" and can provide relevant customer 	<p>Guidelines Section 37 (1) (b) sufficiently addresses</p> <p>Proceeds of Crime (anti-money laundering Guidelines 2012, Section 37 (1) d) requires that Banks ensure that senior management approval is obtained before entering into a new correspondent banking relationship</p> <p>Guidelines - Section 37 (f) applies to this requirement</p> <p>Guidelines – Section 37 (g) applies to this requirement</p> <p>The latter part of Paragraph 51 should be corrected to say read, "given the status of the AML/CFT Guidelines only one of the examiners recommendations has <u>not</u> been met."</p> <p>AML Guidelines is awaiting the opening of the next session of</p>
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		provide relevant customer identification data upon request	identification data upon request.	parliament to be confirmed by negative resolution. This would invariably address all comments under this recommendation.
8. New technologies & non face-to-face business	NC	<ul style="list-style-type: none"> No requirement for financial institutions to have policies in place that mitigate the misuse of technological developments by money laundering and/or terrorist financing schemes. No requirement for financial institutions to have written procedures and a suitably robust risk management framework that mitigates the risks associated with non-face to face transactions. Measures for mitigating risks should include specific and effective CDD procedures that apply to non-face to face customers 	<ul style="list-style-type: none"> Financial institutions should be required to have policies in place that mitigate the misuse of technological developments by money laundering and/or terrorist financing schemes. Financial institutions should be required to have written procedures and a suitably robust risk management framework that mitigates the risks associated with non-face to face transactions. Measures for mitigating risks should include specific and effective CDD procedures that apply to non-face to face customers. 	<p>Proceeds of Crime (anti-money laundering and Terrorist Financing) Guidelines 2012 provides for non face business relationships</p> <p>Section 31 (4) states that where identity is verified electronically or copies of documents are relied on in relation to a non-face to face application for business, an entity or a professional shall, in the absence of the application of section 21(8) apply an additional verification check, including the enhanced customer due diligence measures, to manage the potential risk of identity fraud.</p> <p>Guidelines – Section 31 (2) & (3) and Section 21 (8) applies with respect to non-face to face business relationships.</p> <p>Additionally Financial institutions also have their own internal procedure to govern this area. Documents relating to non face to face business must be original and must be notarized, and must emanate from the holder of an account at the Bank. A letter signed by the customer can be faxed to the financial institution requesting a particular transaction to be carried out; an officer at the financial institution must be able to identify the customer. However the financial institution must receive the original letter within two weeks of the receipt of the faxed letter.</p>

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				<p>In addition some financial institutions have established their own 'risk assessment department' whose function to ensure that requirements of the Guidelines and the FATF 40 plus nine recommendations are adhered to. This department is headed by a Manager who is charged with the responsibility of ensuring the effective day to day operations of the department as it relates to AML/CFT.</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution.</p> <p>This would invariably address all comments under this recommendation.</p>
9. Third parties and introducers	NC	<ul style="list-style-type: none"> No requirement for financial institutions relying upon a third party to immediately obtain from the third party the necessary information concerning certain elements of the CDD process (criteria 5.3 to 5.6) No requirement for financial institutions to take adequate steps to satisfy themselves that copies of identification data and other relevant documentation relating to CDD requirements will be made available from the third party upon request without delay No requirement for financial 	<ul style="list-style-type: none"> Financial institutions should be required to immediately obtain from introducers the necessary information concerning certain elements of the CDD process (criteria 5.3 to 5.6). Financial institutions should be required to test agreements with third parties to ensure that CDD held satisfies the provisions of Recommendations 5 and 10. This testing should also confirm whether information can be provided by the third party without delay. Financial institutions should be 	<p>Proceeds of Crime (anti-money laundering and Terrorist Financing) Guidelines 2012 and Proceeds of Crime (Anti-Money Laundering and Terrorist Financing) Regulations SRO 5 of 2012 addresses.</p> <p>Guidelines - Section 33 sufficiently applies. p. 93</p> <p>Regulations – Regulation 7, sub-regulation (4) and (5) applies to these recommendations - p.10</p> <p>Guidelines - Section 33 (3) (b) applies - p.93</p>

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		<p>institutions to satisfy themselves that the third party is regulated and supervised (in accordance with Recommendations 23, 24 and 29) and has measures in place to comply with the CDD requirements set out in R.5 and R.10</p> <ul style="list-style-type: none"> • Unable to assess whether competent authorities in determining the list of countries that are recognized as having AML regimes equivalent to Grenada, used information as to whether these countries adequately applied FATF standards • No specific provision that ultimate responsibility for customer identification and verification remain with the financial institution relying on the third party. 	<p>required to satisfy themselves that the third party is regulated and supervised in accordance with Recommendations 23, 24 and 29.</p> <ul style="list-style-type: none"> • Competent authorities should consider the issuance of a list of jurisdictions that adequately apply the FATF Recommendations, for third parties that may operate in foreign jurisdictions. • Amendment to legislation or guidance to stipulate that the verification and identification of a client remains the responsibility of the financial institution, regardless of whether or otherwise it has relied on a third party to conduct the verification and identification of the client 	<p>Guidelines applies - Schedule II - Recognized jurisdictions at p. 152</p> <p>Guidelines - Section 33 - p.93</p>
10. Record keeping	LC	<ul style="list-style-type: none"> • No legislation to require financial institutions to maintain records of account files and business correspondence for a period of at least five years after the completion of a business relationship. 	<ul style="list-style-type: none"> • Amend legislation to require financial institutions to maintain records of account files and business correspondence for a period of at least five years after the completion of a business relationship. 	<p>Proceeds of Crime (anti-money laundering) Guidelines 2012 Part VI Section 47 Sub-section (1)</p> <p>- requires that the minimum retention period of records to be five year after the transaction has been completed or deemed to have been completed. p. 117</p>

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11. Unusual transactions	NC	<ul style="list-style-type: none"> No requirement for financial institutions to examine the background and purpose of large, complex and unusual transactions or unusual patterns of transactions that have no apparent or visible economic or lawful purpose and to set forth their findings in writing. No requirement to maintain written records from the findings of reviews of complex, unusually large or unusual patterns of transactions for competent authorities for at least five years 	<ul style="list-style-type: none"> Guidance and legislation should be amended to require financial institutions to examine the background and purpose of all complex, unusual large transactions or unusual patterns of transactions that have no apparent or visible economic or lawful purpose and to set forth their findings in writing. Guidance and legislation should be amended to require financial institutions to retain written findings from the review of complex, unusually large or unusual patterns of transactions for no less than five years. 	<p>Proceeds of Crime (anti-money laundering) Guidelines 2012 Section 22, 23 and 47 (1) applies</p> <p>Proceeds of Crime (Anti-money laundering) Regulations 8,9 & 10 also applies</p> <p>Section 15 (2) (h) applies Section 15 (2) (i) applies</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution.</p> <p>This would invariably address all comments under this recommendation.</p>
12. DNFBP – R.5, 6, 8-11	NC	<ul style="list-style-type: none"> Dealers in precious metals and precious stones are not included in the AML/CFT regime Deficiencies identified for financial institutions with regard to Recs. 5, 6, 8 to 11 are also applicable to DNFBPs. 	<ul style="list-style-type: none"> Deficiencies identified for financial institutions with regard to Recs. 5, 6, 8 to 11 are also applicable to DNFBPs. Specific recommendations in the relevant sections of this report will also apply to DNFBPs. 	<p>The Proceeds of Crime (Anti-money-laundering) Guidelines 2012 refers to DNFBP's.</p> <p>DNFBP's are construed in its definition as Entities. The meaning of "Entity" as outlined in the Guidelines is, a person in a relevant business within the meaning of regulations 2(1) of the Anti-money Laundering and Terrorism Financing Regulations 2012. It includes a person that is regulated by the Commission by virtue of the Proceeds of Crime Act and any other enactment; or a non-financial business designated by the Commission.</p> <p>Additionally, Section 4 of the Guidelines, under "General</p>

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		<ul style="list-style-type: none"> • Lack of awareness of requirements by DNFBP resulting in ineffective implementation of AML/CFT obligations 	<ul style="list-style-type: none"> • Authorities should consider specific training and/or awareness programs to educate DNFBPs about AML/CFT requirements 	<p>Application” seeks to address this recommendation. Regulated and non regulated entities are clearly defined. Further, the POCA empowers the Commission to designate other businesses which are considered vulnerable to activities of money laundering and terrorist financing and thus fall within the definition of entity.</p> <p>The Regulations captures the entire host of relevant businesses (as required by FATF Recommendations) under Regulation 1. Sub-regulation (k) specifically lists the business of dealing in jewelry, precious metals or precious stones when such transactions involves accepting a cash payment of fifteen thousand dollars or more or the equivalent in any other currency.</p> <p>The Authority is aware that specific training is required to plan and effectively administer education programs and as such, Grenada has submitted its list of training needs to the CFATF for consideration. The list also includes assistance in carrying out risk assessment of DNFBP’s; and training workshops for of DBFBP’s and Inspectors.</p> <p>A workshop for DNFBP was held on July 9 & 10, 2012. There was also radio and television programmes and interviews on the importance of AML/CFT Compliance</p> <p>Legislative machinery is now in place through the Regulations and Guidelines which now includes Dealers in precious metals and precious stones. Thus subjecting them to AML/CFT requirements in accordance with FATF Standards.</p> <p>Training Workshop was also held for prospective Supervisors on carrying out effective on-site examinations on July 11-13,</p>
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			<ul style="list-style-type: none"> Dealers in precious metals and precious stones should be subject to AML/CFT requirements in accordance with FATF standards 	<p>2012. The funding was provided by CFATF and the Economic Partnership Agreement (EPA), Ministry of Finance.</p> <p>Provision in the Regulations and Guidelines are also applicable to Recommendations 5,6,8-11</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution.</p> <p>This would invariably address all comments under this recommendation.</p>
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13. Suspicious transaction reporting	NC	<ul style="list-style-type: none"> • The obligation to submit suspicious transaction reports does not apply to the proceeds of all FATF predicate offences. • Requirement to report STRs relating to the financing of terrorism is discretionary and does not include funds used for terrorism or by terrorist organisations or those who finance terrorism • No requirement to report all suspicious transactions including attempted transactions regardless of the amount of the transaction. • No requirement to report suspicious transactions regardless of whether they are thought, among other things to involve tax matters. • The reporting of suspicious transactions is ineffective. 	<ul style="list-style-type: none"> • The authorities should extend the range of predicate offences for ML to include all the FATF designated categories of offences by criminalising trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy and the terrorist financing offence of providing or receiving money or other property in support of terrorist acts. • The TA should be amended to make the reporting of suspicious transactions relating to financing of terrorism mandatory and include funds used for terrorism or by terrorist organisation or those who finance terrorism • All suspicious transactions, including attempted transactions should be legislatively required to be reported regardless of the amount of transaction • The requirement to report suspicious transactions should apply regardless of whether they are thought, among other things to involve tax matters. 	<p>Section 38 of POCA No. 6 of 2012 addresses provides for Mandatory Reporting of Suspicious Transactions and POCA SCHEDULE lists the Designated categories of offences. The list also includes Terrorism and Terrorism Financing.</p> <p>The Terrorism Bill has been passed in the Lower houses of Parliament and is now awaiting passage in the Upper house. It anticipated that the Bill should be enacted before the end of the 1st Quarter 2012.</p>
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14. Protection & no tipping-off	PC	Tipping off offence does not include disclosure of the fact that a STR concerning money laundering is being reported or provided to the FIU	<ul style="list-style-type: none"> • The POCA, 2003 should be amended to extend the tipping off offence to include disclosure of the fact that a STR concerning money laundering is being reported or provided to the FIU 	<p>Section 39 of POCA No. 6 of 2012 sufficiently addresses tipping-off</p> <p>DOPCA also prohibits tipping-off</p>
15. Internal controls, compliance & audit	NC	<p>No requirement for financial institutions to establish and maintain internal procedures, policies and controls to prevent money laundering and financing of terrorism.</p> <p>No requirement for financial institutions to develop appropriate compliance management arrangements which include at a minimum the designation of an AML/CFT compliance officer at management level is not enforceable.</p> <p>No requirement for AML/CFT compliance officer and other appropriate staff to have timely access to customer identification data and other CDD information, etc is not enforceable.</p> <p>No requirement for financial institutions to maintain an adequately resourced and independent audit function to test compliance with the procedures,</p>	<ul style="list-style-type: none"> ○ All financial institutions should be required to establish and maintain internal procedures, policies and controls to prevent money laundering and financing of terrorism. ○ The requirement for financial institutions to develop appropriate compliance management arrangements which include at a minimum the designation of an AML/CFT compliance officer at management level should be enforceable. ○ The requirement for AML/CFT compliance officer and other appropriate staff to have timely access to customer identification data and other CDD information, etc should be enforceable. ○ Financial institutions should be required to maintain an adequately resourced and independent audit function to test compliance with the 	<p>The Regulations and Guidelines address internal control, compliance and audit. The General requirements of the Regulations 2012 provides for absolute compliance in conducting relevant business by a relevant person as stated in Regulation 3.</p> <p>Regulation 13 speaks to the duty of the entity or professional to appoint a Money Laundering Reporting Officer or compliance officer of sufficient seniority to perform the functions reposed on a Money Laundering Reporting Officer under the AML Guidelines and Regulations</p> <p>In accordance with the Regulations, the Compliance Officer shall have access to all relevant information and material of the relevant person to enable him to perform the functions given to him under the Guidelines and Regulations 2012</p> <p>Part II – Section 12 (4) of the Guidelines applies.</p> <p>Financial Institutions are required by law to establish and maintain internal procedures policies and controls to prevent ML/TF. Further all licenced financial institutions are also required by the ECCB and their individual head offices to institute their own policies and internal procedures and guidelines to govern and protect their institutions against ML/TF.</p>

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		<p>policies and controls.</p> <p>No requirement for financial institutions to train all staff on an ongoing and regular basis to ensure that employees are aware of money laundering and terrorist financing mechanisms, as well as the requirements of anti-money laundering and counter-terrorist financing laws and their obligations under these laws.</p> <p>The requirement for financial institution to put in place screening procedures to ensure high standards when hiring employees is not enforceable.</p>	<p>procedures, policies and controls.</p> <p>All financial institutions should be required to train all staff on an ongoing and regular basis to ensure that employees are aware of money laundering and terrorist financing mechanisms, as well as the requirements of anti-money laundering and counter-terrorist financing laws and their obligations under these laws.</p> <p>The requirement for financial institution to put in place screening procedures to ensure high standards when hiring employees should be enforceable.</p>	<p>Requirement to provide frequent training or at least once a year, for all staff and directors or partners, as the case may be, is addressed in Regulation 16 to ensure that they are aware of the provisions of the AML Regulations, Proceeds of Crime Act, the Terrorism Act, the Guidelines and any other enactment from time to time, relating to money laundering and terrorism financing; and all other requirements as stated in Regulation 16 . Failure to comply would result in offences and penalties as stipulated by Regulation 17.</p> <p>Training is provided for staff in this area which covers topics such as ‘a basic introduction to money laundering’, ‘money laundering legislation – The Proceeds of Crime Act 2003; The Proceeds of Crime (Anti-Money Laundering Regulations 2003 and The Anti-Money Laundering Guidelines 2003, ‘The risks associated with money laundering’ etc.....</p> <p>Staff receives ongoing training through local and regional workshops and seminars.</p> <p>Section 51 of The Guidelines addresses this requirement.</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution.</p> <p>This invariably addresses all comments under this recommendation.</p>
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16. DNFBP – R.13-15 & 21	NC	<ul style="list-style-type: none"> Dealers in precious metals and precious stones are not included in the AML/CFT regime Deficiencies identified for financial institutions with regard to Recs. 13 to 15 and 21 are also applicable to DNFBPs. Lack of awareness of requirements by DNFBP resulting in ineffective implementation of AML/CFT obligations 	<ul style="list-style-type: none"> Deficiencies identified for financial institutions with regard to Recs. 13 to 15 and 21 are also applicable to DNFBPs. Specific recommendations in the relevant sections of this report will also apply to DNFBPs. Authorities should consider specific training and/or awareness programs to educate DNFBPs about AML/CFT requirements Dealers in precious metals and precious stones should be subject to AML/CFT requirements in accordance with FATF standards 	<p>The Proceeds of Crime (Anti-money-laundering) Guidelines 2012 also refers to DNFBP's.</p> <p>DNFBP's are construed in its definition as Entities. The meaning of "Entity" as outlined in the Guidelines is, a person in a relevant business within the meaning of regulations 2(1) of the Anti-money Laundering and Terrorism Financing Regulations and for the avoidance of doubt, it includes a person that is regulated by the Commission by virtue of the Proceeds of Crime Act and any other enactment; or a non-financial business designated by the Commission.</p> <p>The Regulations captures the entire host of relevant businesses (as required by FATF Recommendations) under Regulation 1, and sub-regulation (k) specifically lists the business of dealing in jewelry, precious metals or precious stones.</p> <p>With the enactment of POCA, Guidelines and Regulations. Awareness and Training has now become a high priority for the Commission. A request for assistance with training of DNFBP's and Inspectors has been made to CFATF. The Commission awaits a definite response. It is anticipated that this should be achieved before the end of the 2nd quarter, 2012.</p> <p>Moreover, Compliance with POCA Regulations and Guidelines is equally applicable to R. 13-15 & 21</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution.</p> <p>This would invariably address all comments under this recommendation.</p>
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17. sanctions	PC	<ul style="list-style-type: none"> Sanctions under the POCA and MLPA are inconsistent in severity. Additionally, the application of sanctions has to go through the courts and no broad range of sanctions are available for breaches of statute. 	<ul style="list-style-type: none"> Authorities should amend the POCA and the MLPA to ensure that sanctions are consistent and broad in range. 	Schedule IV (p. 164) of the Guidelines and Regulations 17, addresses offences and penalties.
18. Shell banks	NC	<ul style="list-style-type: none"> No provision to prevent the establishment of a shell bank. No provision applicable to financial institutions to prevent them from entering into or continuing correspondent relationships with shell banks. No requirement for financial institutions to satisfy themselves that respondent financial institutions in a foreign country do not permit their accounts to be used by shell banks. 	<ul style="list-style-type: none"> Legislative amendments should be effected to prohibit the establishment and licensing of a shell bank. The amendment should also require an entity licensed under the Offshore Banking Act, 2003 to have its mind and management within Grenada. Amend legislative provisions to prevent financial institutions from entering into or continuing correspondent relationships with shell banks. Amend legislation to require financial institutions to satisfy themselves that respondent financial institutions in a foreign country do not permit their accounts to be used by shell banks. 	<p>Provision to prevent the establishment of Shell Bank is made under Section 36 (1)(a) of the Guidelines</p> <p>Guidelines Section 37 (1) (a) applies</p> <p>Guidelines Sections 37 applies</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution.</p> <p>This would invariably address all comments under this recommendation.</p>
19. Other forms of reporting	NC	<ul style="list-style-type: none"> The authorities have not considered the feasibility and utility of implementing a system where financial institutions report all transactions in currency above a fixed threshold to a national 	<ul style="list-style-type: none"> Competent authorities should consider the feasibility and utility of implementing a system where financial institutions report transactions in currency above a prescribed threshold to a centralised 	<p>Guidelines 2012 applies - Cabinet directed that the FIU be designated as the authority under which every Financial Institutions report all transactions in currency above the threshold of EC\$50,000.</p> <p>The FIU will then be responsible for dealing with both SARs</p>

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		central agency.	national authority.	and LCTRs. This requirement will be incorporated into the guidelines in order to satisfy this recommendation.
20. Other NFBP & secure transaction	PC	<ul style="list-style-type: none"> Unable to assess whether consideration has been given to apply FATF recommendations to non-financial businesses and professions other than DNFBPs 		<p>Guidelines 2012 applies to all entities.</p> <p>Section 4 of the guidelines applies</p>
21. Special attention for higher risk countries	NC	<ul style="list-style-type: none"> Requirement for financial institutions to pay special attention, to business relationships and transactions with persons from or in countries which do not or insufficiently apply the FATF Recommendations is not enforceable. No measures to ensure that financial institutions are advised of concerns about the weaknesses in the AML/CFT systems of other countries. 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 	<ul style="list-style-type: none"> Mandatory requirements should be imposed on financial institutions to pay special attention, to business relationships and transactions with persons from or in countries which do not or insufficiently apply the FATF Recommendations. Effective measures should be put in place to ensure that financial institutions are advised of concerns about the weaknesses in the AML/CFT systems of other countries. Financial institutions should be required to examine transactions with no apparent economic or visible lawful purpose from countries which do not or insufficiently apply the FATF Recommendations and make 	<p>The Guidelines 2012, Section 22 (3), (4) provides for additional measures which should be adopted by an entity or professional , with respect to higher risk business relationships or transactions as are necessary.</p> <p>Part VIII of the Guidelines also applies</p> <p>Section 54 (5) of the Guidelines applies</p> <p>Section 47 (2) of POCA No. 3 of 2003 requires <u>every</u> Financial Institution or persons engaged in business activity to pay particular attention to all complex, unusual or large transactions whether completed or not and to all unusual patterns of transactions, and to insignificant but periodic patterns of transactions, which have no apparent economic or</p>

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		<p>make written findings of such available to assist competent authorities.</p> <ul style="list-style-type: none"> Authorities in Grenada are not able to apply appropriate counter-measures where a country continues not to apply or insufficiently applies the FATF Recommendations 	<p>written findings of such available to assist competent authorities.</p> <p>Authorities in Grenada should be empowered to apply appropriate counter-measures where a country continues not to apply or insufficiently applies the FATF Recommendations</p>	<p>lawful purpose.</p> <p>Section 54(4) of the Guidelines applies</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution.</p> <p>This would invariably address all comments under this recommendation.</p>
22. Foreign branches & subsidiaries	NC	<ul style="list-style-type: none"> The requirement for financial institutions to ensure that their foreign branches and subsidiaries observe anti-money laundering and counter terrorist financing measures consistent with Grenada is not enforceable. No requirement for financial institutions to pay particular attention to foreign branches and subsidiaries in countries which do not or insufficiently apply the FATF Recommendation to ensure they observe measures consistent with home country requirements and the FATF Recommendations. No requirement for branches and subsidiaries of financial 	<ul style="list-style-type: none"> The requirement for financial institutions to ensure that their foreign branches and subsidiaries observe anti-money laundering and counter terrorist financing measures consistent with Grenada should be enforceable. Financial institutions should be required to pay particular attention to foreign branches and subsidiaries in countries which do not or insufficiently apply the FATF Recommendation to ensure they observe measures consistent with home country requirements and the FATF Recommendations. Branches and subsidiaries of financial institutions in host 	<p>Section 55 (1) of the Guidelines provides for this recommendation</p> <p>Section 55 (2) applies</p> <p>Section 55 (3) applies</p>

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		<p>institutions in host countries to apply the higher standard where minimum AML/CFT requirements of the home and host countries differ.</p> <ul style="list-style-type: none"> No requirement for financial institutions to inform their home supervisor when a foreign branch or subsidiary is unable to observe appropriate anti-money laundering and counter-terrorist financing measures because it is prohibited by the host country's laws, regulations or other measures. 	<p>countries should be required to apply the higher standard where minimum AML/CFT requirements of the home and host countries differ.</p> <ul style="list-style-type: none"> Financial institutions should be required to inform their home supervisor of when a foreign branch or subsidiary is unable to observe appropriate anti-money laundering and counter-terrorist financing measures because it is prohibited by the host country's laws, regulations or other measures. 	<p>Section 55(5) applies</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution.</p> <p>This would invariably address all comments under this recommendation.</p>
23. Regulation, supervision and monitoring	PC	<ul style="list-style-type: none"> Limited number of inspections by ECCB in the last four years is ineffective to ensure compliance of its licensees. No indication in law that fitness and probity checks on directors, shareholders, management of licensees, is a requirement for the licensees of the ECSRC. No requirement in law for fitness 	<ul style="list-style-type: none"> The ECCB should review its inspection program to ensure effective compliance of its licensees with AML/CFT obligations Legal provisions should be enacted for fitness and probity checks on directors, shareholders, and management of licensees of the ECSRC and GARFIN. 	<p>The ECCB's last Guidance Notes for Licensed Financial Institutions was issued May 1995.</p> <p>Letter dated 6th February was sent from the Ministry of Finance (on behalf of the Minister for Finance), to the Governor, ECCB, advising that the subject at recommendation 17, 23 and 29, would be placed on the agenda of the upcoming meeting of Attorneys General and Financial Secretaries and the Monetary Council since they were of particular concern to the ECCU region. The concern being that there was presently no mechanism in place to ensure that ECCB adheres to the AML/CFT legislation having regard to ECCB's level of monitoring and inspection of banks.</p> <p>While section 201 of the IA No. 5 of 2010 covers the</p>

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		and probity checks on directors, shareholders, management of licensees, is a requirement for the licensees of GARFIN		<p>requirements of fitness and probity checks on Insurance applicants, licencees including principal representatives of foreign companies, the act also stipulates that shareholders are not required to have control of more than twenty percent of the voting rights of a local insurance company. Indeed this controls shareholders. According to Section 204, the company <u>shall</u> submit quarterly reports to the Supervisor of all the names and addresses of persons who owns five percent or more of the total voting rights.</p> <p>The section further states that it is therefore an offence to hold more than 20% voting rights and the shareholder is subject to a penalty upon summary conviction.</p> <p>Already in place by GARFIN (s.5(2)(3) and the Banking Act section 26 Also in place is the Insurance Act No. 5 of 2010 section 201 and the Money Services Business Act Schedule II Form B.</p> <p>Money transfer operators are subject to the Money Services Business Act No. 10/2009 and therefore under the supervisory authority of GARFIN. All operators have been properly licenced.</p> <p>There are three (3) Money Transfer Operators in Grenada. GARFIN has conducted its first inspection of money services business during the 2nd quarter of 2011. Other scheduled visits will take place during the 3rd quarter 2011. The other two entities are scheduled between September and November 2011.</p>
		<ul style="list-style-type: none"> No supervisory regime and by extension, no reporting obligations are in place for money service business. 	<ul style="list-style-type: none"> Money value transfer service operators should be subject to effective systems for monitoring and ensuring compliance with national AML/CFT requirements 	

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				<p>Money Services Operators are monitored by GARFIN under the Money Services Business Act No. 10, 2009. Reporting is being established and training is also being conducted by GARFIN.</p> <p>GARFIN has conducted inspection on all but one Money Services Operators for 2011.</p> <p>During the month of February 2012, GARFIN received training provided by the World Bank in the regulation of Money Service Operators.</p>
24. DNFBP - regulation, supervision and monitoring	NC	<ul style="list-style-type: none"> Dealers in precious metals and precious stones are not included in the AML/CFT regime There is no designated competent authority with responsibility for monitoring and ensuring compliance of the DNFBPs with the AML/CFT requirements. 	<ul style="list-style-type: none"> The authorities should designate a competent authority with the responsibility for monitoring and ensuring compliance of DNFBPs with AML/CFT requirements. Dealers in precious metals and precious stones should be subject to AML/CFT requirements in accordance with FATF standards 	<p>The Guidelines 2012 addresses this requirement.</p> <p>Supervision and monitoring of DNFBP's would be done by the FIU and Staff of the AML /CFT Commission formerly known as the (Supervisory Authority) after the necessary technical assistance and training is sourced. This is expected by the end of the 3rd Quarter of 2012.</p> <p>Training was obtained from CFATF and a Facilitator was sent to Grenada to administer training in two workshops which was held in July 2012 as follows :-</p> <ol style="list-style-type: none"> 1. AML/CFT Awareness for DNFBP's – July 9 & 10, 2012. 2. Training of Financial and DNFBP Supervisors – July 11-13, 2012. <p>There were media coverage, news and reviews for the entire period on AML requirements in accordance with FATF Standards. All DNFBP sectors were represented. The Office of the AML Commission and the FIU is open to ongoing</p>

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				consultations/clarification from these entities and professionals as needs arise.
25. Guidelines & Feedback	PC	<ul style="list-style-type: none"> • The FIU has not provided consistent feedback on suspicious transaction reports filed by financial institutions. • • Guidelines do not include instructions covering terrorist financing 	<ul style="list-style-type: none"> • The FIU should provide financial institutions and DNFBPs with consistent feedback on filed suspicious transaction reports. • The Guidelines should include specific instructions relating to the requirements for combating the financing of terrorism 	<p>The FIU holds meetings with Financial Institutions who would have reported SARS to the Unit on a monthly basis to give face to face feedback on the progress of its investigations.</p> <p>Section 8 of Guidelines 2012 applies</p> <p>The objectives of the Guidelines are to outline the relevant requirements of the laws of Grenada with respect to the detection and prevention of money laundering; to ensure that every entity and professional puts in place appropriate systems and controls to detect and prevent money laundering and terrorist financing;; to provide guidance to every entity and professional in interpreting, understanding and appropriately applying the requirements of the Anti-money Laundering and Terrorist Financing Regulations and the Guidelines; to assist every entity and professional in developing necessary measures to ensure the adoption of adequate screening procedures and processes with respect to employees, the appropriate training of employees and fitness and appropriateness of the professionals and of the management of an entity. The guidelines also assist in promoting the use of an appropriate and proportionate risk-based approach to the detection and prevention of money laundering and terrorist financing, especially in relation to ensuring adequate customer due diligence,</p> <p>That measures adopted to effectively deal with such activities are commensurate with the risk identified and finally that more efficient and effective use of resources to minimize burdens on customers.</p>

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				Essentially the Guidelines supplement the provisions of the DAPCA 1992, POCA 2012, the FIU Act 2012, the Terrorism Act 2012 and the Anti-money Laundering and Terrorist Financing Regulations (AML/TFR) 2012.
Institutional and other measures				
26. The FIU	LC	<ul style="list-style-type: none"> Annual reports do not include analysis of typologies and trends The increasing number of ongoing investigations suggests that the FIU is not performing effectively 	<ul style="list-style-type: none"> The authorities should act promptly in appointing a FIU Director. The absence of a director significantly hampers the functioning of the Unit. There should be specified grounds for the removal of the director. The annual report of the FIU should include an analysis of trends and AML/CFT typologies. The FIU along with the Supervisory Authority should consider undertaking an education drive in order to inform reporting parties and the general public on various typologies and trends and other matters related to AML/CFT. The FIU should consider reviewing its work processes so that there are unambiguous roles between analysts and investigators and in doing so 	<p>Section 15 of draft FIU Bill Cabinet have since approved the appointment of a Director of FIU with effect from 1st June, 2009. The Officer has since been functioning in the capacity.</p> <p>The FIU Bill has passed all stages in the Lower houses of Parliament and is awaiting passage in the Upper house. It is proposed that the Bill will be enacted by March 2012. The Bill sufficiently applies to all requirements of this recommendation.</p> <p>Section 16 of new drafted FIU Bill</p> <p>Clause 18 of new drafted FIU Bill</p> <p>A slot is secured on Government Information Service (GIS) Television and “Wee FM” Radio where live weekly programming is aired; Section 6 of draft FIU Bill Regular weekly programming/interviews continues hosted by different FIU Officers each week (2009-present)</p> <p>The second Schedule of the FIU Report deals with analysis of trends and Typologies</p> <p>Section 9 of draft FIU Bill.</p>

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			<p>consideration should be given to sourcing additional specialized training for financial intelligence analysts.</p> <ul style="list-style-type: none"> 	<p>Presently there is one analyst and one other person is being groomed.</p> <p>This is ongoing. Programmes are aired every Wednesdays on GIS TV.</p> <p>Whenever the FIU observes certain new trends and typologies the Institutions are informed by way of letters and in some cases during monthly meetings.</p> <p>Training has been sought through the US and the FIU has one person involved in analytic work.</p>
27. Law enforcement authorities	LC	<ul style="list-style-type: none"> The decision to postpone or waive the arrest of suspected persons and/or the seizure of money is taken on a case by case basis and is not laid down in any law or procedure 	<ul style="list-style-type: none"> Competent authorities should consider developing a standard operating procedure, delineating the parameters within which they should operate when the decision is made to postpone or waive the arrest of suspected persons and/or the seizure of money or to use special investigative techniques. Greater priority should be given to the investigation of ML / TF cases by the Police and the DPP's Office. 	<p>Further discussions were planned to determine specific measures in these areas</p> <p>Already in place. There is one person specifically appointed at the DPP's Office to deal with ML/TF cases. She is presently being trained by a UK expert in that field from UKSAT (United Kingdom Security Advisory Team)</p> <p>Officers attached to the FIU have received specific training by UKSAT in this area and have also worked closely with them on related investigations. During 2009- 2010 officers also received training in financial investigation at the Regional Police Training Centre in Jamaica. Other workshops attended were :</p> <ul style="list-style-type: none"> Sub-regional workshop for Caribbean on Counter Terrorism

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				<p style="text-align: right;">Financing, - June 2010 – Bahamas;</p> <ul style="list-style-type: none"> ▪ Combating Counterfeit products – Trinidad – Sept. 2010. <p>Between February and March 2011, two officers will receive training in Financial Investigation and suspect interview.</p> <p>During 2011 one Officer was seconded on a 2-months attachment programme (October-December) to St. Vincent FIU. Area of concentration was techniques and procedures in financial investigation.</p>
28. Powers of competent authorities	LC	<ul style="list-style-type: none"> • Unable to assess whether the RGPF has specific legislative power to take witness statements. 		<p>The Police Act Cap. 244 of the 1990 laws of Grenada, and Section 22 (3) and <u>Judges Rules of 1989</u> gives the RGPF general powers to investigate crime including the power to take witness statements.</p> <p>Copy of Royal Grenada Police Force – Judges’ Rule and Other Administrative Directions (Grenada) 1989 is attached</p>
29. Supervisors	LC	<ul style="list-style-type: none"> • GARFIN’s powers of enforcement and sanctions are inadequate since there are no ladder of enforcement powers 	<ul style="list-style-type: none"> • The GARFIN Act should be amended to provide for ladder of enforcement powers 	<p>The GARFIN Act only creates or establishes the GARFIN Authority. It's enforcement powers comes from each individual piece of legislation for which it is responsible. The enforcement powers in each piece of legislation are satisfactory.</p>
30. Resources, integrity and training	PC	<ul style="list-style-type: none"> • The RGPF does not have adequate technical, financial and human resources 	<ul style="list-style-type: none"> • Grenadian authorities should consider providing additional financial and technical resources to law enforcement agencies. 	<p>The Vision of the RGPF is to maintain a professional force, emphasizing modernization through training and development of personnel by making use of science and technology while working with the community and regional and international organizations, to meet the needs of a changing society. The</p>

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		<ul style="list-style-type: none"> Members of the RGPF and Office of the DPP involved in AML and CFT are not adequately trained. 		<p>Government of Grenada endorses this vision and is endeavoring to provide adequate support both technically and financially to facilitate successful operations of the RGPF.</p> <p>It is important to note that there are always newer and more modern technology evolving. Through its own resources, that of Financial and Technical Assistance from donor countries (FATF), US Embassy and counterpart funding, the Government of Grenada and RGPF endeavors to keep abreast with the technological advancement in its effort to combat ML/TF.</p> <p>Units of the RGPF directly involved in combating ML/TF i.e. Drug Squad Unit, Special Branch, the Coast Guard, Immigration Unit and the FIU, all receive ongoing training and attend local, regional and international training in AML/CFT organized by SAUTT based in Trinidad & Tobago, REDTRAC based in Jamaica and UKSAT, USDOJ, OAS, UNDOC, just to name a few.</p> <p>Opportunities for regional attachment programmes are also utilized by the RGPF.</p> <p>The ODPP recently received training in ML/TF by UKSAT.</p> <p>Recruitment Selection of the RGPF is done at two levels. Vetting is done along with an interview, there is also careful screening of criminal records and community interviews, to access moral standing before selection process is completed.</p> <p>The officers of the RGPF is guided by a Code of Conduct and the Police Act which measures the conduct of its officers. If an officer is found to be in breach, a formal disciplinary procedure is administered. Because of the size of the country</p>
		<ul style="list-style-type: none"> Integrity of RGPF is of concern due to number of officers involved in breaches of discipline and criminal activity 	<ul style="list-style-type: none"> Authorities should consider reviewing the measures in place for ensuring that persons of high integrity and good moral character are recruited into the RGPF and that there is continuous monitoring of officers professionalism, integrity 	

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			<p>and lifestyle.</p>	<p>it is relatively easy to investigate any criminal activity of an officer.</p> <p>Additionally, there is a Community Relation Department which is operational; one of its purpose is receiving complaints on Police Officers. If necessary the complaints are investigated and appropriate action taken. With respect to Senior Officers of the RGPF, i.e Inspectors upwards, they are governed both under the Police Act and the Public Service Commission Rules and Regulations. Any disciplinary action is taken by the Public Service Commission through the same process administered for all Public Servants.</p> <p>There is also the constant monitoring of actions. Moreover the integrity of the RGPF is not one of grave concern since there is zero tolerance for breaches of discipline and criminal activity. Because of the size of the force there is not much room for breaches of discipline to go unnoticed.</p> <p>The specialized units such as the Drug squad, Special Branch and Coast Guard undergo polygraph tests once every 3 years; they are chosen because they are more susceptible to corruption given that they assist in undercover investigation in ML/TF.</p> <p>The ODPP continues to receive Technical Assistance from UKSAT during 2011.</p> <p>Grenada has submitted its list of training needs to the CFATF for consideration. The list included CFT training for financial and law enforcement authorities. We await information from CFATF as regards to the general Technical Assistance and Training Matrix which should have been considered by the Donor's Forum, on any assistance offered to member countries in this specific area.</p>
			<ul style="list-style-type: none"> Authorities should consider reviewing the training needs of the ODPP as well as RGPF. The CID 	

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		<ul style="list-style-type: none"> Attorney General's office is understaffed and under-resourced 	<p>which is primarily responsible for investigating financial crime is inadequately trained in that area.</p> <p>The authorities should consider providing additional staff and resources to the Attorney General's office.</p>	<p>The RGPF Drug Squad division receives ongoing, external training in this area.</p> <p>The Attorney General's Office now has its full allocation of staff. Current staffing as follows :</p> <ul style="list-style-type: none"> - Attorney General - Solicitor General - 1 Senior Crown Counsel - 1 Senior Legal Counsel - 4 Crown Counsels - 2 Legal Drafters - 1 Chief Parliamentary Counsel <p>Apart from Legal Staff there is adequate administrative support staff, the total Staffing at the Department is 22.</p>
31. National co-operation	PC	<ul style="list-style-type: none"> There are no effective mechanisms in place to allow policy makers to cooperate with each other 	<ul style="list-style-type: none"> The Supervisory Authority should be given the legal authority to bring together the various authorities on a regular basis to develop and implement policies and strategies to tackle ML and TF. The provision of public education on issues of ML and TF should be added to their responsibilities. 	<p>POCA 2012 Act pursuant to Section 33 , provides for the establishing of a Committee called the Joint Anti-money Laundering and Terrorist Financing Advisory Committee which shall have not less than seven persons and not more than fourteen who shall have the responsibility for making recommendations to the Anti-Money Laundering and Combating Terrorism Financing Commission (Formerly known as the Supervisory Authority in the previous act now repealed) , on initiatives for the prevention and detection of ML/TF activities .</p> <p>The Commission is established under Section 63 of POCA 2012 and its members remain unchanged however it is now entrusted with additional responsibilities. Pursuant to Section 64. The Commission is now the regulator for certain business entities and professionals.</p>

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32. Statistics	PC	<ul style="list-style-type: none"> No established mechanism for the review of the effectiveness of Grenada's AML/CFT systems No information about spontaneous referrals made by the FIU to foreign authorities 	<ul style="list-style-type: none"> The Supervisory Authority may wish to consider setting up a secretariat to monitor the implementation of Grenada's AML/CFT Regime. The authorities should maintain statistics on spontaneous referral made by the FIU to foreign authorities 	<p>Provision is made in the Guidelines 2012 for the active monitoring and implementation of Grenada's AML/CFT Regime by the Anti-money Laundering and Terrorist Financing Commission and its staff.</p> <p>This recommendation has been met. An administrative Officer has been assigned to the Secretariat. The Authority is now seeking the approval for the appointment of an Executive Director for the Secretariat (terms of reference are in place).</p> <p>Cabinet approved the appointment of an Executive Director for the Supervisory Authority Secretariat on 4 July, 2011. Final arrangements are now being made for the employment of the Executive Director.</p> <p>The Executive Director would take up employment before the end of the first quarter, 2012.</p> <p>Comprehensive stats. are maintained on spontaneous referrals made by the FIU to foreign authorities.</p> <p><u>Regional request</u> – 2010 - 21 request made :- (15 received, 6 pending)</p> <p>2011 – 4 request made (3 completed 1 pending)</p> <p><u>International Request</u> -</p>

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

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		<ul style="list-style-type: none"> • No legislative requirement for the disclosure of beneficial ownership of companies • Insufficient resources delegated to the functions of the Registrar of Companies. 	<ul style="list-style-type: none"> • There should be statutory requirements for the provision of information on the beneficial ownership of companies. • Adequate resources should be delegated to the functions of the Registrar of Companies and Intellectual Property. 	<p>Convention establishing the World Intellectual Property Organization signed in 1967. The office is staffed with various personnel trained in this field and is headed by a newly appointed Registrar of Companies who has the functions of the Registrar under the Companies Act.. Under the Companies Act (s.149-156) addresses the issue of 'financial disclosure'</p> <p>Section 27 of the Guidelines 2012 applies The Companies Regulations No. 2 of 1995 provides for a notice of change of address of directors, registered office etc. any change in particulars must be filed at the CAIP Office.</p> <p>Section 195 to 200 speaks to the time frame with which you should give before effecting transfer of shares and debentures in relation to company changes, section 213 – 237 applies.</p> <p>Section 27 (2) of the Guidelines 2012 applies The office of the Registrar of Companies and Intellectual Property is adequately staffed with ten officers. The Office deals with Trademark, Patent, Registration of Companies and Business Names, facilitate workshops on Intellectual Property.</p> <p>Amendment was made to the Company Regulations through SRO 36 of 2011 The following enactments with regard to companies were made during 2011.</p> <ul style="list-style-type: none"> - Patent Act 16 of 2011 - Copyright Act 21 of 2011 - Trademark No. 1 of 2012 <p>Presently the process of automation or Companies names is in process. Automation caters for information sharing between NIS, IRD and CAIPO.</p>
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		<ul style="list-style-type: none"> • No mechanism to ensure the timely filing of annual returns. • No access to current information on companies' beneficial ownership to competent authorities due to the failure of companies to file annual returns. • No legislation requires the filing or notification of changes to the particulars, including beneficial ownership, of companies. 	<ul style="list-style-type: none"> • A mechanism should be developed to ensure the timely filing of annual returns as well as the timely access by competent authorities and other relevant parties to the current information on companies' beneficial ownership. • Legislative amendments should be introduced to require the timely notification of any changes in the beneficial ownership of companies, along with changes to other particulars. 	<p>The office is adequately equipped to carry out its functions.</p> <p>As a first step to ensuring compliance Letters were sent to Law Firms from the Registrar of Companies (dated 2/12/11) pointing out the inefficiencies as regards to the filing of annual returns on behalf of companies which they represent and the risk of being struck of the register pursuant to SRO 5 of 2009.</p> <p>The second step will be in the form of a notice to Company Directors on "Notice of Non-compliance with regard to filing of annual returns" . This is expected to be done by the end of the first quarter of 2012. After which the Registrar of Companies will act in accordance with the provisions.</p> <p>Amendment to the Companies Act will subsequently address this requirement by 2nd Quarter of 2012.</p>
34. Legal arrangements –	NC	<ul style="list-style-type: none"> • No system of central registration or national registry where records 	<ul style="list-style-type: none"> • Authorities should put in place measures for the registration and 	<p>There is National Registry and a Registrar of Companies, appointed under the Companies Act.</p>

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beneficial owners		<p>of local trust are kept</p> <ul style="list-style-type: none"> • No requirement for the filing/keeping of adequate and accurate information on the beneficial ownership and control of local trusts • The requirement for trust service providers to obtain, verify and retain records of the details of trusts or other similar legal arrangements in the Guidelines is not enforceable. 	<p>monitoring of local trusts in accordance with FATF requirements.</p> <ul style="list-style-type: none"> • Authorities should consider including adequate and accurate information on the beneficial ownership and control of trusts as part of the registration process for local trusts 	<p>Section 17 of the International Trust Act No. 40 of 1996 provides for registration and monitoring of local trusts, however no trust companies exist in Grenada.</p> <p>Although no trusts exist in Grenada, Section 30 of the Guidelines 2012 provides for the verification and identification of trust.</p> <p>In light of the section 30, this rating of NC should be improved; however no mention was made in the conclusion of the examiner's assessment.</p>
International Co-operation				
35. Conventions	PC	<ul style="list-style-type: none"> • All designated categories of offences are not adequately addressed in the range of predicate offences • Not all relevant articles of the Conventions have been fully implemented 	<ul style="list-style-type: none"> • The authorities should extend the range of predicate offences for ML to accord with the FATF Designated Categories of Offences. • The authorities should amend relevant legislation to cover all the activities required to be criminalised in accordance with the Conventions 	Poca 2012 Schedule addresses sufficiently- p. 261
38. MLA on confiscation and freezing	LC	<ul style="list-style-type: none"> • There is no provision under MLACMA for the tracing and restraining of instrumentalities intended for use in the 	<ul style="list-style-type: none"> • Grenadian authorities should consider putting in place mechanisms for the determining of the best venue for the prosecution of 	Section 14 & 15 of MLACMA deals with this area

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		<p>commission of an offence.</p> <ul style="list-style-type: none"> • The authorities should establish arrangements for coordinating seizure and confiscation actions with other jurisdictions. • There are no asset-sharing arrangements in place between Grenada and other countries. 	<p>defendants when issues of dual jurisdictional conflict arise.</p> <ul style="list-style-type: none"> • The MLACMA should be amended to include provisions for the tracing and restraining of instrumentalities intended for use in the commission of an offence. • The authorities should establish arrangements for co-ordinating seizure and confiscation actions with other jurisdictions. • The authorities should consider making arrangements with other countries for the sharing of funds forfeited and seized. 	<p>MLACMA Act 14 of 2001, Section 27 refers to Assistance to countries in the tracing property derived from crime etc.</p> <p>Article 1, 12 & 16 of the MLACM(GOG and US) Address this recommendation.</p> <p>Memorandum of Understanding has been signed with the following countries between 2009 and 2010</p> <ul style="list-style-type: none"> - Netherlands Antilles (Curacao) Aug. 3rd, 2005 - Canada - (FINTRAC) Financial Transactions and Reports Analyst Center of Canada –April 21, 2010 - St. Vincent - July 26th, 2010 - St. Maarten - May 2011 <p>Regional legislation is on its way for the establishment of such by jurisdictions from a CARICOM level, this is spearheaded by UKSAT (United Kingdom Security Advisory Team) .</p> <p>The Commission is considering developing an Asset Sharing Protocol between countries requiring assistance in Criminal matters</p>
40. Other forms of cooperation	LC	<ul style="list-style-type: none"> • The EIA and the FIUA do not address whether requests are 	<ul style="list-style-type: none"> • Consideration should be given to making amendments to FIUA and 	<p>New FIU Bill clause 29 (1) deals with Disclosure to foreign Financial Intelligence Units</p>

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		refused on the sole ground that it is considered to involve fiscal matters.	the EIA to state specifically that requests should not be refused on the sole ground that the request pertains to fiscal matters	
Nine Special Recommendations		Summary of factors underlying rating		
SR.I Implement UN instruments	PC	<ul style="list-style-type: none"> No requirement to freeze terrorist funds or other assets of person in accordance with UN Resolutions (S/RES/1267(1999) and (S/RES/1373(2001)). 	<ul style="list-style-type: none"> The authorities should implement the United Nations Security Council Resolutions relating to the prevention and suppression of terrorist financing (S/RES/1267(1999) and S/RES/1373(2001). 	Measures to address UN Security Council Resolutions relating to suppression of terrorist financing to be implemented by the 3 rd quarter of 2012.
SR. II Criminalise terrorist financing	NC	<ul style="list-style-type: none"> Criminalisation of terrorist financing does not include all offences in the Annex to the Terrorist Financing Convention. The terrorist financing offences do not cover the provision/collection of funds for an individual terrorist. The terrorist financing offence of fund-raising is not subject to any 	<ul style="list-style-type: none"> Schedule 2 of the TA should be amended to include the treaties on the Convention on the Physical Protection of Nuclear Material and the International Convention for the Suppression of Terrorist Bombing. The TA should be amended to include the terrorist financing offences of the provision/collection of funds for an individual terrorist. 	<p>The Terrorism Bill 2012 has passed all stages in the lower House and is awaiting passage in the Senate by the end of February-March 2012.</p> <p>Clause 18-24 respectively defines terrorist property for the purpose of the Bill, the criminalization of the solicitation and receipt of terrorist property, use and possession of such property, arranging for property to be used for terrorist purposes, along with money laundering and Disclosure.</p>

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		<p>sanctions and therefore is not a predicate offence for money laundering.</p> <ul style="list-style-type: none"> • The terrorist financing offence of fund-raising does not apply regardless of whether the person alleged to have committed the offence is in the same country or a different country from the one in which the terrorist/terrorist organization is or the terrorist act occurred/will occur. • Effectiveness of terrorist financing regime is difficult to assess in light of the absence of investigations, prosecutions and convictions for FT 	<ul style="list-style-type: none"> • The TA should be amended to provide sanctions for the terrorist financing offence of providing or receiving money or other property in support of terrorist acts. • The TA should be amended to provide for the terrorist financing offence of fund-raising to apply regardless of whether the person alleged to have committed the offence is in the same country or a different country from the one in which the terrorist/terrorist organization is or the terrorist act occurred/or will occur 	
SR.III Freeze and confiscate terrorist assets	NC	<ul style="list-style-type: none"> • No provision in TA for the freezing of property other than restraint orders • No provision for freezing of terrorist funds or other assets of designated persons in accordance with S/RES/1267(1999) and S/RES/1373(2001). • No provision in TA to provide for the confiscation of property used in connection with the commission of the terrorist financing offence of fund-raising under section 8 of TA. 	<ul style="list-style-type: none"> ▪ The TA should be amended to allow for the freezing of terrorist funds or other assets of persons designated by the United Nations Al-Qaida and Taliban Sanctions Committee in accordance with S/RES/1267(1999). ▪ The TA should be amended to provide for the freezing of terrorist funds or other assets of person designated in the context of S/RES/1373(2001). ▪ The Taliban should be added as a proscribed organisation under the TA. 	Regulations to satisfy this recommendation have not been address due to an oversight. This will be undertaken after the passage of the Terrorism Bill, or by the end of April, 2012.

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		<ul style="list-style-type: none"> • No mechanism available where victims of offences committed under the TA are compensated consistent with Article 8 of the Terrorist Financing Convention. • No clear guidance issued to financial institutions concerning their obligations in taking action for freezing accounts in relation to the circulated lists of terrorists and/or terrorist organisations. • No publicly-known procedure for the de-listing of names of proscribed organisations and terrorists listed in the Schedule to the TA • No procedures for authorising access to funds or other assets that were frozen via restraint orders, necessary for basic expenses and the payment of certain types of fees in accordance with S/RES/1452(2002). • Difficult to assess effectiveness of mechanism for ensuring compliance with TA due to lack of statistics 	<ul style="list-style-type: none"> ▪ The authorities should issue clear guidance to financial institutions concerning their obligations in taking action for freezing accounts in relation to the circulated lists of terrorists. ▪ The TA should contain procedures for the de-listing of names of proscribed organisations and terrorists listed in the Schedule to the TA. ▪ The TA should be amended to provide for the authorising of access to funds or other assets that were frozen via restraint orders, necessary for basic expenses and the payment of certain types of fees in accordance with S/RES/1452(2002). ▪ The TA should be amended to provide for the confiscation of property used in connection with the commission of the terrorist financing offence of fund-raising under section 8 of TA. ▪ The TA should be amended to provide a mechanism where victims of offences committed under the TA are compensated consistent with Article 8 of the Terrorist Financing Convention. 	
SR.IV Suspicious	NC	<ul style="list-style-type: none"> • Requirement to report STRs 	<ul style="list-style-type: none"> ▪ The TA should be amended to make 	The Terrorism Bill 2012 has passed all stages in the lower

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transaction reporting		<p>relating to the financing of terrorism is discretionary and does not include funds used for terrorism or by terrorist organisations or those who finance terrorism</p> <ul style="list-style-type: none"> • No requirement to report all suspicious transactions including attempted transactions regardless of the amount of the transaction. • No requirement to report suspicious transactions regardless of whether they are thought, among other things to involve tax matters. 	<p>the reporting of suspicious transactions relating to financing of terrorism mandatory and include funds used for terrorism or by terrorist organization or those who finance terrorism.</p> <ul style="list-style-type: none"> • All suspicious transactions, including attempted transactions should be legislatively required to be reported regardless of the amount of transaction <p>The requirement to report suspicious transactions should apply regardless of whether they are thought, among other things to involve tax matters</p>	<p>House and is awaiting passage in the Senate by the end of February-March 2012.</p> <p>Part III Clause 23,24,25 of the Terrorism Bill 2012 applies</p>
SR.V International co-operation	PC	<ul style="list-style-type: none"> • Not all FT offences are covered by mutual legal assistance mechanisms • 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. 	<ul style="list-style-type: none"> • The provision/collection of funds for an individual terrorist should be criminalized under the TA. • The TA should be amended to include penalties that are proportionate and dissuasive for the terrorist financing offence of fund-raising. • The provision/collection of funds for an individual terrorist should be criminalized under TA. 	<p>The Terrorism Bill 2012 has passed all stages in the lower House and is awaiting passage in the Senate by the end of February-March 2012.</p> <p>Part III Clause 27 and Part V of the Terrorism Bill applies</p> <p>Sections 19 and 22 of the TA Act #16 of 2012 refers</p>
SR VI AML requirements for money/valueTransfer	NC	<ul style="list-style-type: none"> • No systems in place for monitoring MVT service operators and ensuring that they 	<ul style="list-style-type: none"> • Legislation for money services providers that meets the FATF requirements should be enacted. 	<p>Money Services Business Act No. 10 of 2009 (electronic copy provided)</p>

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

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		<p>of US\$1,000 and above</p> <ul style="list-style-type: none"> • No requirement for ordering financial institutions to include full originator information along with cross-border and domestic wire transfers • No requirement for intermediary and beneficiary financial institutions in the payment chain to ensure that all originator information that accompanies a wire transfer is transmitted with the wire transfer • No requirement for beneficiary financial institutions to adopt effective risk-based procedures for identifying and handling wire transfers that are not accompanied by complete originator information. 	<p>financial institutions with said enforceable measures.</p>	<p>Proceeds of Crime (Anti-money Laundering) Guidelines 2012, Part V sufficiently addresses the requirement in this recommendation.</p> <p>Guidelines - Part V - Section 41 (1) applies</p> <p>Guidelines – Part V Section 43 (2) applies</p>
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SR.VIII Non-profit organisations	NC	<ul style="list-style-type: none"> • Registering of NPOs is not mandatory. • No review has been undertaken of the adequacy of domestic laws in relation to non-profit organisations (NPOs) to determine whether they are (i) susceptible to being used by terrorist organisations or (ii) particularly vulnerable to terrorist activities. • No outreach to NPOs to protect the sector from terrorist financing abuse. • No effective supervisory regime to monitor non-compliance and sanction violations of oversight measures. 	<ul style="list-style-type: none"> • The authorities should make the registering of NPOs mandatory. • The authorities should undertake a review of the adequacy of domestic laws in relation to non-profit organisations (NPOs) to determine whether they are (i) susceptible to being used by terrorist organisations or (ii) particularly vulnerable to terrorist activities. • The authorities should undertake outreach to the NPO sector with a view to protecting the sector from terrorist financing abuse. • An effective supervisory regime should be established to monitor non-compliance and sanction violations of oversight measures. 	<p>Non profits companies must be registered in Grenada under the Companies Act No. 35 of 1994 (section 326-327) which deals specifically with non-profit companies. Applications for the setting up of non-profit organizations are sent to the Attorney General's Office for approval in accordance with the above act. All documents relating to Non profits organizations are filed at the Corporate and Intellectual Property Office</p> <p>Section 326 of the Companies Act Addresses companies without share capital additionally Section 4 & 5 of the Proceeds of Crime (Anti-money Laundering) Guidelines 2012 applies to Charities or other association not for profit, the relevant provisions shall be applied with such modifications as are necessary to ensure compliance with the requirements of the Provisions.</p> <p>Schedule I provides best practices for Charities and other associations not for profit who shall govern its activities in accordance with those best practices in addition to complying with the other requirements of the Guidelines.</p>

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		<ul style="list-style-type: none"> • No record keeping and retention requirements for NPOs. • No investigative expertise with regard to examining NPOs suspected of either being exploited by or actively supporting terrorist activity. 	<ul style="list-style-type: none"> • Record keeping and retention requirements should extend to NPOs. • Authorities should develop investigative expertise with regard to examining NPOs suspected of either being exploited by or actively supporting terrorist activity. 	<p>The anti-money Laundering and Financing Terrorist Financing Commission is the regulatory authority for NPO's pursuant to Section 10(2) of the Guidelines</p> <p>Public awareness/ education outreach and workshops would address the issue during the latter part of 2012.</p> <p>During the year 2008 one such investigation was carried out</p>
SR.IX Cross Border Declaration & Disclosure	NC	<ul style="list-style-type: none"> • Penalty for false disclosure/declaration is not dissuasive • Domestic cooperation between customs and other agencies is insufficient • Information-sharing among Customs and other law enforcement authorities is inadequate. 	<ul style="list-style-type: none"> • Customs should consider implementing a declaration system to be used in conjunction with the disclosure system for incoming and outgoing passengers. The threshold should not be higher than EUR/US15,000.00 • Consideration should be given to the increased use of specific technical expertise such as canine units (that can sniff for concealed currency), x-rays and scanners. These activities should be well funded. • Customs should explore the involvement of airline and vessel senior management in currency interdiction operations. 	<p>A high level of co-operation exist between the Customs, FIU, Immigration Department, the Drug Squad and the ODPP in ML/TF matters.</p> <p>Plans are already in place for Customs to engage the airlines in a series of meeting to put policy in place. This is expected to be effected by the end of the first quarter 2011.</p>

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		<ul style="list-style-type: none"> Customs' participation in AML/CFT is not sufficient 	<ul style="list-style-type: none"> Customs officials should be trained in the use passenger screening systems to analyse behaviour, appearance and communication style of potential currency carriers. In so doing baseline questions should be identified to identify red flags. 	<p>Customs officials are trained as part of their standard operating procedure in this area. Approximately 30 Customs Officers received training in passenger profiling during 2010. Please note that the relevant sections of Customs Department now have the responsibility to record in detail all breaches of the Customs Act since implementing the recommended measures.</p> <p>During 2011 a cross-section of Customs officers continue to receive training in AML/CFT.</p> <p>2 officers - Intelligence Gathering – Jamaica</p> <p>1 officer - Early Warning Systems</p> <p>Wide Cross-section of staff – Institutional Strengthening - Fraud Detection and Control - PriceWaterHouseCoopers</p> <p>One officer is scheduled to attend a Maritime Intellectual Conference in St. Lucia from 2nd-4th October, 2012, organised by SOCA.</p> <p>We have been advised that making false declaration/disclosures, strict liability offences may be unconstitutional and therefore the customs department is not pursuing that recommendation at this time.</p> <p>This recommendation has been adopted and implemented in the draft Customs Bill 2010 which is submitted to the Attorney General's Office and should be passed during the first quarter of 2011.</p> <p>Training has been provided to customs officials in this area by the Royal Grenada Police Force, and additional training will</p>
		<ul style="list-style-type: none"> Unable to assess whether systems for reporting cross-border transactions are subject to strict safeguards. 	<ul style="list-style-type: none"> Authorities should review legislation concerning the making of false disclosures/declarations to ensure that these are strict liability offences. 	
		<ul style="list-style-type: none"> Unable to assess effective of disclosure system due to insufficient statistics 	<ul style="list-style-type: none"> Penalties under the Customs Ordinance should be amended with the aim of making them dissuasive Consideration should be given for the provision of training in counterfeit currency identification to 	

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			<p>Customs Personnel, especially those working the ports.</p> <ul style="list-style-type: none"> • Customs should consider fostering closer relationships with the FIU, the RGPf and ODPP • There is a need for increased participation by the Customs Department in combating money laundering and terrorist financing. • Customs Authorities should also give consideration to reporting all incidences of currency interdictions where untrue disclosures/declarations are made to the FIU, whether or not administrative or criminal proceedings are being considered. 	<p>soon be provided by the FIU during the first quarter of 2011 in Counterfeit Currency Identification.</p> <p>These organizations have a close working relationship and do meet from time to time. Two Customs Officers are presently assigned to the FIU. The customs are also presently involved in joint investigations with the FIU.</p> <p>Customs officials receive ongoing training in this area.</p> <p>The Enforcement Unit of the Customs Department has the responsibility for record keeping and reporting on a case by case basis.</p> <p>It must be noted that in 2010 the Customs has been included as a member of the National Security Committee.</p>
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