CARIBBEAN FINANCIAL
ACTION TASK FORCE

Seventh Follow-Up Report

Saint Lucia

May 30, 2013

SAINT LUCIA: SEVENTH FOLLOW-UP REPORT

I INTRODUCTION

1. This is Saint Lucia seventh follow-up report. However pursuant to paragraph 68 of the CFATF 2007 Process and Procedures (As amended) the Jurisdiction has indicated that it is of the opinion that it had met the criteria necessary for removal from regular follow-up to biennial updates. Consequently, on an analysis of the progress made by Saint Lucia since the publication of its MER on November 21, 2008, the Plenary is being asked to decide that the Jurisdiction has taken sufficient action to be considered for removal from regular follow-up as noted above.

2. Saint Lucia received ratings of PC or NC on all sixteen (16) core and key Recommendations as follows:

Table 1 Compliance with Core and Key Recommendations

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

3. Relative to the other non-core or key recommendations, Saint Lucia was rated partially compliant and non-compliant as follows:

Table 2: Compliance with 'Other Recommendations'

Partially Compliant (PC)	**Non-Compliant (NC)**
R.9 (Third parties and introducers)	R. 6 (Politically exposed persons)
R. 14 (Protection & no tipping-off)	R. 7 (Correspondent banking)
R. 15 (Internal controls, compliance & audit)	R. 8 (New technologies & non face-to-face business)
R. 17 (Sanctions)	R. 11 (Unusual transactions)
R. 20 (Other NFBP & secure transaction techniques)	R. 12 (DNFBP – R.5, 6, 8-11)
R. 29 (Supervisors)	R. 16 (DNFBP – R.13-15 & 21)
R. 33 (Legal persons – beneficial owners)	R. 18 (Shell banks)
SR. VII (Wire transfer rules)	R. 19 (Other forms of reporting)
	R. 21 (Special attention for higher risk countries
	R. 22 (Foreign branches & subsidiaries)
	R. 24 (Regulation, supervision and monitoring)
	R. 25 (Guidelines & Feedback)
	R. 27 (Law enforcement authorities)
	R. 30 (Resources, integrity and training)
	R. 31 (National co-operation)
	R. 32 (Statistics)
	R. 34 (Legal arrangements – beneficial owners)
	R. 37 (Dual criminality)
	R. 39. Extradition
	SR. VI (AML requirements for money/value transfer services)
	SR. VIII (Non-profit organisations)
	SR. IX (Cross Border Declaration & Disclosure)

4. The following table is intended to assist in providing an insight into the level of risk in the main financial sector in Saint Lucia:

Table 3: Size and Integration of the jurisdiction's financial sector

		Banks	Other Credit Institutions *	Credit Unions	Insurance **	TOTAL
Number of institutions	Total #	6	5	15	26	52
Assets	US$	2,081,330,560.57	121,566,369.39	147,909,303.25	183,083,293.46	2,533,889,526.67
Deposits	Total: US$	1,310,408,921.93	72,504,134.49	103,895,571.79	0	1,486,808,628.22
	% Non-resident	% of deposits 9.72%			****	10%
International Links	% Foreign-owned:	% of assets	% of assets	% of assets	% of assets	% of assets
	#Subsidiaries abroad	4	4	0	21	29

* The figure is for 5 Credit Institutions as we are yet to receive the financial statements of the other company.
** The figure for insurance is for 19 companies as we are yet to receive the financial statements of the other companies.

*** Foreign Insurers outside CARICOM - 4 companies

Foreign CARICOM Insurers - 17 companies

Local Insurers - 5 companies

II. SUMMARY OF PROGRESS MADE BY SAINT LUCIA

5. Throughout the follow-up process Saint Lucia has amended several pieces of key legislation. The amendments were made to the Criminal Code through the Criminal Code (Amendment Act) No. 2 of 2010; the Extradition Act, through the Extradition (Amendment) Act No. 3 of 2010; the Proceeds of Crime Act through the Proceeds of Crime (Amendment) Act No. 4 of 2010; and the proceeds of Crime (Amendment) Act No. 15 of 2011; the Anti-Terrorism Act, through the Anti-Terrorism (Amendment) Act No 5 of 2010. Saint Lucia also enacted the Counter-Trafficking Act No 7 of 2010, which is intended to give effect and implement the Protocol to Prevent and Suppress and Punish Trafficking in persons; the Money Laundering (Prevention) Act No 8 of 2010 (MLPA) and the Money Service Act were also enacted and came into force on January 25th, 2010. The Payment System Act was enacted on 15th March, 2010 but it is unclear when this Act became law. Additionally, the Policy regarding a code of conduct for non-profit organisations and regulation of NPOs to promote transparency and accountability best practices was created. As at December 5th, 2008, the Anti-Terrorism Act of 2003 was brought into force, through the Anti-Terrorism Act (Commencement) Order. On Monday 17th May 2010, Money laundering (Prevention) (Guidance Notes) Regulations were made by the Attorney General pursuant to Section 43 of the 2010 MLPA incorporating the

guidelines made by the FIA. Saint also enacted the Financial Services Regulatory Authority, FSRA Act. The MLPA was amended through the MLPA Amendment Act No. 9 of 2011, MLP(A)A.

6. Further amendments were made to the MLPA through the Money Laundering Prevention (Amendment) Act No. 9 of 2011 to further rectify deficiencies noted for Recommendation 5. Therefore, the Examiners recommendation that financial institutions, when they are in doubt about the veracity or adequacy of previously obtained customer identification, should be mandated to undertake CDD was covered.

7. DNFBP Regulations through the *Money Laundering (Prevention) (Guidelines for Other Business Activity) Regulations (MLPGOBAR) as Statutory Instrument 2012, No. 83.* Amendments to the Money Laundering (Prevention) (Guidance Notes) Regulations (MLPGNR) were effected through the Money Laundering (Prevention) (Guidance Notes) (Amendment) Regulations (MLPGNAR) as Statutory Instrument 2012 No. 82. Both Instruments were brought into force on August 10th, 2012.

8. Saint Lucia has acceded to the UN Convention for the Suppression of the Financing of Terrorism and the UN Convention against Corruption, on 18th November and 25th November, 2011, respectively. Saint Lucia also signed an MOU with St. Vincent and the Grenadines.

9. The Commercial Code (Bills of Exchange) (Amendment) Bill and the Insurance Bill have been drafted.

10. On February 26, 2013 Saint Lucia officially informed the Secretariat of its intention to submit an application for removal from regular follow-up to biennial updates. Following this, on March 18, 2013, in advance of the two (2) month deadline before the May 2013 Plenary, the Jurisdiction forwarded its application see (Appendix I) along with a full report on all the individual Recommendations for which it was required to take corrective action to cure deficiencies noted in its MER. It should be noted here that notwithstanding this action, Saint Lucia still ensured that its updated matrix (Appendix II) was forwarded to the Secretariat on time on February 28, 2013.

11. This seventh follow-up report is intended to be a detailed analysis of the progress, made by Saint Lucia, towards implementing the sixteen Key and Core Recommendations which, as is already noted at paragraph 2 above, were all rated as either PC or NC in the MER. A less detailed analysis of the Other Recommendations that were also rated as either PC or NC is also included.

CORE RECOMMENDATIONS

Recommendation 1 (See Saint Lucia's report here)

12. Recommendation 1 was rated PC on account that self-laundering was not covered by legislation and owing to a lacuna in the existing MLPA, a conviction for the commission of a predicate offence was a necessity to the offence of money laundering. Additionally, the widest range of categories of offences was not criminalised, resulting in the offences of smuggling, migrant smuggling, hostage taking, sexual exploitation of children, piracy, insider trading and market manipulation, counterfeiting and piracy, illicit trafficking in stolen or other goods, participation in organised criminal group, environmental crimes, murder/ grievous bodily harm not being covered. **S.28 (1)** of the 2010 MLPA was enacted to specifically cure the deficiency relating to self-laundering and consequently a person who conceals or disguises any property which is or in whole or in part represents his or her proceeds of a criminal conduct for the purpose of avoiding prosecution for a drug trafficking offence or relevant offence or the making of an enforcement order in his or her case or a confiscation, order commits an offence. That gap was ***closed.***

13. Saint Lucia also amended its Criminal Code and enacted the Counter-Trafficking Act. Consequently the offences of hostage taking, migrant smuggling, participation in an organised criminal group and sexual exploitation of children are now definitively defined. Saint Lucia has also demonstrated that the other outstanding designated categories of offences were effectively covered in existing legislation. All the designated categories of offences are now covered. Consequently, the gaps relating to the designated categories of offences have all been ***closed.*** This action by Saint Lucia has the effect of fully implementing all the recommended actions thus ***fully resolving all the noted deficiencies***.

Recommendation 5 (See Saint Lucia's report here)

14. Saint Lucia's 3rd round MEVAL examiners noted significant deficiencies in the MLPA where requirements of the essential criteria were not included and in many instances where they were, they had not been adequately addressed. Additionally, the guidance notes were not OEM. Saint Lucia has responded by enacting significant changes to the MPLA and completely revising the Guidance notes. New Guidelines were issued by the Financial Intelligence Authority (FIA) pursuant to section 5 (f) of the MLPA. It should be immediately noted that according to Section 43 of the 2010 MLPA, the Attorney General can make Regulations prescribing matters necessary for carrying out or giving effect to the Act. However at Section 6 (f), the FIA has the power to issue guidelines to financial institutions and persons engaged in business activity as to compliance with the said MLPA and the Regulations made by the Attorney General. Inherently, the Regulations issued by the Attorney General on 17th May 2010, are the Guidelines of the FIA and are now referred to as the Money Laundering (Prevention) (Guidance Notes) Regulations (MLPGNR).

15. Relative to the OEM status of the Money Laundering (Prevention) (Guidance Notes) Regulations. At Regulation 2 (2) a breach of the Guidelines by a financial institution constitutes an offence and carries a penalty not exceeding $1 million. There are no administrative sanctions available and the FIA, as the AML/CFT supervisor for financial institutions and person engaged in other business activity in Saint Lucia, has no authority to impose the prescribed sanctions. Actually, it is unclear how these sanctions would be imposed and the entity in Saint Lucia that will be charged with this responsibility. Notwithstanding, the MLPGNR is part of the laws of Saint Lucia and as such are deemed to be OEM.

16. The recommendation relative to the undertaking of CDD by all financial institutions has been dealt with at Section 17 (1) of the amended MLPA 8 of 2010, where there is a legal obligation that burdens all financial institutions and persons engaged in 'other business activities' (DNFBPs) to conduct CDD in the circumstances enunciated at EC 5.2. All of the examiners recommendations to cure the deficiencies relating to EC 5.2 are now met and that gap was ***closed.***

17. The examiners recommendation that the MLPA should be amended so that financial institutions and persons engaged in 'other business activities' should be required to ensure that documents, data or information collected under the CDD process are kept up-to-date and relevant by undertaking routine reviews of existing records has been fully met at Section by 17 (2) of the MLPA amendment. The OEM shortcomings identified by the examiners are now moot because of the placing of the recommended provisions into the primary legislation (MLPA). That gap was ***closed.***

18. The examiners recommendation that financial institutions, when they are in doubt about the veracity or adequacy of previously obtained customer identification, should be mandated to undertake CDD is now covered (MLPA Amendment s.7 of the Money laundering Prevention (Amendment) Act No. 9 of 2011). That gap was ***closed.***

19. The recommendation to undertake customer due diligence (CDD) measures when there is a suspicion of money laundering or terrorist financing, regardless of any exemptions or thresholds that are referred to elsewhere under the FATF Recommendations has been addressed by (MLPA Amendment s.7 of the Money laundering Prevention (Amendment) Act No. 9 of 2011). That gap was ***closed.***

20. The recommendation to take reasonable measures to understand the ownership and control structure of the customer and determine who the natural persons are that ultimately own or control the customer. This includes those persons who exercise ultimate effective control over a legal person or arrangement was specifically address through **s.17 (4)** and **s.17 (11)** of the MLPA. That gap was ***closed.***

21. The recommendation to obtain information on the purpose and intended nature of the business relationship. This has been address at **s.17 (4) (c)** of the MLPA which specifically states that CDD measures conducted must include "obtaining information on the purpose and intended nature of the business relationship". That gap was ***closed.***

22. The recommendations to provide for performing enhanced due diligence for higher risk categories of customer, business relationship or transaction and Provide for applying reduced or simplified measures where there are low risks of money laundering, where there are risks of money laundering or terrorist financing or where adequate checks and controls exist in national system respectively have been addressed through **s. 17 (3)** of the MLPA which mandates at 17 (3) (a) the application of enhanced due diligence for higher risk categories of customer, business relationship or transaction and at 17 (3) (b) the application of reduced or simplified measures where there are low risks of money laundering, where there are risks of money laundering or terrorist financing or where adequate checks and controls exist in national system respectively. Those gaps were ***closed.***

23. Based on all of the above the action by Saint Lucia has the effect of fully implementing all the recommended actions for Recommendation 5 thus ***fully resolving all the noted deficiencies***.

Recommendation 10 (See Saint Lucia's report here)

24. Please see the first follow-up report (Saint_Lucia_1st_Follow-up_Report) for a detailed analysis of the action taken by Saint Lucia which led to ***full resolution of all the noted deficiencies.***

Recommendation 13 (See Saint Lucia's report here)

25. Please see the first follow-up report (Saint_Lucia_1st_Follow-up_Report) for a detailed analysis of the action taken by Saint Lucia which led to ***full resolution of all the noted deficiencies.***

Special Recommendation II (See Saint Lucia's report here)

26. The first (Saint_Lucia_1st_Follow-up_Report) and third (Saint_Lucia_3rd_Follow-up_Report) follow-up reports have already provided detailed analyses on the provisions of the ATA and the Anti-Terrorism (Guidance Notes) Regulations 2010 (ATGNR). Both reports had however concluded that the Anti-Terrorism Act did not provide a clear definition of the term *person*. Whilst Saint Lucia has still not provided any clarity in the ATA, on April 18, 2013, the Jurisdiction provided a copy **s.34** of their Interpretation Act CAP 106 which is concerned with the "Rules as to gender and number". At s.34 (1) words in an enactment referring to persons include corporations, whether collectively or as a sole entity, and unincorporated bodies of persons. Consequently the provisions of ATA do extend to legal persons. Saint Lucia is still advised to provide the necessary clarity in the ATA. Here all the gaps in the MER have been closed resulting in ***full resolution of all the noted deficiencies.***

Special Recommendation IV (See Saint Lucia's report here)

27. **S.16 (1)** of the 2010 MLPA mandates the reporting of STRs in circumstances where there is suspicion that the transaction involves the proceeds of criminal conduct, irrespective of the amount. Criminal conduct is linked to drug trafficking offences, indictable offences and the MLPA Schedule 1 offences. Schedule 1 offences are offences captured under several other pieces of legislation in force in Saint Lucia. Additionally, the reporting of STRs where funds are suspected to be liked to terrorism, terrorist acts or by terrorist organizations or those who finance terrorism is legislated in the Anti-terrorism Act of 2003 **at s.32 (1) (d)** where a person is required to disclose forthwith, to the Financial Intelligence Agency any information regarding a transaction or proposed transaction for which there are reasonable grounds to believe may involve terrorist property. Also **s.32(a)** of the ATA requires financial institutions to report to the FIA every transaction which occurs within the course of its activities in respect of which such financial suspects, on reasonable ground to be related to the commission of a terrorist act. The gaps discerned by the examiners have been closed resulting in ***full resolution of all the noted deficiencies.***

KEY RECOMMENDATIONS

Recommendation 3 (See Saint Lucia's report here)

28. This recommendation was rated as PC inherently because the existing forfeiture and confiscation measures were not being utilized. Saint Lucia has provided the following data to demonstrate that since the onsite the Jurisdiction has in fact been utilizing the confiscation and provisional measures which are available in their legislation.

Table 4: Orders and their values

NO OF ORDERS	TYPE OF ORDER	VALUE (EC$)
10	Cash detention	1,062,555.90
2	Forfeiture	$364, 145.42
13	Restraint	7, 749, 498.00

29. In order to demonstrate that their law enforcement agencies have been using the existing provisional measures to identify and trace property Saint Lucia has indicated that they have obtained five (5) production orders and currently have 28 confiscation cases under review. The relatively low number of production orders is as a result of a power pursuant to section 6(1) (b) of the MLPA where the FIA requests the production of information from reporting institutions, in lieu of a production order, where the FIA is investigating a money laundering offence. These cases have a potential benefit and value of EC$12,245,845.00. Saint Lucia has also continued to develop its provisional measures by providing for the seizure and detention and forfeiture of cash when found anywhere in Saint Lucia once there is the basis for suspecting that such cash represents a person's proceeds of a criminal conduct or were intended to be used by such a person in furtherance of criminal conduct. In this regard Saint Lucia, since 2010 and 2011 when these new measures came commenced, there have been ten (10) cash Detention Orders granted for the detention of EC$962,610.51. There have been eight (8) cash forfeiture applications made with two (2) forfeiture orders being granted thus far for the sum of EC$264,200 and the remaining six (6) are still pending.

Recommendation 4 (See Saint Lucia's report here)

30. The examiners had applied a PC rating and made recommendations for amendments to the Insurance Act and Registered Agents and Trustees Act to provide for expressed provision for the sharing of information and indemnity for staff members making such disclosures. The gap in relation to the indemnity of reporting staff has been closed owing to the bs.16 (2) of the MLPA. (See Saint Lucia 1st Follow-up Report). At **s.25 (1)** of the Registered Agents and Trustees Act 37 of 1999 (RATLA), disclosure of information is permitted where the Director is carrying out his duties or functions under this said Act or when he is required to do so pursuant to any agreement or MLA with any other government. At **s.26** immunity is provided to the director against action brought provided that the Director was acting in good faith. Director or any other person acting under his authority is indemnified. The gaps noted here were ***closed.***

31. The amendment to the Insurance Act has not as yet been enacted. Here **s.20** of the Insurance Act (Secrecy) appears to directly prohibit the disclosing of information on the affairs of the licensee or the affairs of a customer of the licensee. Even though **s.20 (3)** appears to make an

exception, in this case the information sharing relates to prudential issues and not AML/CFT. This Recommendation continues to remain ***outstanding.***

Recommendation 23 (See Saint Lucia's report here)

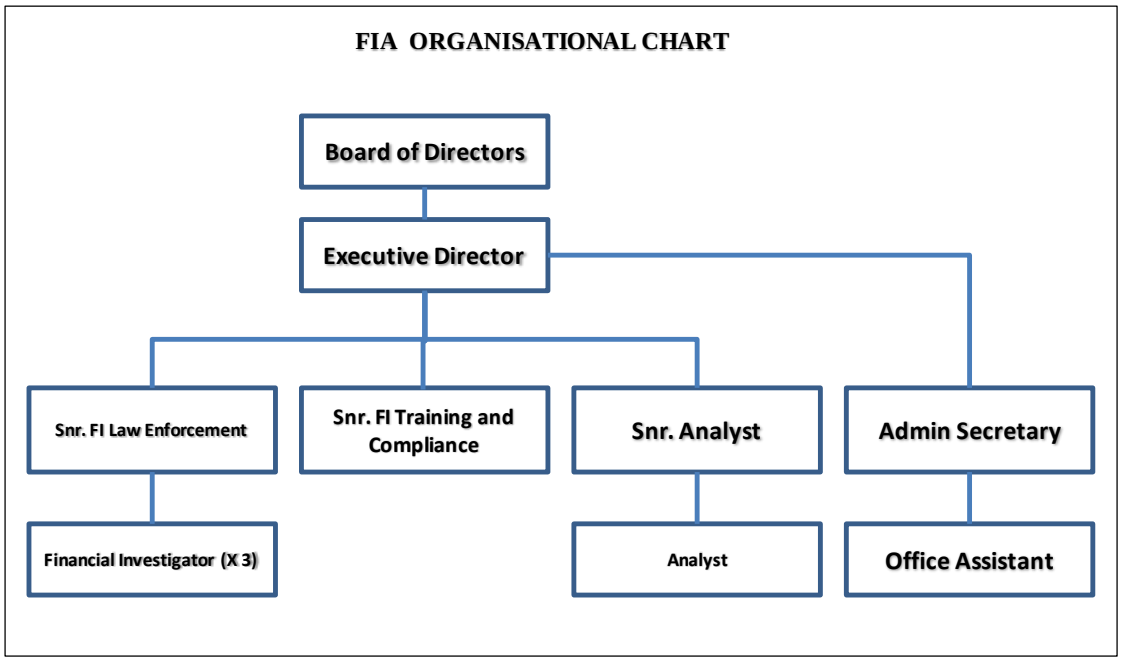
32. The examiners had made one (1) recommendation for closing the gap here. The recommendation here was for Saint Lucia to "*consider a registration or licensing process for money or value transfer service businesses*". **S.4** of the Money Services Business Act, (MSBA) created a licensing requirement whilst **s.5** created several classes of licences applicable to money or value transfer services. This action by Saint Lucia resulted in ***full resolution of all the noted deficiencies.***

Recommendation 26 (See Saint Lucia's report here)

33. There were four (4) recommendations made by the examiners aimed at closing the noted deficiencies. The first recommendation was taken on board with the 2008 commencement of the ATA and the enactment of related Regulations in 2010.

34. The second recommendation about consideration being given to the establishment of clear and unambiguous roles in the FIA has been achieved through the implementation of a new staffing initiative which saw the appointment of a dedicated analyst and four financial investigators. The FIA has two (2) dedicated analysts who analyse and develop SARs to be passed on to the Law enforcement section for financial investigation or disseminated to other LEAs in St Lucia for action or further development. The FIA also has designated the role of Training and Compliance to a dedicated Snr. Financial Investigator who oversees the training, supervision and compliance of reporting institutions. Saint Lucia has submitted the following organisational chart to show how the various roles within the FIA are demarcated:

Chart 1: FIA Organisational Chart (All positions are filled)



35. The third recommendation for Saint Lucia to *consider giving the Board of the Financial Intelligence Authority the power to appoint the Director and staff without reference to the Minister* was partially implemented to through **s.4(5)** of the MLPA. Here the Financial Intelligence Authority (Authority) is empowered to appoint the Director on such terms and conditions determined by the said Authority. At **s.3** of the **MLP(A)A** the powers of the Authority was extended to include the authority to appoint "such other general support personnel" on such terms and conditions determined by the said Authority. This gap was completely ***closed.***

36. The fourth recommendation for Saint Lucia to consider reviewing the level of involvement of the FIA within the financial community is an on-going exercise. Saint Lucia has reported that owing to the increase of additional seminars, presentations, guidance and advice to financial institutions have been provided by the FIA. This gap is ***closed.*** The legislative and administrative action taken by Saint Lucia has closed all the gaps discerned by the examiners for Recommendation 26 resulting in ***full resolution of all the noted deficiencies.***

37. Saint Lucia was rated NC on account of the Palermo and Terrorist Financing Conventions not being ratified, there was not anti-terrorist legislation in place and the UNSCRs were not fully implemented. The Jurisdiction began the process of closing these deficiencies by commencing the ATA in December 2008. In November 2011 Saint Lucia acceded to the International Convention for the Suppression of Financing of Terrorism and by virtue of Article 2 (2) of that convention has unreservedly acceded to all the annexed conventions. The Jurisdiction has reported that the instruments of accession and or ratification have been drawn up and signed with respect to all the outstanding Conventions and Protocols. These were forwarded to be deposited and confirmation with respect to the depositing of one convention is awaited. Consequently the Saint Lucia has acceded to and ratified the following Conventions and or Protocols:

i. Protocol to the convention for the Suppression of Unlawful Seizure of Aircraft – 12th September 2012;

ii. Convention on the punishment of crimes against protected persons – 12th November 2012;

iii. International Convention for the Suppression of Terrorist Bombings – 17th October 2012;

iv. International Convention for the Suppression of Acts of Nuclear Terrorism – 12th November 2012;

v. Convention on the Physical Protection of Nuclear Material – 14th October 2012;

vi. Convention on the Suppression of Unlawful Acts relating to International Civil Aviation – 12th September 2012;

vii. Convention Against the Taking of Hostages – 17th October 2012;

viii. Protocol of 2005 to the Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms located on the Continental Shelf – 6th February 2013;

ix. Protocol of 2005 to the Convention for the Suppression for the Suppression of Unlawful Acts against the Safety of maritime Navigation 6th February 2013;

x. Amendment to the Convention on Physical Protection of Nuclear Material – 8th November 2012;

xi. The following instrument has been deposited and confirmation is awaited;

xii. Convention on the Marking of Plastic Explosives for the purpose of identification; and

xiii. Convention against corruption – November 25, 2011.

38. Saint Lucia became a signatory to the Palermo Convention on September 26, 2001 and gave the said Convention the force of law with the enactment of the MLPA and Criminal Code (Amendment) Act in 2010.

Recommendation 36 (See Saint Lucia's report here)

39. Here the first deficiency was related to the the underlying restrictive condition of dual criminality. Saint Lucia pointed to **s.18 (2)** of the MACMA which provides for the refusal of a request where the conduct if it had occurred in Saint Lucia would not constitute an offence. At **s.18 (3)** of the MACMA the Central Authority has the right to exercise discretion where the conduct is similar in Saint Lucia. At **s.18 (5)** however the Central Authority is allowed to provide MLA notwithstanding s.18 (2) and s.18 (3). Consequently there is nothing prohibiting assistance where both countries criminalise the conduct underlying an offence. It should be noted as well that technical differences do not prevent the provision of mutual legal assistance. As for there being no clear channels for co-operation, Saint Lucia has reported that clear channels for communication have been identified and set up. All MLAT's by all agencies are 11channelled through the Attorney General's Chambers who is the Central Agency. The noted gaps for this Recommendation have all been closed resulting in ***full resolution of all the noted deficiencies.***

Recommendation 40 (See Saint Lucia's report here)

40. Here the deficiencies noted were identical to those of Rec. 35, as they relate to the non-ratification of several UN Conventions and the lack of anti-terrorism laws, and Rec. 35 as they relate to unduly restrictive conditions of dual criminality. As previously noted, these gaps have been closed. The lack of MOUs with foreign counterpart was also cited as a deficiency which Saint Lucia has addressed by signing an MOU with St. Vincent and the Grenadines and FINTRAC of Canada. No updates on the status of MOUs with other countries were provided. The noted gaps for this Recommendation have all been closed resulting in ***full resolution of all the noted deficiencies.***

Special Recommendation I (See Saint Lucia's report here)

41. The deficiencies here were identical to those for Rec. 35 and have all been closed resulting in ***full resolution of all the noted deficiencies.***

Special Recommendation III (See Saint Lucia's report here)

42. The second follow-up report (Saint_Lucia_2nd_Follow-up_Report) has provided a detailed analysis of Saint Lucia's action to close the deficiencies for this SR. As an addendum to that analysis it is noted here that **s.6** of the ATA creates an offence where any person provides or makes available any financial or related services intending that they be used to commit or facilitate the commission of a terrorist act or benefitting any person who is committing or facilitating the commission of a terrorist act. At **s.7** of the ATA the use of property for the commission of terrorist acts has been criminalised. At **s.8** of the ATA an offence is committed where any person knowingly gets involved in any arrangement which facilitates the acquisition, retention or control of terrorist property by or on behalf of another person. At **s.9** of the ATA dealing with terrorist property has been criminalised so that an offence is committed where any person deals, acquires, enters into or facilitates any transaction, converts, conceals, disguises or provides financial or other services in respect of terrorist property at the direction of a terrorist group commits an offence. Relative to the need for there to be expressed provisions which allow for ex-parte applications to be made under the MLPA for freezing of funds, **s.23** of the MLPA has provided the necessary cure. Here the Court can, upon an ex-parte application by the DPP grant an order freezing the property of, or in possession or under the control of a person who is about to be charged with an offence under the said MLPA. It must be noted that the MLPA is inherently concerned with the proceeds from 'criminal conduct' which is a Schedule 1 offence and such offences include offences under the ATA. Additionally at **s.33 (3)** of the ATA the Commissioner of Police can make an ex-parte application for the detention of property suspected of being related to terrorist financing. **S.35(1)** provides for an ex-parte application to be made before a judge in chambers where there is reasonable grounds to believe that there is in any building, place or vessel, any property in respect of which an order for forfeiture may be made . The other recommendation about formal procedures for recording requests made pursuant to the MLPA will be discussed at Recommendation 32. All the gaps noted for this SR has been closed resulting in ***full resolution of all the noted deficiencies.***

Special Recommendation V (See Saint Lucia's report here)

43. Please see the second follow-up report (Saint_Lucia_2nd_Follow-up_Report) and third follow-up report (Saint_Lucia_3rd_Follow-up_Report) for a detailed analysis of the action taken by Saint Lucia which led to ***full resolution of all the noted deficiencies.***

OTHER RECOMMENDATIONS

Recommendation 6

44. Please see the sixth follow-up report (Saint_Lucia_6th_Follow-up_Report) for a detailed analysis of the action taken by Saint Lucia which led to ***full resolution of all the noted deficiencies.***

Recommendation 7

45. Please see the first follow-up report (Saint_Lucia_1st_Follow-up_Report), third follow-up report (Saint_Lucia_3rd_Follow-up_Report) and fourth follow-up report (Saint Lucia_4th_Follow-up_Report) detailed analyses of the action taken by Saint Lucia which led to ***full resolution of all the noted deficiencies.***

Recommendation 8

46. Please see the first follow-up report (Saint_Lucia_1st_Follow-up_Report) and sixth follow-up report (Saint_Lucia_6th_Follow-up_Report) for detailed analyses of the action taken by Saint Lucia which led to ***full resolution of all the noted deficiencies.***

Recommendation 9

47. Please see the first follow-up report (Saint_Lucia_1st_Follow-up_Report) for a detailed analysis of the action taken by Saint Lucia which led to ***full resolution of all the noted deficiencies.***

Recommendation 11

48. Please see the first follow-up report (Saint_Lucia_1st_Follow-up_Report) and sixth follow-up report (Saint_Lucia_6th_Follow-up_Report) for detailed analyses of the action taken by Saint Lucia which led to ***full resolution of all the noted deficiencies.***

Recommendation 12

49. Please see the second follow-up report (Saint_Lucia_2nd_Follow-up_Report) and sixth follow-up report (Saint_Lucia_6th_Follow-up_Report) for detailed analyses of the action taken by Saint Lucia which led to ***full resolution of all the noted deficiencies.***

Recommendation 14

50. This Recommendation is still outstanding pending a legislative amendment.

Recommendation 15

51. Please see the first follow-up report (Saint_Lucia_1st_Follow-up_Report) for a detailed analysis of the action taken by Saint Lucia which led to ***full resolution of all the noted deficiencies.***

Recommendation 16

52. Please see the first follow-up report (Saint_Lucia_1st_Follow-up_Report) and second follow-up report (Saint_Lucia_2nd_Follow-up_Report) for detailed analyses of the action taken by Saint Lucia which led to ***full resolution of all the noted deficiencies.***

Recommendation 17

53. The first follow-up report (Saint_Lucia_1st_Follow-up_Report) and second follow-up report (Saint_Lucia_2nd_Follow-up_Report) detailed the action taken by Saint Lucia which have resulted in significant improvement for this Recommendation. Here the Insurance Bill which reportedly contains related administrative sanctions is still to be enacted and it is also still unclear whether the sanctions available to supervisors are in relation to breaches for AML/CFT requirements.

Recommendation 18

54. Please see the second follow-up report (Saint_Lucia_2nd_Follow-up_Report) for a detailed analysis of the action taken by Saint Lucia which led to ***full resolution of all the noted deficiency.***

Recommendation 19

55. The fifth follow-up report (Saint_Lucia_5th_Follow-up_Report) has noted the formal consideration done by Saint Lucia's CFATF Oversight committee and the conclusion that implementing such a system would be financially prohibitive. Consequently there is ***full resolution of all the noted deficiency.***

Recommendation 20

56. Here the comments of the second follow-up report (Saint_Lucia_2nd_Follow-up_Report) are relevant specifically as they relate to the use of modern and secure techniques for conducting financial transactions. Consequently there is ***full resolution of all the noted deficiency.***

Recommendation 21

57. Please see the first follow-up report (Saint_Lucia_1st_Follow-up_Report) and sixth follow-up report (Saint_Lucia_6th_Follow-up_Report) for detailed analyses of the action taken by Saint Lucia. It should be noted here that implementation of the recommendation requiring the FIA to disseminate information about areas of concern and weaknesses in AML/CFT systems of other countries is on-going. In this regard pursuant to paragraph 147 of the MLPGNR, issued advisories to the Insurance Council of Saint Lucia and the Bankers Association of Saint Lucia in which countries identified by the FATF as having strategic deficiencies in their AML/CFT regimes were listed. The FIA in these asked the Banks and other financial institutions to apply advanced scrutiny when transacting business with entities in the listed jurisdictions. Saint Lucia has reported that this Circular will also be forwarded to ECCB and the Credit Union Department. It is unclear whether financial institutions in Saint Lucia are required to review these review such information as part of their internal procedures.

Recommendation 22

58. Here the examiners had recommended that the details outlined in the guidance note should be adopted in the MLPA. Saint Lucia has instead applied the force of law to the MLPGR thereby resulting in the said obligations becoming enforceable. The examiners recommendation has been met thereby ensuring ***full resolution of all the noted deficiency.***

Recommendation 24

59. Please see the sixth follow-up report (Saint_Lucia_6th_Follow-up_Report) for a detailed analysis of the action taken by Saint Lucia which led to ***full resolution of all the noted deficiencies.***

Recommendation 25

60. Please see the first follow-up report (Saint_Lucia_1st_Follow-up_Report) for detailed analyses of the action taken by Saint Lucia in relation to the recommendation that the FIA should circulate its guidance to all stakeholders. With regards to the recommendation about the FIA providing regular feedback to financial institutions on STR filed, the MLPGNR makes provision for acknowledging receipt of the STRs and providing feedback to parties who file STRs. At Appendix G of the said MLPGNR of the format for providing case by case feedback and also for acknowledging receipt of STRs. Saint Lucia has also reported that quarterly meetings are held with compliance officers in relation to filed STR's, generally. Further, there is also specific feedback in relation to a matter where there is a likelihood of prosecution and/or further investigations. Relative to the recommendation about reviewing the involvement of the FIA in the financial community, Saint Lucia has reported that since the evaluation, the FIA has increased its interaction with the financial institutions and other business activities which it supervises. Quarterly meetings are held with Compliance Officers and there is on-going training and onsite audits with the institutions. Owing to the number of entities in the insurance sector, staff at the FIA were assigned specific entities to supervise therefore providing more focused interaction with reporting parties. This action by Saint Lucia has resulted ***full resolution of all the noted deficiencies.***

Recommendation 27

61. Please see the first follow-up report (Saint_Lucia_1st_Follow-up_Report) for a detailed analysis of the action taken by Saint Lucia which led to ***full resolution of all the noted deficiencies.***

Recommendation 29

62. Please see the first follow-up report (Saint_Lucia_1st_Follow-up_Report) and the fifth follow-up report (Saint_Lucia_5th_Follow-up_Report) for detailed analyses of the action taken by Saint Lucia. The Board of the FSRA has been appointed and has commenced operations. The Board's first meeting was convened on the 21st February 2013. Notwithstanding, the supervisory role has always been undertaken and executed by the trained staff of the FSSU whose role and responsibility was and continued to be harmonization and supervisory practices. The outstanding issue here relates to the fact that Saint Lucia has provided no information to demonstrate implementation of the new provisions.

Recommendation 30

63. The now has the two (2) analyst recommended by the examiners having employed an additional analyst from 1st March 2013. The UKSAT (Security Advisory Team) has provided training for the DPP's office and the FIA on prosecution, and has also provided training for the judiciary which will facilitate effective prosecution. ECFIAT (formally UKSAT) organised and delivered training for Magistrate and Prosecutors for September 2010. The UKSAT (Security Advisory Team) has provided training for the DPP's office and the FIA on prosecution, and has also provided training for the judiciary which will facilitate effective prosecution**.** ECFIAT (formally UKSAT) organised and delivered training for Magistrate and Prosecutors for September 2010. There is always on-going training for personnel dealing with ML/FT. Two officers attended Cyber Crime investigations in Antigua. That course had a financial crime investigation aspect as well. Two investigators have received training in interviewing techniques sponsored by ECFIAT and SUATT to assist in the investigation of crime. Training was also held for Magistrate in money laundering and terrorism financing in January 2011. Training for one officer of the FIA was undertaken in July 2011 in financial analysis sponsored by Egmont. A cash seizure seminar for prosecutors and financial investigators was held in August 2011. On the 26th and 27th of March 2012 ECFIAT and Eastern Caribbean Supreme Court/Judicial Education Institute (JEI) held a mock trial confiscation program for judges, prosecutors and financial investigators. In May 2012 two FIA officers undertook Tactical Analyst training in Spain sponsored by Egmont. There is always on-going training for personnel dealing with ML/FT. Two officers attended Cyber Crime investigations in Antigua. That course had a financial crime investigation aspect as well. Two investigators have received training in interviewing techniques using digital recording sponsored by ECFIAT and SUATT to assist in the investigation of crime. In August 2012 two FIA officers undertook Tactical Analyst training in Spain sponsored by Egmont. In September 2012 two other officers attended a Tactical Analysis Training programme in Antigua. In December 2012, the FIA provided training on customer due diligence, risks, and red flag issues for FSRA staff particularly in reference to the Insurance Industry. Also in January 2013, the FIA completed training with the rest of the Insurance companies. A second inspection and awareness program was also undertaken by the FIA with respect to car dealers and jewellers. In January 2013, the FSRA facilitated a training workshop with a consultant from ECCB wherein part of the training was with respect to onsite inspections which component also dealt with AML/CFT.

Recommendation 31

64. **Implementation of this Recommendation is on-going**. In March 2009 Saint Lucia has created a CFATF Oversight Committee to monitor the implementation of the FATF Recommendations and existing AML/CFT legislation so as to ensure they remain effective. This committee, which is comprised of persons from the Police, FIA, DPP, Attorney General's Chambers, Customs, Inland Revenue and FSRA, has met regularly since it was created. It has reportedly made recommendations for strengthening the AML/CFT framework including amendments to the MLPA. Saint Lucia established a White Collar Crime Task Force (WCCTF) in 2008 comprising high level persons from the Police, FIA, DPP, Attorney General's Chambers, Customs, Inland Revenue. The WCCTF mandate is primarily to combat white collar crime and this generally includes aspects of combatting ML/TF This task force meets monthly and is tasked with purpose of cooperating and coordinating domestically to effectively develop and implement AML/CFT policy. An MOU has been signed amongst the members of the White Collar Crime Task Force. MOUs have also been signed between FIA and the Police; FIA and Inland Revenue. Saint Lucia has also reported that in January 2013 the FIA convened bimonthly meetings with the Central Intelligence Unit, Drug Squad, Custom Intelligence Unit and Special Branch.

Recommendation 32

65. The CFATF Oversight Committee has undertaken the SIP exercise which allowed for a systematic review of Saint Lucia's overall ML and FT system in combating money laundering and terrorism. The statistics provided will be presented under the heading of Implementation Elements.

Implementation Elements

66. Saint Lucia has produced the following statistics to demonstrate the effective implementation of the Recommendations:

67. Laws and Regulations (R.3)

Table 5: Orders and their values

CASE TYPE	NO OF CASES	VALUE OF PROPERTY
Cash Seizures	10	1,062,555.90
Forfeiture Orders	2	364,145.42
Restraint Orders	13	7,749,498.00

Table 5: Provisional measures

PRODUCTION ORDERS	DIRECTOR'S REQUESTS	CONFISCATION CASES	POTENTIAL VALUE
5	643	28	12, 245, 845.00

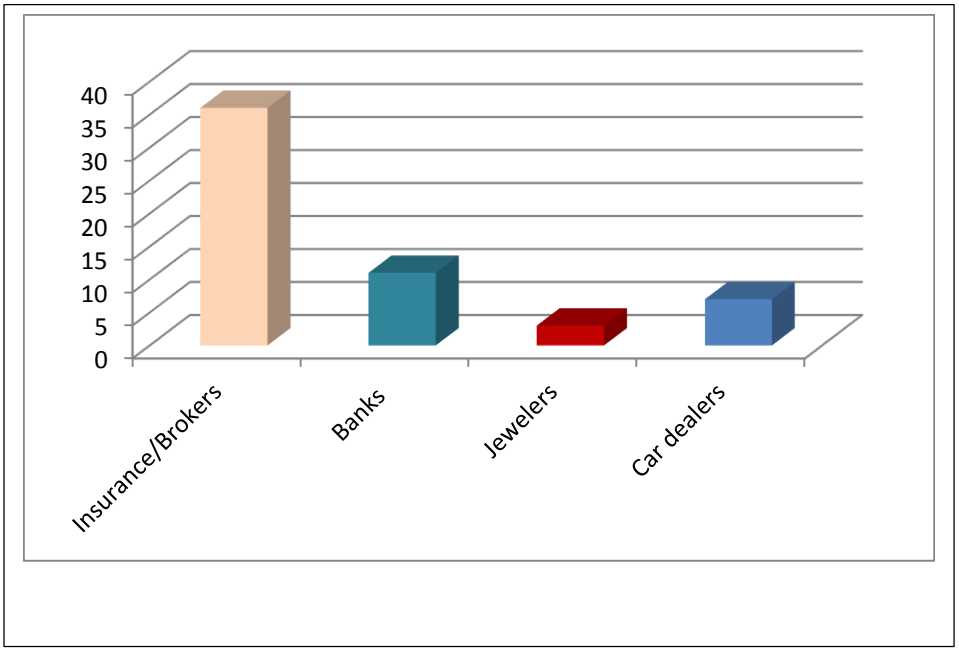
68. Authorities (R.26 &27)

Table 7: STR Received

STRs RECEIVED	TOTAL INVESTIGATIONS	ML INVESTIGATIONS	PENDING ANALYSES	REFERRED TO POLICE	REFERRED TO DPP	CLOSED
65	16	2	25	6	0	25

69. Training on the manner of STR reporting

Chart 2: Training on the manner of STR reporting



70. There was person extradited under the Extradition Act and one person surrendered under the Backing of Warrants Act.

Recommendation 33

71. This Recommendation continues to remain outstanding. To date Saint Lucia efforts at implementing the examiners recommendations was to implement a Pinnacle database.

Recommendation 34

72. In March 2009, an automated system was introduced in the Registry of Companies which allows for timely and easy verification of the type, nature, ownership and control of legal persons regulated by the Registrar of Companies. None of the deficiencies noted in the MER have been addressed.

Recommendation 37

73. Please see the analysis for Recommendation36. The action taken by Saint Lucia has led to ***full resolution of all the noted deficiencies.***

74. Please see the second follow-up report (Saint_Lucia_2nd_Follow-up_Report) for a detailed analysis of the action taken by Saint Lucia which led to ***full resolution of all the noted deficiency.***

Special Recommendation VI

75. Please see the first follow-up report (Saint_Lucia_1st_Follow-up_Report), third follow-up report (Saint_Lucia_3rd_Follow-up_Report) and fourth follow-up report (Saint Lucia_4th_Follow-up_Report) detailed analyses of the action taken by Saint Lucia which led to ***full resolution of all the noted deficiencies.***

Special Recommendation VII

76. **This SR continues to be outstanding** pending the enactment of amendment to existing legislation to address the deficiency related to wire transfers where there are technical difficulties.

Special Recommendation VIII

77. By Statutory Instrument No 144 of 2012 dated 12th November 2012 the Schedule of the MLPA was amended by including Non –Profit Companies and Non –Profit Organisations as other business activities. Consequently NPOs now have the same obligations as financial institutions and DNFBPs. Please see the first follow-up report (Saint_Lucia_1st_Follow-up_Report), third follow-up report (Saint_Lucia_3rd_Follow-up_Report) and fourth follow-up report (Saint Lucia_4th_Follow-up_Report) detailed analyses of the action taken by Saint Lucia relative to NPOs. For this period Saint Lucia has reported having approved an additional 10 NPO applications and have sensitized and trained the directors on Mal/CFT and the MLPA requirements. Saint Lucia now has to demonstrate the relevant AML/CFT provisions are effectively implemented. ***This SR remains outstanding***.

Special Recommendation IX

78. Please see the first follow-up report (Saint Lucia_4th_Follow-up_Report) and sixth follow-up report (Saint_Lucia_6th_Follow-up_Report) for detailed analyses of the action taken by Saint Lucia thus far. ***This SR remains outstanding***.

CONCLUSION

79. Since the adoption of the MER Saint Lucia has developed and executed a reform agenda that has resulted in the great majority of Recommendations being fully resolved. Of the Core and Key Recommendations, Rec 4 now has a very minor deficiency. For the 'Other' Recommendations Recs. 17, 21, 29, 33, 34, and SR. VII, VIII and IX remain outstanding whilst awaiting attention for legislative action. Throughout the follow-up process however the Jurisdiction has kept all the legislative commitments it made within its self-imposed deadlines. In this context Saint Lucia has indicated that it will cure all the remaining deficiencies by June 2013. There are currently no significant outstanding deficiencies.

80. Based on all of the above it is recommended that Saint Lucia's request for removal from Regular follow-up to biennial updates be accepted and the Jurisdiction be asked to provide a written update to the November 2013 Plenary to be followed by updates every two (2) years commencing from November 2013.

CFATF Secretariat
May 30, 2013

Appendix I

Application
for
Removal
from
Regular Follow-Up
to
Biennial Updates

SAINT LUCIA

20TH March 2013

18th March 2013

Ms. Dawne Spicer,
Deputy Executive Director,
Mutual Evaluation Programme
Caribbean Financial Action Task Force
Sackville House
35-37 Sackville Street,
Port of Spain
Trinidad

Dear Ms. Spicer;

Re: Application for Removal from Regular Follow- up Process

In furtherance to our letter dated 26th February 2013 in relation to the captioned subject please find a detailed compilation of all the actions taken by Saint Lucia in relation to the Recommended Actions following the November 2008 mutual evaluation.

Saint Lucia has attempted to address each Recommended Action (column 4) identified in the Matrix in a succinct manner.

It is submitted that Saint Lucia has taken sufficient action and steps in addressing the outstanding identified issues to be removed from regular follow-up to biennial updates, not only in relation to the Key and Core Recommendations but also in relation to the Other Recommendations.

Should there be need for any further clarification and assistance, Saint Lucia shall oblige.

Sincerely

signed
…….
Victor P. La Corbiniere
Minister for Legal Affairs
Home Affairs & National Security

CC: The Honourable Kim C. St. Rose
Attorney General

SAINT LUCIA

ANALYSIS OF RECOMMENDATIONS
18th March 2013

Background

1. There are 40 Recommendations which deal with issues concerning money laundering.

2. There are 9 Special Recommendations which deal with issues concerning Terrorist Financing.

3. The 2008 Mutual Evaluation resulted in the following ratings, with respect to the Key and Core Recommendations and other Recommendations.

4. Saint Lucia, from an analysis of the Follow – Up Reports have made significant progress in addressing the Recommended Actions and effectively closing the gaps in fifteen (15) of the Key and Core Recommendations.

5. Significant progress has also been made to the Other Recommendations.

The Core (6) Recommendations

Recommendations	**Ratings**	**Gaps Closed/Outstanding**
R 1 - Offence	PC	Gaps Closed – First Follow up Report. Gaps Closed –First Follow up Report
R.5 – Customer Due diligence	NC	Gaps Closed - Third Follow up Report
R. 10 – Record Keeping	NC	Gaps Closed - First Follow up Report
R.13 – Suspicious transaction reporting	NC	Gaps Closed - First Follow up Report
SR II – Criminalize terrorist Financing	NC	Gaps Closed - Third Follow up Report
SR. IV – Suspicious Transaction Reporting	NC	Gaps Closed - Fourth Follow up Report

The Key (10) Recommendations

Recommendations	Ratings	Completed/Outstanding
R 3 – Confiscation and provisional measures	PC	**Item 1 – Action Plan – FIA** **-Effective implementation - Ongoing**
R.4 – Secrecy laws consistent with the Recommendations	PC	**Item 2 – Action Plan – FSSU** **-Legislative**
R. 23 – Regulation, Supervision and Monitoring	PC	Gaps Closed – Second Follow up Report
R. 26 – The FIU	PC	*Gaps Closed – Third Follow up Report*
R. 35 - Conventions	NC	Gaps Closed – Sixth Follow up Report
R.36 – Mutual Legal Assistance.	PC	Gaps Closed
R. 40 – Other Forms of Coorperation	PC	Gaps Closed – Sixth Follow up Report
SR. I – Implement UN instruments	NC	Gaps Closed – Sixth Follow up Report
SR. III – Criminalise Terrorist Financing	NC	Gaps Closed – Sixth Follow up report
SR. V – International Co-operation	NC	Gaps Closed –Third Follow up Report

Other Recommendations

Recommendations	Ratings	Completed/Outstanding
R.6 – Politically exposed persons	NC	Gaps Closed – Sixth Follow up Report
R. 7 – Correspondent banking	NC	Gaps Closed –Fourth Follow up Report
R. 8 – New technologies & non face- to – face business	NC	Gaps Closed – Sixth Follow up Report
R 9 – Third Parties and Introducers	PC	Gaps Closed – Second Follow up Report

R. 11 – Unusual Transactions	NC	Gaps Closed – Sixth Follow up Report
R. 12 - DNFBPs	NC	Gaps Closed – Sixth Follow up Report
R.14 – Protection & tipping off	PC	**Item 5 – Action Plan – AG** **- Legislative**
R. 15 – Internal controls, compliance & audit.	PC	Gaps Closed – First Follow up Report
R. 16 - DNFBP	NC	Gaps Closed –Third Follow up Report
R.17 - Sanctions	PC	**Item 6 – Action Plan – AG** **- Legislative**
R. 18 – Shell banks	NC	Gaps Closed – Second Follow up Report
R. 19 – Other Forms of Reporting	NC	Gaps Closed – Fourth Follow up Report
R. 20 – Other NFBP & Secure transaction techniques	PC	Gaps Closed – Fifth Follow up Report
R. 21 – Special attention for higher risk countries	NC	**Item 9 – Action Plan – FIA** **- Legislative**
R. 22 – Foreign branches & subsidiaries	NC	Gaps Closed – Fourth Follow up Report
R. 24 – DNFBP – regulation, supervision and monitoring	NC	Gaps Closed – Fifth Follow up Report
R. 25 – Guidelines and Feedback	NC	Gaps Closed -
R. 27 – Law Enforcement Authorities	NC	Gaps Closed – Third Follow Report
R. 29 - Supervisors	PC	**Item 11– Action Plan – Min of Finance** **- Fully functional FSRA**
R. 30 – Resource, Integrity and Training	NC	**Item 12 (a) and 12 (b) – Action Plan – FIA/AG** - **Analyst at FIA** - **Training**
R. 31 – National Co-operation	NC	*On going*
R. 32 - Statistics	NC	**Items 13 (a) and 13 (b) – Action Plan – FIA** - **Training** **Ongoing**
R. 33 – Legal Person and Beneficial owners	PC	**Items 14 (a), 14 (b) 14 (c) and 14 (d) – Action Plan – FIA/AG** - **Training**

		- **Legislative**
R. 34 – Legal Arrangements and Beneficial Owners	NC	Once issues in R. 33 are addressed – these shall also be addressed
R. 37 – Dual criminality	NC	Gaps Closed – Third Follow up Report
R. 39 - Extradition	NC	Gaps Closed – Second Follow up Report
SRVI – AML – requirements for money/value transfer services	NC	Gaps Closed –Fourth Follow up Report
SR VII – Wire transfer rules	PC	**Item 19 – Action Plan – AG** **- Legislative**
SR VIII – Non- Profit Organisation	NC	**Items 20 (a) and 20 (b) – Action Plan – AG** - **NPO outreach** - **Development of NPO policy** - **Legislative**
SR IX – Cross Border Declaration and Disclosure	NC	**Item 21 – Action Plan –Min of Finance** **- Legislative**

Recommendation: 1

MONEY LAUNDERING OFFENCE

Rating: NC

Gaps Closed: First Follow up Report

Recommended Action	Actions Taken
• The MLPA should be amended to specifically provide that the offence of money laundering does not of necessity apply to persons who committed the predicate offences in light of the lacuna that presently exists in the law.	• The primary essential criterion required that St. Lucia criminalise money laundering to the extent prescribed in article 3(1)(b)&(c) of the Vienna Convention and Article 6(1) of the Palermo Convention . At the time of St Lucia's evaluation, the MLPA (No. 27 of 2003) criminalised money laundering to that required standard. St Lucia has been a signatory to the Palermo Convention since 26th September 2001. • In keeping with the assessors' recommendations, a new MLPA (No.8 of 2010) was enacted. Section 28 (2) of the 2010 MLPA creates the offence for laundering the proceeds of another. • At the time of 1st Follow up Report, the assessors' deemed the gaps under this recommendation to be closed. • Amendments were made to the Criminal Code, and the Counter-Trafficking Act was enacted, consequently defining the offences of hostage taking, migrant smuggling, participation in an organised criminal group and sexual exploitation of children thereby increasing the range of designated offences to include all acquisitive crimes.
• The offence of self-money laundering must be distinct from the offences which are predicates.	• Section 28 (1) of the 2010 MLPA created the offence of self laundering. Consequently a distinction is made between self laundering and laundering the proceeds of another. • St Lucia has indicted one individual for money laundering and has three ongoing criminal investigations to date. • In 2010 and 2011 amendments were made to the Proceeds of Crime Act, providing for the seizure and forfeiture of cash.

	• The FIA has conducted money laundering investigations in most of these cash seizures. Owing to a lack of evidence to the criminal standard, the FIA has opted to pursue civil cash forfeitures instead.
• The country needs to ensure that the widest possible categories of offences as designated by Convention are included within the MLPA and are definitively defined by legislation.	• Under the 2010 MLPA a definition was created for criminal conduct. Criminal conduct is a drug trafficking offence or other relevant offence. A relevant offence means any all indictable matters and matters triable and an offence listed in Schedule 1 of the MLPA and the amendments thereto made pursuant to SI 144 of 2012. • Further, the Amendments to the interpretive sections of the Criminal Code, and the Counter-Trafficking Act to define the offences of hostage taking, migrant smuggling, participation in an organised criminal group and sexual exploitation of children increased the range of designated offences to extend to the widest range of crimes as defined by the Conventions.

Back to follow-up report

Recommendation: 5

CUSTOMER DUE DILIGENCE

Rating: NC

Gaps Closed: Third Follow up Report

Recommended Action	Actions Taken
• The St. Lucian authorities should consider either amending the MLPA or giving enforceable means to the Guidance Notes issued by the FIA.	• The Guidance Notes have been given the force of law by being implemented as Regulations. • Statutory Instrument Number 55 of 2010 gave effect to the Money Laundering Prevention (Guidance Notes) Regulations. • Further, the Money Laundering Prevention (Guidance Notes) Regulations was amended by Statutory Instrument Number 82 of 2012 by the Money Laundering (Prevention) (Guidance Notes) (Amendment) Regulations. • Section 2(2() stipulates that a financial institution is liable to a fine of $1million for a breach of the Regulations.
• The MLPA should be amended to include provisions that would require all financial institutions to undertake CDD in the following circumstances: i. when performing occasional transactions above a designated threshold,	ii. Section 15(3) of the MLPA provides for CDD to be undertaken by financial institutions. iii. The Section states: "This section applies to the following types of business – *(a)* the forming of a business relationship; *(b)* a one-off transaction where payment is to be made by or to the applicant of $10,000 or more; *(c)* two or more one-off transactions that – (i) appear to a person handling the transaction on behalf of the regulated institution to be linked; and (ii) in respect of which, the total amount payable by or to the applicant is $10,000 or more;

	(d) where in respect of a one-off transaction a person handling the transaction on behalf of the financial institution or person engaged in other business activity knows or suspects – (i) that the applicant is engaged in money laundering; or (ii) that the transaction is carried out on behalf of another person engaged in money laundering." • Provision is therefore made for CDD when performing occasional transactions above a designated threshold. • Further, with respect to Customer Due Diligence, Section 17of the MLPA states**.**— • Section 17(1) A financial institution or a person engaged in other business activity shall undertake customer due diligence measures — (*b*) including identifying and verifying the identity of customers, when – (i) establishing business relations; (ii) carrying out occasional transactions above $25,000.00 or that are wire transfers; (iii) on funds transfers and related messages that are sent; (iv) suspicious activity funds transfers which do not contain complete originator information; (v) there is a suspicion of money laundering or terrorist financing.
iv. carrying out occasional transactions that are wire transfers under SR VII and	v. Section 17 of the MLPA was amended by the Money Laundering (Prevention) Amendment Act No. 9 of 2011. vi. Section 17 of the principal Act is amended by — *(a)* deleting subsection (1) and substituting the following: "(1) A financial institution or a person engaged in other business activity shall undertake customer due diligence measures when there is doubt about the veracity or adequacy of previously obtained customer identification data including identifying and verifying the identity of customers, when – (a) establishing business relations; (b) carrying out occasional transactions above $25,000.00 or that are wire transfers; (c) on funds transfers and related messages that are sent;

	(d) when funds are transferred and do not contain complete originator information; (e) there is a suspicion of money laundering or terrorist financing.”;
vii. where the financial institutions is in doubt about the veracity or adequacy of previously obtained customer identification data:	viii. Section 17 of the MLPA was amended by the Money Laundering (Prevention) Amendment Act No. 9 of 2011. ix. Section 17 of the principal Act is amended by — (a) deleting subsection (1) and substituting the following: “(1) A financial institution or a person engaged in other business activity shall undertake customer due diligence measures when there is doubt about the veracity or adequacy of previously obtained customer identification data including identifying and verifying the identity of customers, when – (a)establishing business relations; (b) carrying out occasional transactions above $25,000.00 or that are wire transfers; (c) on funds transfers and related messages that are sent; (d) when funds are transferred and do not contain complete originator information; (e) there is a suspicion of money laundering or terrorist financing.”;
x. on an ongoing basis;	xi. Section 17 (4) of the MLPA states that: “ The customer due diligence measures to be taken under this section are as follows: (*d*) conducting ongoing due diligence on the business relationship and scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the financial institution’s knowledge of the customer, their business and risk profile, including, where necessary, the source of funds.
xii. based on materiality and risk at appropriate times.	Section 17 (2) of the MLPA states: “ A financial institution or a person engaged in other business activity shall ensure that any document, data or information collected under the customer due diligence process is kept up-to-date and relevant by undertaking routine reviews of existing records particularly for Section 17 (3) of the MLPA states :

	A financial institution or person engaged in other business activity shall provide for — (*a*) performing enhanced due diligence for higher risk categories of customer, business relationship or transaction; (*b*) applying reduced or simplified measures where there are low risks of money laundering, where there are risks of money laundering or terrorist financing or where adequate checks and controls exist in national system respectively; (*c*) applying simplified or reduced customer due diligence to customers resident in another country which is in compliance and have effectively implemented the Financial Action Task Force recommendations. Section 17(9) of the MLPA states: For higher risk categories, a financial institution or person engaged in other business activity shall perform enhanced due diligence. Section 17 (10) of the MLPA states: Where there are low risks, a financial institution or person engaged in other business activity may apply reduced or simplified measures. Section 17(14) of the MLPA states: This section applies to all new customers and existing customers on the basis of materiality and risk, and a financial institution or person engaged in other business activity may conduct customer due diligence on existing relationships at appropriate times.
• Consistent practices should be implemented across all sectors for dealing with AML/CFT issues. The awareness levels of obligations under the MLPA are different within the sub-sectors. Supervisory oversight by the several regulators is also not consistent.	• There are specified threshold for various categories of entities including financial institutions casinos, jewellers, accounts, lawyers, and other DNFBPs when engaged in cash transactions and financial transactions carried out in single operations or in several operations that appear to be linked and issuing of Guidance Notes for DNFBPs, Statutory Instrument 83/2012
• The MLPA should be amended so that financial institutions and persons engaged in other business activity should be	Section 17 (2) of the MLPA states: A financial institution or a person engaged in other business activity shall ensure that any document, data or information collected under the customer due diligence process is kept up-to-date and relevant by

required to ensure that documents, data or information collected under the CDD process are kept up-to-date and relevant by undertaking routine reviews of existing records.	undertaking routine reviews of existing records particularly for high risk categories of customers or business relationships. Section 17 (4) of the MLPA states: The customer due diligence measures to be taken under this section are as follows: conducting ongoing due diligence on the business relationship and scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the financial institution's knowledge of the customer, their business and risk profile, including, where necessary, the source of funds.
• The MLPA should be amended so that financial institutions are required to: i. Undertake customer due diligence (CDD) measures when they have doubts about the veracity or adequacy of previously obtained customer identification data.	• Section 17(1) of the MLPA states: A financial institution or a person engaged in other business activity shall undertake customer due diligence measures — (*a*) when there is doubt about veracity or adequacy of previously obtained customer identification data; xiii. Section 17 of the MLPA was amended by the Money Laundering (Prevention) Amendment Act No. 9 of 2011. xiv. Section 17 of the principal Act is amended by — deleting subsection (1) and substituting the following: "(1) A financial institution or a person engaged in other business activity shall undertake customer due diligence measures when there is doubt about the veracity or adequacy of previously obtained customer identification data including identifying and verifying the identity of customers, when – (a) establishing business relations; (b) carrying out occasional transactions above $25,000.00 or that are wire transfers; (c) on funds transfers and related messages that are sent; (d) when funds are transferred and do not contain complete originator information; (e) there is a suspicion of money laundering or terrorist financing.";
ii. Undertake customer due diligence (CDD) measures when there is a suspicion of money laundering or terrorist financing, regardless of any exemptions or thresholds that are	• Section15 (*d*) of the MLPA states: where in respect of a one-off transaction a person handling the transaction on behalf of the financial institution or person engaged in other business activity knows or suspects – (i) that the applicant is engaged in money laundering; or

referred to elsewhere under the FATF Recommendations.	(ii) that the transaction is carried out on behalf of another person engaged in money laundering. • Section 17(1) of the MLPA states: A financial institution or a person engaged in other business activity shall undertake customer due diligence measures — (*b*) including identifying and verifying the identity of customers, when – (v) there is a suspicion of money laundering or terrorist financing. xv. Section 17 of the MLPA was amended by the Money Laundering (Prevention) Amendment Act No. 9 of 2011. xvi. Section 17 of the principal Act is amended by — deleting subsection (1) and substituting the following: "(1) A financial institution or a person engaged in other business activity shall undertake customer due diligence measures when there is doubt about the veracity or adequacy of previously obtained customer identification data including identifying and verifying the identity of customers, when – (e) there is a suspicion of money laundering or terrorist financing."; • Section 17 (4) of the MLPA states: The customer due diligence measures to be taken under this section are as follows: (*a*) subject to subsection (11), identifying a customer and verifying a customer's identity using reliable, independent source documents, data or information; (*b*) subject to subsection (11), identifying the beneficial owner, and taking reasonable measures to verify the identity of the beneficial owner such that the financial institution is satisfied that it knows who the beneficial owner is and for legal persons and arrangements this should include financial institutions taking reasonable measures to understand the ownership and control structure of the customer; • Section 17 (11) of the MLPA states: A financial institution or person engaged in other business activity shall verify the identity of the customer and beneficial owner before or during the course of establishing a business relationship or conducting transactions for occasional customers.
iii. Take reasonable measures to understand the ownership and control structure of the customer and determine who the natural persons are that ultimately own or control the customer. This includes those persons who exercise ultimate effective control over a legal person or arrangement.	
iv. Obtain information on the purpose and intended nature of the business relationship.	• Section 17 (4) of the MLPA states: The customer due diligence measures to be taken under this section are as follows:

	(*c*) obtaining information on the purpose and intended nature of the business relationship;
v. Ensure that documents, data or information collected under the CDD process are kept up-to-date and relevant by undertaking reviews of existing records, particularly for higher risk categories of customers or business relationships.	• Section 17 (2) of the MLPA states A financial institution or a person engaged in other business activity shall ensure that any document, data or information collected under the customer due diligence process is kept up-to-date and relevant by undertaking routine reviews of existing records particularly for high risk categories of customers or business relationships. • Section 17 (4) of the MLPA states The customer due diligence measures to be taken under this section are as follows: (*d*) conducting ongoing due diligence on the business relationship and scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the financial institution's knowledge of the customer, their business and risk profile, including, where necessary, the source of funds. • Paragraph 149 of the MLPA Regulations states: The duty of continuous verification also requires the institution to monitor accounts for their consistency continuously against the stated account purpose or the source of funds, or pattern. • Paragraph 142 of the DNFBPs Regulations states: The duty of continuous verification also requires the business activities to monitor transactions for their consistency continuously against the stated business purpose or the source of funds, or pattern.
vi. provide for performing enhanced due diligence for higher risk categories of customer, business relationship or transaction	• Paragraph 145 of the Regulations states. "The means and mechanisms of laundering funds change. Accordingly institutions should be aware of emerging trends which create a greater risk for money laundering. Primary concern should be for determining the legitimacy of the source of funds entering the financial system and the real owners of these funds. Risks may be categorized as high or low depending on the circumstances. • Section 17 (3) of the MLPA states: A financial institution or person engaged in other business activity shall provide for — (*a*) performing enhanced due diligence for higher risk categories of customer, business relationship or transaction; (*b*) applying reduced or simplified measures where there are low risks of money laundering, where there are risks of money laundering or

	terrorist financing or where adequate checks and controls exist in national system respectively;
vii. Provide for applying reduced or simplified measures where there are low risks of money laundering, where there are risks of money laundering or terrorist financing or where adequate checks and controls exist in national system respectively.	• Section 17 (3) of MLPA states: A financial institution or person engaged in other business activity shall provide for — (*b*) applying reduced or simplified measures where there are low risks of money laundering, where there are risks of money laundering or terrorist financing or where adequate checks and controls exist in national system respectively; • Section 17 (10) of MLPA states: Where there are low risks, a financial institution or person engaged in other business activity may apply reduced or simplified measures. • Paragraph 145 of the Regulations states : "The means and mechanisms of laundering funds change. Accordingly institutions should be aware of emerging trends which create a greater risk for money laundering. Primary concern should be for determining the legitimacy of the source of funds entering the financial system and the real owners of these funds. Risks may be categorized as high or low depending on the circumstances."
viii. Provide for applying simplified or reduced CDD to customers resident in another country which is in compliance and have effectively implemented the FATF recommendations.	• Section 17 (3) of the MLPA states: A financial institution or person engaged in other business activity shall provide for — (*c*) applying simplified or reduced customer due diligence to customers resident in another country which is in compliance and have effectively implemented the Financial Action Task Force recommendations.

Back to follow-up report

Recommendation: 10

RECORD KEEPING

Rating: NC

Gaps Closed: First Follow up Report

Recommended Action	Actions Taken
• The MLPA should be strengthened to provide that the records to be kept are both domestic and international and also that such records must be sufficient to permit reconstruction of individual transactions so as to provide, if necessary, evidence for prosecution of criminal activity.	• -The Money Laundering (Prevention) Act No.8 of 2010 (MLPA) at Section 16(1)(a) provides, that financial institutions and persons engaged in other business activities establish and maintain transaction records for both domestic and international transactions for a period of seven (7) years after the completion of the transaction recorded.
The MLPA should be strengthened to provide that financial institutions should maintain records of business correspondence for at least five years following the termination of an account or business relationship (or longer if requested by a competent authority in specific cases upon proper authority).	• In relation to the retention of records upon termination of an account or business relationship, the MLPA states the following: • Section 16(7)(a) states that, a financial institution or person engaged in other business activity shall keep a record if the record relates to the opening of an account with the financial institution for a period of 7 years after the day on which the account is closed. • Section 16(7)(b) states that, if the record relates to the renting by a person of a safety deposit box held by the financial institution, for a period of 7 years after the day on which the safety deposit box ceases to be used by the person, and • Section 16(7)(c) prescribes, in any other case a period of 7 years after the day on which the transaction recorded takes place.

The provisions in both the POCA and MLPA should create a statutory obligation and a corresponding offence for instances where information is not maintained in a form which enables the competent authority to retrieve the information on a timely basis. Even though the various pieces of information may be available, the timely ability to reconstruct the transaction or sufficient evidence to procure a prosecution may be impeded.	• Section 16(8) of the MLPA prescribes that, a financial institution or person engaged in other business activity shall keep all records and copies of records in a form that will allow retrieval in legible form and within a reasonable period of time in order to reconstruct the transaction for the purpose of assisting the investigation and • prosecution of a suspected money laundering offence. • Section 16(9) of the MLPA also makes it an offence under section 16(9)for the failure of a financial institution to comply with this section. • With the actions taken to date and as highlighted by the examiner, the actions taken by St. Lucia in relation to Recommendation 10 have effectively closed the gaps.

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Recommendation: 13

SUSPICIOUS TRANSACTION REPORTING

Rating: NC

Gaps Closed: First Follow up Report

Recommended Action	**Actions Taken**
• The POCA and MLPA should be amended to provide that: i. Financial institution should report to the FIA (a suspicious transaction report – STR) when it suspects or has reasonable grounds to suspect that funds are the proceeds of a criminal activity. At a minimum, the obligation to make a STR should apply to funds that are the proceeds of all offences that are required to be included as predicate offences under Recommendation 1.	• Section 16 (1) (c) the MLPA states: A financial institution or a person engaged in other business activity shall — (c) the report to the Authority a transaction where the identity of a person involved in the transaction or the circumstances relating to the transaction gives an employee of the financial institution or person engaged in other business activity reasonable grounds to suspect that the transaction involves the proceeds of criminal conduct or an attempted transaction involves the proceeds of criminal conduct regardless of the amount of the transaction; • Section 19(c) of MLPA states: Requires the person referred to in paragraph (b) to report the matter under 16 (1) (c) in the event that the person determines that sufficient basis exists.
ii. The filing of a STR must apply to funds where there are reasonable grounds to suspect or they are suspected to be linked or related to, or to be	• Section 32 (4) of the Anti- Terrorism Act, No 36 of 2003 makes it mandatory for every financial institution to report to the FIA every transaction which occurs within the course of its activities, and in respect of which there are reasonable grounds to suspect that the transaction is related to the commission of a terrorist act.

used for terrorism, terrorist acts or by terrorist organisations or those who finance terrorism. All suspicious transactions, including attempted transactions, should be reported regardless of the amount of the transaction.	• Further the Anti- Terrorism Act, No 36 of 2003 is listed under Schedule 1 of the MLPA which also Act places an obligation on the financial institutions to file STRs in relation to terrorist financing. • Section 16 (1) c of the MLPA provides for the following: A financial institution or a person engaged in other business activity shall — (c) the report to the Authority a transaction where the identity of a person involved in the transaction or the circumstances relating to the transaction gives an employee of the financial institution or person engaged in other business activity reasonable grounds to suspect that the transaction involves the proceeds of criminal conduct or an attempted transaction involves the proceeds of criminal conduct regardless of the amount of the transaction;

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Special Recommendation II

CRIMINALIZE TERRORIST FINANCING

Rating: NC

Gaps Closed: Third Follow up Report

Recommended Action	Actions Taken
• The Government needs to ratify the Conventions and UN Resolutions and establish the proper framework to effectively detect and prevent potential vulnerabilities to terrorists and the financing of terrorism.	• On 15th December 2008, St Lucia's Anti-Terrorism Act came into force incorporating all the articles of the International Convention for the Suppression of Financing of Terrorism. • On the 26th May 2010, The Anti- Terrorism (Guidance Notes) Regulations was published by virtue of SI 56 of 2010 and given the force of law. • On the 18th November 2011 Saint Lucia acceded to the International Convention for the Suppression of Financing of Terrorism. • It is noted, that although Saint Lucia is proactively attempting to prepare and deposit the relevant instruments with respect to all the applicable conventions and protocols, Saint Lucia having acceded to the International Convention for the Suppression of Financing of Terrorism on the 18th of November 2011 by virtue of Article 2 (2) of that convention has acceded to all the annexed conventions without reservation. • St Lucia has had no terrorism-related SARs, intelligence or security reports or resultant investigations, prosecutions and convictions and therefore should not be assessed using statistical bases. • The instruments of accession and or ratification have been drawn up and signed with respect to all the outstanding Conventions and Protocols. These were forwarded to be deposited and confirmation with respect to the depositing of one convention is awaited.

	• Saint Lucia has accordingly acceded to and ratified the following Conventions and or Protocols: • Protocol to the convention for the suppression of unlawful seizure of aircraft – 12th September 2012. • Convention on the punishment of crimes against protected persons – 12th November 2012. • International Convention for the suppression of terrorist bombings – 17th October 2012. • International Convention for the suppression of Acts of Nuclear terrorism – 12th November 2012. • Convention on the Physical Protection of Nuclear Material – 14th October 2012. • Convention on the Suppression of Unlawful Acts relating to International Civil Aviation – 12th September 2012. • Convention Against the Taking of Hostages – 17th October 2012. • Protocol of 2005 to the Protocol for the suppression of unlawful Acts against the Safety of Fixed Platforms located on the Continental Shelf – 6th February 2013. • Protocol of 2005 to the Convention for the Suppression for the Suppression of Unlawful Acts against the Safety of maritime Navigation 6th February 2013. • Amendment to the Convention on Physical Protection of Nuclear Material - 8th November 2012. • The following instrument has been deposited and confirmation is awaited. • Convention on the Marking of Plastic Explosives for the purpose of identification.

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Special Recommendation IV

SUSPICIOUS TRANSACTION REPORTING

Rating – NC

Gaps Closed:- Fourth Follow up Report

Recommended Action	Actions Taken
• The filing of a STR must apply to funds where there are reasonable grounds to suspect or they are suspected to be linked or related to, or to be used for terrorism, terrorist acts or by terrorist organisations or those who finance terrorism. All suspicious transactions, including attempted transactions, should be reported regardless of the amount of the transaction.	• Section 32 (4) of the Anti- Terrorism Act, No 36 of 2003 makes it mandatory for every financial institution to report to the FIA every transaction which occurs within the course of its activities, and in respect of which there are reasonable grounds to suspect that the transaction is related to the commission of a terrorist act. • Further the Anti- Terrorism Act, No 36 of 2003 is listed under Schedule 1 of the MLPA which also Act places an obligation on the financial institutions to file STRs in relation to terrorist financing. • Section 16 (1) c of the MLPA provides for the following: A financial institution or a person engaged in other business activity shall — (c) the report to the Authority a transaction where the identity of a person involved in the transaction or the circumstances relating to the transaction gives an employee of the financial institution or person engaged in other business activity reasonable grounds to suspect that the transaction involves the proceeds of criminal conduct or an attempted transaction involves the proceeds of criminal conduct regardless of the amount of the transaction;
• The MLPA should be amended to provide that all suspicious transactions must be reported to the FIA regardless of the amount of the transaction.	• Section 16(1) (c) of the MPLA provides for the filling of all suspicious transactions by financial institutions and other business activities regardless of the amount of the transaction. "A financial institution or a person engaged in other business activity shall —report to the Authority a transaction where the identity of a person involved in the transaction or the circumstances relating to the transaction gives an employee of the financial institution or person engaged in other business activity reasonable grounds to suspect that the transaction involves the proceeds of criminal conduct or an attempted transaction involves the proceeds of criminal conduct regardless of the amount of the transaction;"

Recommendation: 3

CONFISCATION AND PROVISIONAL MEASURES

Rating: PC

Gaps Closed: On going

Recommended Action	**Actions Taken**
• Despite the lack of ML prosecutions there have been convictions for predicate offences and the reasons elucidated are not attributed to a lack of restraint action nor from lack of action by the DPP to suggest a less than effective attempt at obtaining a court sanction. Notwithstanding, the St. Lucian authorities have not demonstrated that there is effective implementation of these measures. The absence of any confiscation speaks to legislation that has never been tested.	• This recommendation is a key recommendation and was rated PC. • According to the examiners, that rating was given largely because of Saint Lucia's inability to demonstrate that the legislative provisions which were in place at the time of the assessment were being effectively utilised. • Subsequent to the mutual evaluation and the first follow-up report St. Lucia has made significant progress to effectively close the gaps highlighted by the examiners. • In 2010 and 2011 the Proceeds of Crimes Act Chapter 3.04 of the Revised Laws of St. Lucia (POCA) was amended by Proceeds of Crime (Amendment) Act No. 4 of 2010 and No.15 of 2011 to include sections 29A and 49A. • Section 29A provides for the seizing and detention of cash when found at the border or anywhere in St. Lucia, where there are reasonable grounds for suspecting that the cash directly or indirectly represents a person's proceeds of or were intended for use by him in criminal conduct. • Section 49A provides for the forfeiture of the detained cash where it is satisfied on an application made, that the cash directly or indirectly represents any person's proceeds of, or benefit from, or is intended by any person for use in, the commission of criminal conduct. • There has been effective implementation of sections 29A and 49A of POCA. Since the commencement of the cash civil forfeiture provisions there has been 10 cash Detention Orders granted for the detention of XCD962,610.51. There has been six (8) cash forfeiture

	applications made with two (2) forfeiture orders being granted thus far for the sum of XCD264,200 and the remaining four (6) are scheduled for hearing. • St. Lucia has also been making use of the provisional measures prescribed by POCA as well as the Money Laundering (Prevention) Act of St. Lucia No. 8 of 2010 (MLPA). • To date there have been 14 Production Orders granted under POCA. However, section 6 of the MLPA provides similar powers to what obtains with the Production Orders prescribed by POCA. • The provisions under section 6 of the MLPA give the Financial Intelligence Authority (F.I.A) the power to oblige financial institutions to produce information for the purpose of money laundering investigations. As a consequence most of the information obtained by the F.I.A from the financial institution is done by way of Director's Letter. During the period May 2012 to November 2012 the F.I.A has served 120 Director's Letter on financial institutions. • The F.I.A has obtained 12 Restraint Orders to date, restraining property valued at XCD11,139,742.00 pending confiscation proceedings. There is one confiscation hearing currently before the High Court and that matter is scheduled for the 17th and 18th of April 2013. • Recommendation 3 is to be read in conjunction with Special Recommendation iii. In that regard the Anti-Terrorism Act No 36 of 2003 came into force on 15th December 2008. • Offences under the Anti-Terrorism Act are captured as Criminal Conduct in schedule 1 of the MLPA as well as Schedule of POCA. As such the provisional measure under POCA and the MLPA would apply when dealing with enquiries and proceedings relating to Financing of Terrorism under the Anti-Terrorism Act.

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Recommendation: 4

SECRECY LAWS CONSISTENT WITH THE RECOMMENDATIONS

Rating: PC

Gaps Closed:

Recommended Action	Actions Taken
• The Insurance Act and the Registered Agents and Trustee Act do not have expressed provision for the sharing of information. While in practice, this has not prevented them from sharing with authorities, for the avoidance of doubt it is recommended that expressed provisions in the respective pieces of legislation together with the requisite indemnity for staff members making such disclosures.	• Section 15(2) of the Registered Agents and Trustee Licensing Act Cap 12.12 (RATLA) grants the Authority the power to require the directors, officers and auditor of a licensee to provide information and explanation and to request any information and to have access to such books, records, vouchers, documents, securities and other assets and information held by a licensee. • Section 26 of RATLA provides for the disclosure of information for the purpose of the performance or exercise of the Director's duties or functions under the Act or when lawfully required to do so by the Court or under the provisions of any law in force in Saint Lucia or under any agreement on mutual legal assistance in criminal matters with other Governments, or under any mutual assistance agreement with another regulatory body. • Section 27 of the RATLA provides immunity against prosecution and other proceedings to the Minister, the Director, the Financial Centre Corporation or an agent of the Financial Centre Corporation or other person in respect of any acts or matters done or omitted to be done in good faith. In addition, section 13 of the FSRA Act No.13 of 2011 gives the FSRA the powers, duties and functions assigned to the Authority by the Minister, the Act and the enactments specified in Schedule 1. (Schedule 1 lists the Insurance Act, RATLA among other enactments). • These enactments are as follows:- - Cooperative Societies Act, Cap. 12.06 - Insurance Act - International Banks Act, Cap 12.17 - International Insurance Act, Cap 12.15 - International Mutual Funds Act 2006,No 22 - Money Services Business Act - Registered Agent and Trustees Act, Cap. 12. 12

	- Saint Lucia Development Bank Act No 12 of 2008 • Consequently, the information can be obtained and shared by the licensees with the Authority. Under section 13 (1) (e) the Authority has the power to co-operate with the Financial Intelligence Authority. • Further under section 33(1) a regulated entity shall submit to the FSRA any report, statement, information or data required for the proper discharge of its functions and responsibilities. **Correspondent Banking** Regulation 94 of stipulates that enhanced due diligence shall be conducted be commercial banks in ascertaining whether the bank has established and implemented sound customer due diligence, anti-money laundering policies etc. Regulation 94 states: Correspondent banking refers to the provision of banking services by one bank (the correspondent bank) to another bank (the respondent bank). Financial institutions are required by FATF to apply appropriate levels of due diligence to such accounts by gathering sufficient information from and performing enhanced due diligence processes on correspondent bank prior to setting up correspondent accounts. These include: (a) Obtaining authenticated/certified copies of Certificates of Incorporation and Articles of Incorporation (and any other company documents to show registration of the institution within its identified jurisdiction of residence); (b) Obtaining authenticated/certified copies of banking licences or similar authorization documents, as well as any additional licences needed to deal in foreign exchange; (c) Determining the supervisory authority which has oversight responsibility for the respondent bank; (d) Determining the ownership of the financial institution; (e) Obtaining details of respondent bank's board and management composition; (f) Determining the location and major activities of the financial institution; (g) Obtaining details regarding the group structure within which the respondent bank may fall, as well as any subsidiaries it may have; (h) Obtaining proof of its years of operation, along with access to its audited financial statements (5 years if possible); Information as to its external auditors;

	(j) Ascertaining whether the bank has established and implemented sound customer due diligence, anti-money laundering policies and strategies and appointed a Compliance Officer (at managerial level), to include obtaining a copy of its AML policy and guidelines; (k) Caution to be exercised by correspondent bank, shall be cautious while continuing relationships with correspondent banks located in countries with poor KYC standards and countries identified as "non cooperative" in the fight against money laundering and terrorist financing; (l) Ascertaining whether the correspondent bank, in the last 7 years (from the date of the commencement of the business relationship or negotiations therefore), has been the subject of, or is currently subject to any regulatory action or any AML prosecutions or investigations. A primary source from which this information may be sought and ascertained would be the regulator for the jurisdiction in which the correspondent bank is resident. Information may also be available from its website; (m) Requiring confirmation that the foreign corresponding bank do not permit their accounts to be used by shell banks, i.e. the bank which is incorporated in a country where it has no physical presence and is unaffiliated to any regular financial group; (n) Establishing the purpose of the correspondent account; (o) Documenting the respective responsibilities of each institution in the operation of the corresponding account; (p) Identifying any third parties that may use the correspondent banking services; (q) Ensuring that the approval of senior management is obtained for the account to be opened; (r) The correspondent bank examining and satisfying itself that the respondent bank has verified the identity of the customers having direct access to the accounts and are subject to checks under 'due diligence' on an on-going basis. The bank shall also ensure that the respondent bank is able to provide the relevant customer identification data/information immediately on request. (s) Documenting the AML/CFT responsibility of each institution. While local banks currently may not provide correspondent banking services to foreign banks, they may have banking relationships with overseas financing institutions and must therefore ensure that the above procedures are engaged vis-à-vis such relationships. • Section 17 (7) and (8) of the MLPA address the recommended actions and provides for the sharing of information among financial institutions:

	• Section 17(7) states:- A financial institution or person engaged in other business activity may rely on intermediaries or other third parties to perform paragraphs (a) – (c) of subsection (4) of the customer due diligence process or to introduce business, provided that the criteria set out in subsection (8) are met. • Section 17(8) The criteria that should be met for the purposes of subsection (7) are as follows: a financial institution or a person engaged in other business activity relying upon an intermediary or third party shall immediately obtain the necessary information in paragraphs (a) – (c) of subsection (4) of the customer due diligence process. • Further, Regulation 178 of the Money Laundering (Prevention) Guidance Notes Regulations 55 of 2010 provides for wire transfers where there are technical limitations. Sanctions will be provided to ensure that minimum originator information is obtained and maintained for wire transfers. • Regulation 179 of the Money Laundering (Prevention) Guidance Notes Regulations 55 of 2010 as amended by Statutory Instrument 83 of 2012. • In addition, section 38 of the FSRA Act permits the FSRA to enter into MOUs with the FIA or other regulatory authority for the purpose of information exchanges. Saint Lucia has also passed an International Tax Cooperation Act No. 6, 2012 for facilitation of tax information exchange with countries with which, it has signed a Tax information exchange agreement (TIEA). To date 17 International Tax Co-operation Agreements have been signed.

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Recommendation: 23

REGULATION, SUPERVISION AND MONITORING

Rating: PC

Gaps Closed: Second Follow up Report

Recommended Action	Actions Taken
• St. Lucia should consider a registration or licensing process for money or value transfer service businesses.	Section 4 of the Money Services Business Act, No. 11, 2010 provides for the licensing of: - (a) "Class A" licence permits a licensee to carry on any or all of the following businesses — (i) transmission of money or monetary value in any form; (ii) the issuance, sale or redemption of money orders or traveller's cheques; (iii) cheque cashing; (iv) currency exchange; (b) "Class B" licence permits a licensee to carry on any or all of the following businesses — (i) the issuance, sale or redemption of money orders or traveller's cheques; (ii) cheque cashing; (iii) currency exchange; (c) "Class C" licence permits a licensee to carry on the business of cheque cashing; (d) "Class D" licence permits a licensee to carry on the business of currency exchange.

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Recommendation: 26

THE FINANCIAL INTELLIGENCE AUTHORITY

Rating: PC

Gaps Closed: Third Follow up Report

Recommended Action	Actions Taken
• St Lucian Authorities should move quickly and pass the Prevention of Terrorism Act. This will certainly help to strengthen the AML / CFT framework of the Country.	• On 15th December 2008, St Lucia's Anti-Terrorism Act came into force incorporating all the articles of the International Convention for the Suppression of Financing of Terrorism. On the 26th May 2010, The Anti- Terrorism (Guidance Notes) Regulations were published by virtue of SI 56 of 2010 and given the force of law.
• Consideration should be given to the establishment of clear and unambiguous roles in the FIA.	• St Lucia's FIA has both an administrative/law enforcement role as well as a regulatory/supervisory role under the MLPA. Since the evaluation, the FIA has implemented a new staffing initiative. This has increased the number of staff to one dedicated analyst and four financial investigators. • This allowed the FIA to increase the following: compliance meeting, training and interaction with financial institutions and DNFBPs, onsite inspections, analysis of SARs and law enforcement actions and investigations. • This has the overall effect of reviewing and strengthening of St Lucia's ML and FT systems. Considering the increased interaction which the FIA now has with not only its reporting institutions but other law enforcement and competent authorities, the Royal St Lucia Police Force has agreed to attach two additional officers (on the 1st of March 2013) to the FIA, one to augment the analyst functional and the other the investigative function. • Section 4(5) of the MLPA No. 8 of 2010 gives the Board of the FIA the power to appoint the Director without a reference being made to the Minister. Further section 3 of the MLPA Amendment Act No. 9 of 2011 extends the Board's power to staff and other support personnel. "The Authority shall appoint a Director and such other

	general support personnel as the Authority considers necessary on such terms and conditions as the Authority may determine. • The ongoing staffing initiative of the FIA has allowed the FIA to increase the level of interaction with the financial sector. There has been an increase in the number of: compliance meeting, training and interaction with financial institutions and DNFBPs and onsite inspections. This process in ongoing.

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Recommendation 35

CONVENTIONS

Rating: NC

Gaps Closed: Sixth Follow up Report

Recommended Action	Actions Taken
• St. Lucia needs to sign and ratify or otherwise become a party to and fully implement the Conventions which relate particularly to the Palermo Convention, Terrorist Financing Convention, Suppression of FT and UNSCRs relating to terrorism.	• On the 18th November 2011 Saint Lucia acceded to the International Convention for the Suppression of Financing of Terrorism. • Further Saint Lucia already is a signatory to the Palermo Convention, having signed on the 26th September 2001. The Convention is given the force of law through the enactment of the MLPA, Counter-Trafficking Act No. 7 of 2010 and the Criminal Code (Amendment) Act No. 2 of 2010. • On the 25th of November 2011 Saint Lucia acceded to the United Nations Convention against Corruption.
• Implement the legal frameworks for these conventions – in particular, enact its Anti-Terrorism Act.	• The Anti –Terrorism Act No. 36 of 2003 was given the force of law on December 18th 2008. • It is noted, that although Saint Lucia is proactively attempting to prepare and deposit the relevant instruments with respect to all the applicable conventions and protocols, Saint Lucia having acceded to the International Convention for the Suppression of Financing of Terrorism on the 18th of November 2011 by virtue of Article 2 (2) of that convention has acceded to all the annexed conventions without reservation. • St Lucia has had no terrorism-related SARs, intelligence or security reports or resultant investigations, prosecutions and convictions and therefore should not be assessed using statistical bases. • The instruments of accession and or ratification have been drawn up and signed with respect to all the outstanding Conventions and Protocols. These were forwarded to be deposited and confirmation with respect to the depositing of one convention is awaited.

	• Saint Lucia has accordingly acceded to and ratified the following Conventions and or Protocols: • Protocol to the convention for the Suppression of Unlawful Seizure of Aircraft – 12th September 2012. • Convention on the punishment of crimes against protected persons – 12th November 2012. • International Convention for the Suppression of Terrorist Bombings – 17th October 2012. • International Convention for the Suppression of Acts of Nuclear Terrorism – 12th November 2012. • Convention on the Physical Protection of Nuclear Material – 14th October 2012. • Convention on the Suppression of Unlawful Acts relating to International Civil Aviation – 12th September 2012. • Convention Against the Taking of Hostages – 17th October 2012. • Protocol of 2005 to the Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms located on the Continental Shelf – 6th February 2013. • Protocol of 2005 to the Convention for the Suppression for the Suppression of Unlawful Acts against the Safety of maritime Navigation 6th February 2013. • Amendment to the Convention on Physical Protection of Nuclear Material - 8th November 2012. • The following instrument has been deposited and confirmation is awaited. • Convention on the Marking of Plastic Explosives for the purpose of identification.

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Recommendation 36

MUTUAL LEGAL ASSISTANCE

Rating: PC

Gaps Closed: Closed

Recommended Action	Actions Taken
The underlying restrictive condition of dual criminality should be addressed.	Section 18 (2) of the Mutual Assistance in Criminal Matters Act, Cap 3.03 provides for the refusal of a requests where the conduct if it had occurred in Saint Lucia would not constitute an offence. Section 18 (3) also provides for the central authority to exercise its discretion where the conduct is similar in Saint Lucia. Importantly, Section 18 (5) allows for the Central Authority to provide mutual legal assistance notwithstanding the provisions of section 18 (2) and 18 (3). Consequently, there is nothing prohibiting assistance where both countries criminalise the conduct underlying an offence. Technical differences do not prevent the provision of mutual legal assistance.

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Recommendation 40

OTHER FORMS OF COOPERATION

Rating: PC

Gaps Closed: Sixth Follow-Up Report

Recommended Action	Actions Taken
• The underlying restrictive condition of dual criminality should be addressed.	• Section 18 (2) of the Mutual Assistance in Criminal Matters Act, Cap 3.03 provides for the refusal of a requests where the conduct if it had occurred in Saint Lucia would not constitute an offence. • Section 18 (3) also provides for the central authority to exercise its discretion where the conduct is similar in Saint Lucia. • Importantly, Section 18 (5) allows for the Central Authority to provide mutual legal assistance notwithstanding the provisions of section 18 (2) and 18 (3). • Consequently, there is nothing prohibiting assistance where both countries criminalise the conduct underlying an offence. • Technical differences do not prevent the provision of mutual legal assistance.
• Provide mechanisms that will permit prompt and constructive exchange of information by competent authorities with non-counterparts	○ In December 2008 St. Lucia implemented the Anti- Terrorism Act. ○ An MOU from FINTRAC (Canada FIU) has been received for execution. ○ The MOU between Saint Vincent and Saint Lucia has been signed. ○ The MOUs have been submitted to Dominica, St. Kitts and Barbados FIU for consideration.
• Several conventions are yet to be ratified	• On 15th December 2008, St Lucia's Anti-Terrorism Act came into force incorporating all the articles of the International Convention for the Suppression of Financing of Terrorism.

	• On the 26th May 2010, The Anti- Terrorism (Guidance Notes) Regulations was published by virtue of SI 56 of 2010 and given the force of law. • On the 18th November 2011 Saint Lucia acceded to the International Convention for the Suppression of Financing of Terrorism. • It is noted, that although Saint Lucia is proactively attempting to prepare and deposit the relevant instruments with respect to all the applicable conventions and protocols, Saint Lucia having acceded to the International Convention for the Suppression of Financing of Terrorism on the 18th of November 2011 by virtue of Article 2 (2) of that convention has acceded to all the annexed conventions without reservation. • St Lucia has had no terrorism-related SARs, intelligence or security reports or resultant investigations, prosecutions and convictions and therefore should not be assessed using statistical bases. • The instruments of accession and or ratification have been drawn up and signed with respect to all the outstanding Conventions and Protocols. These were forwarded to be deposited and confirmation with respect to the depositing of one convention is awaited. • Saint Lucia has accordingly acceded to and ratified the following Conventions and or Protocols: • Protocol to the convention for the suppression of unlawful seizure of aircraft – 12th September 2012. • Convention on the punishment of crimes against protected persons – 12th November 2012. • International Convention for the suppression of terrorist bombings – 17th October 2012. • International Convention for the suppression of Acts of Nuclear terrorism – 12th November 2012. • Convention on the Physical Protection of Nuclear Material – 14th October 2012. • Convention on the Suppression of Unlawful Acts relating to International Civil Aviation – 12th September 2012. • Convention Against the Taking of Hostages – 17th October 2012.

	• Protocol of 2005 to the Protocol for the suppression of unlawful Acts against the Safety of Fixed Platforms located on the Continental Shelf – 6th February 2013. • Protocol of 2005 to the Convention for the Suppression for the Suppression of Unlawful Acts against the Safety of maritime Navigation 6th February 2013. • Amendment to the Convention on Physical Protection of Nuclear Material - 8th November 2012. • The following instrument has been deposited and confirmation is awaited. • Convention on the Marking of Plastic Explosives for the purpose of identification.

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Special Recommendation I

IMPLEMENT UN INSTRUMENTS

Rating: NC

Gaps Closed: Sixth Follow-up Report

Recommended Action	Actions Taken
• St. Lucia needs to sign and ratify or otherwise become a party to and fully implement the Conventions which relate particularly to the Palermo Convention, Terrorist Financing Convention, Suppression of FT and UNSCRs relating to terrorism.	• On the 18th November 2011 Saint Lucia acceded to the International Convention for the Suppression of Financing of Terrorism. • Further Saint Lucia already is a signatory to the Palermo Convention, having signed on the 26th September 2001.
• Implement the legal frameworks for these conventions – in particular, enact its Anti-Terrorism Act.	• The Anti –Terrorism Act No. 36 of 2003 was given the force of law on December 18th 2008. • It is noted, that although Saint Lucia is proactively attempting to prepare and deposit the relevant instruments with respect to all the applicable conventions and protocols, Saint Lucia having acceded to the International Convention for the Suppression of Financing of Terrorism on the 18th of November 2011 by virtue of Article 2 (2) of that convention has acceded to all the annexed conventions without reservation. • St Lucia has had no terrorism-related SARs, intelligence or security reports or resultant investigations, prosecutions and convictions and therefore should not be assessed using statistical bases.

	• The instruments of accession and or ratification have been drawn up and signed with respect to all the outstanding Conventions and Protocols. These were forwarded to be deposited and confirmation with respect to the depositing of one convention is awaited. • Saint Lucia has accordingly acceded to and ratified the following Conventions and or Protocols: • Protocol to the convention for the Suppression of Unlawful Seizure of Aircraft – 12th September 2012. • Convention on the punishment of crimes against protected persons – 12th November 2012. • International Convention for the Suppression of Terrorist Bombings – 17th October 2012. • International Convention for the Suppression of Acts of Nuclear Terrorism – 12th November 2012. • Convention on the Physical Protection of Nuclear Material – 14th October 2012. • Convention on the Suppression of Unlawful Acts relating to International Civil Aviation – 12th September 2012. • Convention Against the Taking of Hostages – 17th October 2012. • Protocol of 2005 to the Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms located on the Continental Shelf – 6th February 2013. • Protocol of 2005 to the Convention for the Suppression for the Suppression of Unlawful Acts against the Safety of maritime Navigation 6th February 2013. • Amendment to the Convention on Physical Protection of Nuclear Material - 8th November 2012. • The following instrument has been deposited and confirmation is awaited. • Convention on the Marking of Plastic Explosives for the purpose of identification.

Back to follow-up report

Special Recommendation III

CRIMINALISE TERRORIST FINANCING

Rating: NC

Gaps Closed: Sixth Follow-up Report

Recommended Action	Actions Taken
St. Lucia authorities need to implement the Anti-Terrorism legislation such that it addresses the following criteria: i.Criminalisation of terrorist financing ii. Access to frozen funds iii. Formal arrangements for exchange of information (domestic and international) iv. Formal procedures for recording all requests made or received pursuant to the ATA.	• The Anti –Terrorism Act No.36 of 2003 (ATA) came into force in December 2008. Financing of terrorism is criminalized in Section 9 of the ATA which speaks to dealing with terrorist property. • At section 9, Any person who knowingly- a) deals, directly or indirectly, in any terrorist property; b) acquires or possesses terrorist property; c) enters into, or facilitates, directly or indirectly, any transaction in respect of terrorist property; d) converts, conceals or disguises terrorist property; e) provides financial or other services in respect of terrorist at the direction of a terrorist group, commits an offence and is, on conviction on indictment, liable to imprisonment for a term of twenty-five years. • Section 20(B) of the Anti-Terrorism (Amendment) Act No.16 of 2005 imposes criminal sanctions against financial institutions that engage or facilitate the financing of terrorism. • The ATA at section 33 gives the Commissioner of Police power to seize and detain property having reasonable ground to believe that the property has been, is being or may be used to commit an offence under the ATA. That power can be exercised whether or not any proceedings have been instituted for an offence under the ATA in respect of the property. Section 35 of the ATA makes provision for the Court to restrain property in respect of which a forfeiture order may be made. • Section 27 of the ATA provides for the Commissioner of Police to share information with international agencies. Section 32(2) provides for the Financial Intelligence Authority of St. Lucia to disclose to the Financial Intelligence Unit of a foreign state any information in its possession relating to terrorist property.

	• In relation to domestic sharing of information section 5(2) of the Money Laundering (Prevention) Act No.8 of 2010 provides for the F.I.A to receive information from other domestic law enforcement agencies while the MLPA (Amendment) Act of 2011 provides for the F.I.A to share information with the Inland Revenue Department, Customs Department and the Police. An MOU has also in effect between the law enforcement agencies.
Further, there needs to be an expressed provision which allows for exparte applications for freezing of funds to be made under the MLPA.	• Further section 32(1) of the ATA places an obligation on any person to disclose information relating to terrorist property to the F.I.A. • In relation to the freezing of property Section 33(3) of the ATA prescribes for the Commissioner of Police making an ex-parte application for the detention on property suspected of being related to terrorist financing. Section 35(1) provides for an ex-parte application to be made before a judge in chambers where there is reasonable grounds to believe that there is in any building, place or vessel, any property in respect of which an order for forfeiture may be made. • In addition to the ATA, offences under the ATA fall under the Schedule of offence in the Proceeds of Crime Act which enables funds to be frozen where the offence of terrorism financing is committed. This can be done under section 30 of the Proceeds of Crime Act. • Further section 23 of the MLPA makes provision for ex parte applications for freezing of funds.
Also, the St. Lucian authorities need to ensure that there are provisions to allow contact with UNSCR and the ratification of the UN Convention on the Suppression of Terrorist Financing.	• St. Lucia ratified the International Convention for the Suppression of Financing of Terrorist Financing on 18th November 2011.

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Special Recommendation V

INTERNATIONAL CO-OPERATION

Rating: NC

Gaps Closed: Third Follow-Up Report

Recommended Action	Actions Taken
• St. Lucia should enact provisions which allows for assistance in the absence of dual criminality.	• Section 18 (2) of the Mutual Assistance in Criminal Matters Act, Cap 3.03 provides for the refusal of a requests where the conduct if it had occurred in Saint Lucia would not constitute an offence. • Section 18 (3) also provides for the central authority to exercise its discretion where the conduct is similar in Saint Lucia. • Importantly, Section 18 (5) allows for the Central Authority to provide mutual legal assistance notwithstanding the provisions of section 18 (2) and 18 (3). • Consequently, there is nothing prohibiting assistance where both countries criminalise the conduct underlying an offence. • Technical differences do not prevent the provision of mutual legal assistance.
• St. Lucia must enact legislation that specifically criminalises terrorism and financing of terrorism.	○ The Anti –Terrorism Act No. 36 of 2003 was given the force of law on December 18th 2008. ○ Terrorism and Terrorist Financing are extraditable offences through the enactment of the Extradition (Amendment) Act No. 3 of 2010.
○ St. Lucia should consolidate the statutory instruments of the MLPA to avoid any inconsistencies.	• In the year 2010 the Money Laundering Prevention Act of No. 8 of 2010 was enacted and given the force of law.

Recommendation: 6

The OTHER RECOMMENDATIONS

POLITICALLY EXPOSED PERSONS

Rating: NC

Gaps Closed: Sixth Follow up Report

Recommended Action	**Actions Taken**
• Enforceable means should be introduced for dealing with politically exposed persons (PEPs).	• **Section 18** of the Money Laundering (Prevention) Act No. 8 of 2010 provides for the obligations of a financial institution or a person engaged in other business activities with respect to PEPs. • In addition paragraph 88 of the Money Laundering (Prevention) Guidance Notes amended by the Money Laundering (Prevention) (Guidance Notes) (Amendment) Regulations (MLPGNAR) S.I. 82 of 2012 includes a range of PEP-specific requirements that financial institutions, utilizing a risk-based approach, are bound to perform, along with their normal customer due diligence. • A failure to comply with the provisions of the MLPGNR is an offence under section 2.
• All financial institutions must have:- Documented AML/CFT policies and procedures and appropriate risk management systems;	• **Section 18 (*a*) of the MLPA** –Mandates institutions to document money laundering and terrorist financing policies and procedures and appropriate risk management systems; • **Regulation 88 (i) of the MLPGNR** – Mandates institutions to have appropriate risk management systems to determine whether the customer or potential customer is a PEP or whether he or she is acting on behalf of another person who is a PEP;
Policies and procedures should deal with PEPs –	• **Section 18 (*b*) of the MLPA** –Provides for creating policies and procedures that deal with politically exposed persons;

	• **Regulation 88 (ii**)of the MLPGNR – Requires institutions todevelop a clear policy and internal guidelines, procedures and controls regarding such business relationships; • **Regulation 88 (c)** - Financial institutions should ensure that timely reports are made to the FIA where proposed or existing business relationships with PEPs provide grounds for suspicion.
• Definition should be consistent with that of FATF,	• Politically Exposed Persons (PEPs) is defined under The Money Laundering (Prevention) (Guidance Notes) Regulations S.I 55 of 2010. as amended by the Money Laundering (Prevention) (Guidance Notes) Amendment) Regulations – S.I 82 of 2012 - **Section 141** states as follows:- • 141. Ongoing enhanced scrutiny must be applied to transactions by senior foreign or domestic political figures, their immediate family and closely related persons and entities (i.e politically exposed persons – PEPs). They include: (a) a senior official in the executive, legislative, administrative, military or judicial branches of a foreign or domestic government (whether elected or not); (b) a senior official of a major foreign or domestic political party; (c) any corporation, business or other entity formed by, or for the benefit of, a senior political figure; (d) 'immediate family' i.e. parents, siblings, spouse, children and in laws as well as 'close associates' (i.e. person known to maintain unusually close relationships with PEPs).
• IT systems should be configured to identify PEPs,	• **Section 18 (*c*) of the MLPA** -Requires configuring information technology systems to identify politically exposed persons;
• Relationships with PEPs should be authorised by the senior management of	• **Section 18 (*d*)** - ensures that transactions relating to politically exposed persons are authorized by senior management; • **Regulation 88 (iii) of the MLPGNR** -Requires obtaining senior management approval for the commencement of

the financial institutions,	business relationships with such customers or to continue business relationships with those who are found to be or subsequently become PEPs.
• Source of funds and source of wealth must be determined,	• **Section 18 (*e*) of the MLPA** - ensures that source of funds and source of wealth are determined for politically exposed persons; • **Regulation 88 (iv) of the MLPGNR** - Requires taking reasonable measures to establish source of wealth and source of funds;
• Enhanced CDD must be performed on an on-going basis on all accounts held by PEPs.	• **Section 18 (*f*) of the MLPA** -Requires enhanced customer due diligence that must be performed on an on-going basis on all accounts held by politically exposed persons. • **Regulation 88 (v) of the MLPGNR** - ensures the proactive monitoring of activity on such accounts, so that changes can be detected and consideration as to whether the changes suggest corruption or the misuse of public assets. • **Regulation 88 (b) of the MLPGNR** -Requires In the context of this risk analysis, financial institutions should focus resources on products and transactions that are characterized by a high risk of money laundering. • **Regulation 88 (d)** -Requires that in order to address PEP risk, financial institutions should develop and maintain enhanced security practices which may include the following: (i) assessing risks in countries where the financial institutions have financial relationships by evaluating amongst other things, the potential risk for corruption in political and governmental organizations. Financial institutions which are part of an international group may also use the group network as another source of information; (ii) if financial institutions maintain business relations with nationals and entities of countries that are vulnerable to corruption, establishing who the senior political figures in countries which are vulnerable to corruption are and determining whether their customer has close links with such individuals (e.g. immediate family or close associates). Financial institutions should consider the risk that a customer may

	be susceptible to acquiring connections with such political figures after the business relationship has been established; (iii) exercising vigilance where their customers are involved in the type of business which appears to be most vulnerable to corruption, including trading or dealing in precious stones or precious metals.
• The Government of St Lucia should take steps to sign, ratify and implement the 2003 Convention against Corruption.	• On the 25th of November 2011 Saint Lucia acceded to the United Nations Convention against Corruption.

Recommendation: 7

CORRESPONDENT BANKING

Rating: NC

Gaps Closed: Fourth Follow up Report

Recommended Action	Actions Taken
• Commercial Banks should be required to: i. assess a respondent institution's AML/CFT controls to determine whether they are effective and adequate;	○ Correspondent Banking (Regulation 94 of the Money laundering (Prevention) (Guidance Notes) regulations provides as per criteria R7.1-7.5: ○ Correspondent banking refers to the provision of banking services by one bank (the correspondent bank) to another bank (the respondent bank). ○ Financial institutions are required by FATF to apply appropriate levels of due diligence to such accounts by gathering sufficient information from and performing enhanced due diligence processes on correspondent bank prior to setting up correspondent accounts. These include: ○ Regulation 94 (j) Ascertaining whether the bank has established and implemented sound customer due diligence, anti-money laundering policies and strategies and appointed a Compliance Officer (at managerial level), to include obtaining a copy of its AML policy and guidelines; ○ (q) Ensuring that the approval of senior management is obtained for the account to be opened;
ii. document the AML/CFT	○ Regulation 94 (o)Requires documenting the respective responsibilities of each institution in the operation of the corresponding account;

responsibilities of each institution;	
iii. ensure that the respondent institution is able to provide relevant customer identification data upon request.	• Regulation 94 requires the correspondent bank to examine and satisfying itself that the respondent bank has verified the identity of the customers having direct access to the accounts and are subject to checks under 'due diligence' on an on-going basis. The bank shall also ensure that the respondent bank is able to provide the relevant customer identification data/information immediately on request.

Recommendation: 8

NEW TECHNOLOGIES & NON FACE TO FACE BUSINESS

Rating: NC

Gaps Closed: Sixth Follow up Report

Recommended Action	Actions Taken
• Legislation should be enacted to prevent the misuse of technological developments in ML / TF.	• Regulations 90 to 93 and 95 to102 as amended by paragraph 101(A) of the MLPGNAR of the Money laundering (Prevention) (Guidance Notes) regulations provides as per criteria R8.2:
• Financial institutions should be required to identify and mitigate AML/CFT risks arising from undertaking non-face to face business transactions or relationships. CDD done on conducting such business should be undertaken on an on-going basis.	• Regulation 92 requires institutions to (A)apply equally effective customer identification procedures for non face to face customers as for those available for interview.(B)Ensure that there are specific and adequate measures to mitigate the higher risk. • These measures to mitigate risk may include: • Certification of documents presented; • Requisition of additional documents to complement those which are required for non-face-to-face customers; • Independent verification of documents by contacting a third party. • Regulation 90 requires ongoing CDD for this type of business

Recommendation: 9

THIRD PARTIES AND INTRODUCERS

Rating: PC

Gaps Closed: Second Follow up Report

Recommended Action	Actions Taken
• Financial institution should be required to immediately obtain from third parties information required under the specified conditions of the CDD process.	• Section 17 (7) and (8) of the MLPA address the recommended actions: • (7) A financial institution or person engaged in other business activity may rely on intermediaries or other third parties to perform paragraphs (a) – (c) of subsection (4) of the customer due diligence process or to introduce business, provided that the criteria set out in subsection (8) are met. • (8) The criteria that should be met for the purposes of subsection (7) are as follows: • a financial institution or a person engaged in other business activity relying upon an intermediary or third party shall immediately obtain the necessary information in paragraphs (a) – (c) of subsection (4) of the customer due diligence process;
• Financial institutions should be required 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.	○ (b) a financial institution or a person engaged in other business activity shall take adequate steps to satisfy themselves that copies of identification data and other relevant documentation relating to the customer due diligence requirements will be made available from the intermediary or third party upon request without delay;

• Financial institutions should be obligated to satisfy themselves that the third party is regulated and supervised in accordance with Recommendation 23, 24 and 29 and has measures in place to comply with the CDD requirements set out in Recommendations 5 and 10.	(c) a financial institution or a person engaged in other business activity shall satisfy itself that the intermediary or third party is regulated and supervised for, and has measures in place to comply with the customer due diligence requirements.
The competent authority for dealing with AML/CTF matters should circulate to all financial institutions lists e.g. OFAC, UN. The financial institutions should be required to incorporate into their CDD the use of assessments / reviews concerning AML/ CFT which are published by international / regional organisations.	

Recommendation: 11

UNUSUAL TRANSACTIONS

Rating: NC

Gaps Closed: Sixth Follow up Report

Recommended Action	Actions Taken
• Financial institutions should be encouraged to develop various examples of what would constitute suspicious, unusual and complex transactions. This should be disseminated to staff to make them become aware of such transactions. Internal reporting procedures should also be initiated to generate reports for review and appropriate action to be taken and ultimately to develop typologies for each type / sector of the financial sector.	○ Regulation 31 of the Money laundering (Prevention) (Guidance Notes) regulations provides as per criteria R11.1 ○ An institution should not enter into a business relationship or carry out a significant one-off transaction unless it has fully implemented the above systems. In particular, financialinstitutions should pay particular attention to all complex, unusual or large business transactions, or unusual patterns. ○ Regulation 44(e) requires review of all internally reported unusual transaction reports on their completeness and accuracy.
• There should be legal obligation for financial institutions to report such transactions which the institution deems to be suspicious to the FIA as a suspicious transaction	○ Section 16 (1) (m) of the MLPA states: ○ (m) report to the Authority complex transactions or unusual transactions;
• The MLPA and POCA should specifically provide that all	○ Section 16 (1) (a) of the MLPA states:

documentation relating to the background and purpose of a transaction should be retained for a similar period of 7 years.	○ establish and maintain transaction records for both domestic and international transactions for a period of seven years after the completion of the transaction recorded;

Recommendation: 12

DNFBPs

Rating: NC

Gaps Closed: Second and Third Follow up Reports

Recommended Action	**Actions Taken**
• Deficiencies identified for all financial institutions as noted in Recommendations 5, 6, 8-11 in the relevant sections of this report are also applicable to listed DNFBPs. Implementation of the specific recommendation in the relevant sections of this report will also apply to listed DNFBPs.	○ Refer to comments made under Recommendations 5, 6, 8-11. ○ See R24 in relation to CDD and STRs for the Legal Profession. See also sections 15, 16 and 17 of the MLPA. ○ The MLPA provides by virtue of section 6 for the FIA to undertake inspections and audits to ensure AML compliance by the DNFBPs. ○ The Money Laundering (Prevention) Guideline for Other Business Activity) Regulations and the amendment to the Money Laundering (prevention) Guidance Notes (Amendment) Regulations have been finalized and published respectively by Statutory Instrument 83 of 2012 and 82 of 2012.
Though lawyers are aware of the potential vulnerabilities in processing transactions without doing customer due diligence, it is not mandatory for them to make any reports with respect to PEPs, no face to face businesses, 3rd party referral and cross border banking relationships for suspect FT activities where	• Attorneys at Law are required to adhere to the provisions of the MLPA and the respective Regulations. Attorneys at law are one of the professions listed under Schedule 2, Part B of the MLPA. Consequently, they are required to conduct customer due diligence etc with respect to PEPs, etc. • Further, it is noted that the Anti-terrorism Act has been given the force of law.

the offence of FT has not been criminalised.	

Recommendation: 14

PROTECTION & TIPPING OFF

Rating: PC

Gaps Closed:

Recommended Action	Actions Taken
• The indemnity should expressly include MLROs and Compliance Officers. Additionally it should explicitly include legal and civil liability which may arise. The protection should be available where there is a suspicion or a reasonable belief even though the underlying criminal activity is unknown and whether a criminal activity has occurred.	○ Protection and No Tipping-off are addressed in section 16(2), (3) and section 33 of the MLPA. ○ Section 16 (2) provides for the indemnity. ○ Further, section 37 of the MLPA makes provision for criminal and civil liability protection against directors or employees of financial institutions. ○ Section 38 of the MLPA creates the offence of "tipping off" whereby a person who obtains information in any form as a result of his or her connection with the Authority shall not disclose that information to any person except as far as it is required. Should any such information be wilfully disclosed, an offence is committed and the offender can be fined up to $50,000.00. ○ Section 16 (3) of the MLPA deals specifically with MLROs wherein it states that a financial institution or a person engaged in other business activity makes any report pursuant to subsection 1, the financial institution or a person engaged in other business activity and the employees, staff, directors, owners or other representatives of the financial institution or person engaged in other business activity shall not disclose to the person who is not subject of the report to any one else - etc ○ Section 16 (3) of the MLPA covers suspicion and investigation under section 33 of the MLPA. ○ Consequently Saint Lucia is of the view that tipping off is prohibited for disclosures that are in the process of being

	made, as a suspicion has to be formulated first. However an amendment has been drafted to include reports which are" in the process of being made"
• The MLPA should be amended to make it an offence for MLROs, Compliance Officers, directors and employees who tip off that a STR has been filed.	○ The offence is therefore created under section 16 (4) of the MLPA where the fine imposed is not less than $100,000 and not exceeding $500,000. ○ The prohibition to prohibit tipping off of disclosures that are in the process of being made has been addressed under section 16 (4). 16**. Tipping Off** It is an offence for anyone who knows, suspects or has reasonable grounds to suspect that a disclosure has been made, or that the authorities are acting or are proposing to act in connection with an investigation into money laundering, to prejudice an investigation by so informing the person who is the subject of a suspicion, or any third party of the disclosure, action or proposed action. With the identical section 16 with respect to DNFBPs Section 33 prohibits disclosure

Recommendation: 15

INTERNAL CONTROLS, COMPLIANCE & AUDIT

Rating: PC

Gaps Closed: First Follow up Report

Recommended Action	Actions Taken
• The provisions of the MLPA should be extended so that all financial institutions and other persons engaged in other business activity should appoint a Compliance Officer at the management level who must be a fit and proper person, approved by the Board of Directors of the financial institution with the basic functions outlined in the law.	• Section 16 (1) (n) of the Money Laundering (Prevention) Act provides for the appointment of a compliance Officer, it states: • (*n*) appoint a Compliance Officer at the management level who must be a fit and proper person approved by the financial institution or person engaged in other business activity; • Further, Section 19 (a) (b) and (c): of the Money Laundering (Prevention) Act **Internal reporting procedures** • **19.** A financial institution or a person engaged in other business activity shall establish and maintain internal reporting procedures to— • identify persons at the management level to whom an employee is to report information which comes to the employee's attention in the course of employment that a person may be engaged in money laundering; • enable a person identified in accordance with paragraph to have reasonable access to all information that may be relevant to determining whether sufficient basis exists to report the matter under section 16(1)(c); • require the person referred to in paragraph (b) to report the matter under section 16(1)(c) in the event that the person determines that sufficient basis exists.

	• The corresponding section in relation to DNFBPs is sections 38, 39, 41 (c) and 44 (i) of the Money Laundering (Prevention) (Guidelines For Other Business Activity) Regulations No. 83 of 2012 • In addition Money Laundering (Prevention) (Guidance Notes) Regulations No. 55 of 2010 and paragraphs 38 39, 41 (c) and 44 (i) deals specifically with the appointment of a compliance officer at management level
• The MLPA guidance notes should be expanded to require that internal policies and procedures provide for the Compliance Officer to have access / report to the board of directors.	○ The Regulations for both financial institutions and DNFBPs mandate that internal policies and procedures provide for the compliance officer to have access/report to the Board of Directors. ○ It must also be noted that paragraph 38 of the Regulations provides for the appointment of a reporting Officer/Compliance Officer, making it imperative that the Officer reports directly to the Board of Directors.

Recommendation: 16

DNFBP

Rating: NC

Gaps Closed: Third Follow up Report

Recommended Action	Actions Taken
• St. Lucian authorities may wish to consider amending the MLPA to require DNFBPs to establish and maintain internal procedures, policies and controls to prevent Money laundering and Terrorist Financing.	• The MLPA provides for the FIA to undertake inspections and audits to ensure AML compliance by the DNFBPs under section 6 of the Act. • Section 19 of the MLPA provides for the establishment and maintaining of internal reporting procedures. • Section 19 states: ***Internal reporting procedures*** • ***19.*** *A financial institution or a person engaged in other business activity shall establish and maintain internal reporting procedures to—* • *identify persons at the management level to whom an employee is to report information which comes to the employee's attention in the course of employment that a person may be engaged in money laundering;* • *enable a person identified in accordance with paragraph to have reasonable access to all information that may be relevant to determining whether sufficient basis exists to report the matter under section 16(1)(c);* • *require the person referred to in paragraph (b) to report the matter under section 16(1)(c) in the event that the person determines that sufficient basis exists.* • Guidelines for the DNFBPs, provides for internal procedures and policies to control AML/CFT. Those

	guidelines provides for employers and employees alike to satisfy AML/CFT obligations.
• St. Lucian authorities may wish to consider amending the MLPA to ensure that DNFBPs communicate internal procedures, policies and controls, develop appropriate compliance management arrangements and put in place screening procedures to ensure high standards when hiring employees.	• Section 19 of the MLPA provides for the establishment and maintaining of internal reporting procedures. • Guidelines for the DNFBPs, provides for internal procedures and policies to control AML/CFT. Those guidelines provides for employers and employees alike to satisfy AML/CFT obligations. • Further, section 16 (1) (o) (i) mandates the development of programmes against money laundering and terrorist financing. It states as follows: • (*o*) develop programmes against money laundering and terrorist financing and the programme must include: • *the development of internal policies, procedures and controls, including appropriate compliance management arrangements, and adequate screening procedures to ensure high standards when hiring employees;* • *an ongoing employee training programme;* • *an audit function to test the system.*
Such amendments should also require DNFBPs to give special attention to business relations and transactions with persons (including legal entities and other financial institutions) in jurisdictions that do not have adequate AML and CFT systems.	• Paragraph 147 (e) of the Money Laundering (Prevention) (Guidance Notes) Amendment Regulations No. 82 of 2012 states • "(e) Transactions from countries or jurisdictions which have inadequate AML systems. The following websites contain sources of relevant information for financial institutions: • Office of Foreign Assets Control (OFAC) for information pertaining to USA foreign policy and national security: www.treas.gov.ofac; • Transparency International for information on countries vulnerable to corruption: www.transparency.org; • The Financial Crimes Enforcement Network (FINCEN) for country advisories: www.fincen.gov";

	• The same provision is reflected in paragraph 140 (d) in the Money Laundering (Prevention) (Guidelines for Other Business Activity) Regulations No. 83 of 2012.
St. Lucian authorities may wish to consider amending the MLPA to ensure that sanctions imposed are effective, proportionate and dissuasive to deal with natural or legal persons covered by the FATF Recommendations that fail to comply with national AML/CFT requirements.	• In addition section 2 (2) of the Money Laundering (Prevention) (Guidance Notes) Regulations No. 55 of 2010 creates a sanction for non compliance with AML/CFT requirements. • In addition section 2 (2) of the Money Laundering (Prevention) (Guidelines For Other Business Activity) Regulations No. 83 of 2012 creates a sanction for non compliance with AML/CFT requirements with respect to DNFBPs.

Recommendation: 17

SANCTIONS

Rating: PC

Gaps Closed: First Follow up Report

Recommended Action	Actions Taken
The full range of sanctions (civil, administrative and criminal) should be made available to all supervisors	Under section 40 of the FSRA other administrative functions shall be available to the Authority. "The Authority may require a regulated entity to pay a late filing fee of a prescribed amount where that person fails to — (*a*) file a return or other information required to be filed by that regulated entity under this Act or any enactment specified in Schedule 1 at the interval set out in, or within the time required by that enactment; (*b*) provide complete and accurate information with respect to a return or other information required to be filed by that regulated entity under this Act or any enactment specified in Schedule 1; or (*c*) pay the fee that is payable under section 39 at the prescribed time. (2) A failure to file a return, provide information or pay the fee under subsection (1) is deemed to be a contravention for each day during which the failure continues." The MLPA has criminal sanctions for breaches of tipping off,failure to keep records or copies of records in a form which would allow for retrieval in a legible form.Section 2 of the MLPGNR for both the financial institutions and the DNFBPs makes it a criminal offence for breach of the guidance note regulations. The Money Services Business Act contains administrative sanctions for money services.

Recommendation: 18

SHELL BANKS

Rating: NC

Gaps Closed: Second Follow up Report

Recommended Action	Actions Taken
• The MLPA guidance note should be amended to require financial institutions to ensure that their correspondent banks in a foreign country do not permit accounts to be used by shell banks.	• Paragraph 94 (m) of the Money Laundering (Prevention) Guidance Notes Regulations S.I. 55 of 2010 issued by FIA require financial institutions to ensure that their correspondent banks in a foreign country do not permit accounts to be used by shell banks. • Regulations 94 states: "Correspondent banking refers to the provision of banking services by one bank (the correspondent bank) to another bank (the respondent bank). Financial institutions are required by FATF to apply appropriate levels of due diligence to such accounts by gathering sufficient information from and performing enhanced due diligence processes on correspondent bank prior to setting up correspondent accounts. These include: • (m) Requiring confirmation that the foreign corresponding bank do not permit their accounts to be used by shell banks, i.e. the bank which is incorporated in a country where it has no physical presence and is unaffiliated to any regular financial group;"

Recommendation: 19

OTHER FORMS OF REPORTING

Rating: NC

Gaps Closed: Fifth Follow up Report

Recommended Action	**Actions Taken**
• St. Lucia is advised to consider the implementation of a system In this regard St. Lucia should include as part of their consideration any possible increases in the amount of STRs filed, the size of this increase compared to resources available for analyzing the information.	○ Discussions as to the feasibility of the implementation of a system where all (cash) transactions above a fixed threshold are required to be reported to the FIA were initiated. ○ Consequently, having given consideration of the implementation of such a system by the FIA it was found to be financially restrictive and prohibitive.

Recommendation: 20

OTHER NFBP & SECURE TRANSACTION TECHNIQUES

Rating: PC

Gaps Closed: Fifth Follow up Report

Recommended Action	**Actions Taken**
• More on-site inspections are required.	o Onsite Inspections/Review of Policies and Procedures/ Consultations/ Training have been done with respect to the following:- o Seven (7) car dealers o Ten (10) Insurance Companies o Inspections: o All Six (6) Commercial Banks.
• The Money Remittance Laws should be enacted.	o The Money Services Act has been passed by Parliament and came into effect on the 3rd March 2010 as No 10 of 2010.
o Standard provisions regarding complex and unusually large transactions should be imposed such that DNFBP are mandated to do enhanced due diligence and modern secured transaction	o Most financial institutions provide an Internet Banking Service. This is not only restricted to account enquiries but account transfers and transfers to other agents such as Lucelec, Lime, Wasco. o Definition of transactions under the MLPA is not restricted and includes "Internet transactions"

techniques should be scheduled under the MLPA.	o Provision for modern secure transaction techniques and enhanced due diligence for DNFBPs are included in section 16 of the MLPA. o Further detailed Amendments regarding unusual large transactions have been made to the Money Laundering Guidance Notes. o These have also been included in the draft guidance notes for DNFBPs to ensure enhanced due diligence and have consequently been finalised. o The Money Laundering (Prevention) Guideline for Other Business Activity) Regulations and the amendment to the Money Laundering (prevention) Guidance Notes (Amendment) Regulations have been finalized and published respectively by Statutory Instrument 83 of 2012 and 82 of 2012. o Regulation 31 of the MLPGNR and its amendment states : o "31. An institution should not enter into a business relationship or carry out a significant one-off transaction unless it has fully implemented the above systems. In particular, financial institutions should pay particular attention to all complex, unusual or large business transactions, or unusual patterns of transactions, whether completed or not, and to insignificant but periodic transactions which have no apparent economic or lawful purpose. o 31A. Where a transaction is inconsistent in amount, origin, destination or type with a client's known, legitimate business or personal activities or has no apparent economic or visible lawful purpose, the transaction must be considered unusual and the institution is to be put on enquiry as to whether the business relationship is being used for money laundering. o 31B. Where a financial institution observes unusual or complex activity in relation to a client's account, the financial institution is to make inquiries as to the nature of the activity or

	transaction and make a written record of its analysis or findings in relation to the unusual or complex activities and the written record is to be made available to the FIA on request.”;

Recommendation: 21

SPECIAL ATTENTION FOR HIGHER RISK COUNTRIES

Rating: NC

Gaps Closed:

Recommended Action	Actions Taken
• The FIA should be required to disseminate information about areas of concern and weaknesses in AML/CFT systems of other countries. Financial institutions should also be required as a part of their internal procedures to review these reports.	• Paragraph 147(e), (f), (g), (h) and (i) of the Amended MLPAGNR No. 82 of 2012 provides high risk indicators to financial institutions and directs financial institutions to (i) OFAC's website for information pertaining to USA foreign policy and national security: www.treas.gov/ofac; (ii) Transparency International for information on countries vulnerable to corruption: www.transparency.org; FINCEN for country advisories: www.fincen.gov "; Further, information with respect to areas of concern has been circulated to all registered agents and trustees, the Insurance Council, ECCB, Credit Union Department and the Bankers Association by an Advisory Circular on the 9th February 2012.
Financial institutions and persons engaged in other	• Section 147 also provides countermeasures by institutions when dealing with high risk countries which do not have proper AML/CFT systems in place.

business activities should be required to apply appropriate counter-measures where a country does not apply or insufficiently applies the FATF recommendations.	(Institutions are required to implement enhanced due diligence for transactions involving high risk activities. This requires: (i) stricter know-your-customer procedures e.g. more detailed information on customer's background, reputation, etc; (ii) management information systems in order to monitor accounts with greater frequency than low risk accounts; (iii) senior management approval for establishment of accounts; (iv) senior management to monitor accounts. • Paragraph 140 of the MLPGNR for Other Business Activities No. 83 of 2012 contains similar provisions for DNFBPs.

Recommendation: 22

FOREIGN BRANCHES AND SUBSIDIARIES

Rating: NC

Gaps Closed: Fourth Follow up Report

Recommended Action	Actions Taken
• The details outlined in the guidance note should be adopted in the MLPA and applied consistently throughout the industry.	○ On 17th May 2010, St Lucia made regulations being the MLPGNR No.55 of 2010. Paragraph 8 of these Regulations mandate that such branches or subsidiaries observe these Guidelines or adhere to local standards. Section 2(2) of the MLPGNR No.55 of 2010 makes a breach of any of the provisions of the Regulations an offence. After the presentation of St Lucia's 4th Follow-up Report, the examiners noted that the gap identified by the Examiners was closed.

Recommendation: 24

DNFBP – Regulation, Supervision and Monitoring

Rating: NC

Gaps Closed: Gaps Closed

Recommended Action	Actions Taken
• St. Lucian authorities may wish to consider regulating DNFBPs and strengthen the relationship between the FIA and DNFBPs.	• On 10th August 2012 St Lucia made regulations specifically to deal with DNFBP's cited as the MLPGN Regulations for other business activities No. 83 of 2012. Since then the FIA has held Onsite Inspections/Review of Policies and Procedures/ Consultations/ Training have been done with respect to seven (7) car dealers, five (5) jewellers and approximately 25 insurance agents and brokers. This process is ongoing.
• The Legal Profession Act needs to be re-visited with respect to the monitoring and sanctions that may be applied by the Bar Association.	• Amendments have been proposed to the drafting consultant with respect to the Legal Professions Act, Chapter 2.04 to provide for the duty to report suspicions of ML and TF to the FIA. These amendments amongst others having been drawn up by the drafting consultant are being reviewed by the Legislative Drafting Department for onward submission to Cabinet for approval and thereafter to the Parliament.
• Additionally, the Association needs funding, its own secretariat office and other technical resources so as to decrease its reliance upon the Registrar of the Court.	• The lack of a Bar Association secretariat makes information dissemination difficult. For years now the Bar Association has not existed with a very strong structure. There are however association meetings although poorly attended. The most effective communication tool for reaching the Attorneys is via their email as all Attorneys are part of an email circulation.

• More focus also needs to be placed upon continuing legal education of members and implementing an AML/CFT policy component into the Code of Ethics.	• The FIA has held meetings with the President of the Bar Association and there is an agreement (in principle) to retain a consultant to provide sensitization to the Bar on AML/CFT legislation and issues. Additionally we have decided to use the email which is most effectively used by all counsel to circulate email to members on their continuous obligations for customer due diligence.
The concept of legal professional privilege also needs to be put in context if lawyers are to be expected to report STRs and the recommendations which outlines, good faith, high standards and competent counterparts must be factored into these provisions.	

Recommendation: 25

GUIDELINES AND FEEDBACK

Rating: NC

Gaps Closed: Gaps Closed

Recommended Action	Actions Taken
• The guidance notes issued by the FIA should be circulated to all stakeholders.	• The Guidance notes as it relates to financial institutions, other business activities (DNFBPs) and anti-terrorism have been circulated to all financial institutions, insurance companies, their agents and brokers, car dealerships and jewellers.
• Consideration should be given to the FIA to providing regular feedback to financial institutions and other reporting parties who file Suspicious Transactions Reports	• The MLPGNR makes provision for acknowledging receipt of the STRs and providing feedback to parties who file STRs. Currently, quarterly meetings are held with compliance officers in relation to filed STR's, generally. Further, there is also specific feedback in relation to a matter where there is a likelihood of prosecution and/or further investigations.
• The authorities should consider reviewing the level of involvement of the FIA within the financial community, though there have been some interaction, there is clearly a need to provide additional seminars, presentations, guidance	• Since the evaluation, the FIA has increased its interaction with the financial institutions and other business activities which it supervises. Quarterly meetings are held with Compliance Officers and there is ongoing training and onsite audits with the institutions. Owing to the number of entities in the insurance sector, staff at the FIA were assigned specific entities to supervise therefore providing more focused interaction with reporting parties.

and advice to financial institutions and other reporting parties.	

Recommendation: 27

LAW ENFORCEMENT AUTHORITIES

Rating: NC

Gaps Closed: Third Follow-up Report

Recommended Action	Actions Taken
• Greater priority should be given to the investigation of ML / TF cases by the Police and the DPP's Office in the law.	• We have worked with UKSAT(Security Advisory Team) who have provided training the DPP's office and the FIA in prosecution matters and who have also provided training for the judiciary to assist in the facilitation of effective • prosecutions. • There are eleven money laundering indictment before the High Court. There has been 10 cash Detention Order granted for the detention of XCD962,610.51. There has been six (6) cash forfeiture applications made with two (2) forfeiture orders being granted thus far for the sum of XCD264,200. • The F.I.A has obtained 12 Restraint Orders to date, restraining property valued at XCD11,139,742.00 pending confiscation proceedings. There is one confiscation hearing currently before the High Court and that matter is scheduled for the 17th and 18th of April 2013. • From the 1st March 2013, the F.I.A was staffed with one additional financial investigator and one additional analyst bringing the total to four financial investigators and two analysts. • An MOU for AML/CFT has been signed to enhance inter agency cooperation among the Police, FIA, Customs and Inland Revenue Department. The purpose of the MOU is to enhance inter agency cooperation with regard to investigation and prosecution.

It is recommended that a Financial Investigation Unit be set up as part of the Police Force to investigate money laundering, terrorist financing and all other financial crimes. The necessary training should be provided to Officers who will staff this unit.	• St. Lucia has instead responded by enacting legislation giving the F.I.A investigative powers. This was effectively done by ensuring that the police officers, customs officers and inland revenue officers who provide services to the secretariat retain their substantive powers pursuant to Section 4 (4) (a) of the MLPA No.8 of 2012. • Section 5 (1) of the MLPA No.8 of 2012 however provides the F.I.A with the investigative powers in relation to proceeds of criminal conduct and offences under the Proceeds of Crime Act, Cap 3.04. • The F.I.A also has the power to investigate terrorist financing offences, owing to the fact that these offences are prescribed in Schedule 1 of the MLPA No.8 of 2012 as criminal conduct offences. • These actions taken have ensured that there is now a designate law enforcement authority, the FIA, with responsibility for ensuring the MT and TF offences are investigated. The actions taken above ensure that this Recommendation is now fully met.

Recommendation: 29

SUPERVISORS

Rating: PC

Gaps Closed:

Recommended Action	Actions Taken
• St. Lucia should expedite the implementation of the SRU which will assist in harmonizing supervisory practices and may lead to more effective use and cross training of staff.	• The Financial Services Regulatory Authority (FSRA) Act was passed on 6th April 2011 and came into force in 2012. • The office of the FSRA occupies new premises at the Waterfront in Castries and officers of the FSRA operate as such and not as officers under the old regime of the FSSU. • As part of their functions they are mandated to ensure that member of the sector adheres to the AML/CFT requirements of the MLPA. It is also a power under section 13(2)(e) of the FSRA Act for the FSRA to cooperate with the F.I.A and other regulatory agencies. • Members of the FSRA have received training from the F.I.A in relating to AML/CFT their last session of training was held in December 2012. • Pursuant to section 6(1)(h) of the MLPA No.8 of 2010, the F.I.A has the power to inspect and audit financial institutions or person engaged in other business activity to ensure compliance with the MLPA. • In keeping with its regulatory function in 2012 the F.I.A conducted an audit of all the traditional banks as well as the insurance sector. The Car Dealers

	were also audited and seminars were conducted for the Insurance sector. • The Board of the FSRA has been appointed and has commenced operations. The Board's first meeting was convened on the 21st February 2013. Notwithstanding, the supervisory role has always been undertaken and executed by the trained staff of the FSSU whose role and responsibility was and continued to be harmonization and supervisory practices.

Recommendation: 30

RESOURCE, INTEGRITY AND TRAINING

Rating: NC

Gaps Closed:

Recommended Action	Actions Taken
• The FIA should be staffed with at lease two dedicated Analyst.	• The F.I.A was staffed with an additional analyst from 1st March 2013 making it a total of two analyst.
• St Lucian Authorities may wish to consider sourcing additional specialize training for the staff, particularly in financial crime analysis, money laundering and terrorist financing.	• The UKSAT (Security Advisory Team) has provided training for the DPP's office and the FIA on prosecution, and has also provided training for the judiciary which will facilitate effective prosecution • ECFIAT (formally UKSAT) organised and delivered training for Magistrate and Prosecutors for September 2010. • There is always ongoing training for personnel dealing with ML/FT. Two officers attended Cyber Crime investigations in Antigua. That course had a financial crime investigation aspect as well. Two investigators have received training in interviewing techniques sponsored by ECFIAT and SUATT to assist in the investigation of crime. • Training was also held for Magistrate in money laundering and terrorism financing in January 2011. • Training for one officer of the FIA was undertaken in July 2011 in financial analysis sponsored by Egmont. • A cash seizure seminar for prosecutors and financial investigators was held in August 2011.

	• On the 26th and 27th of March 2012 ECFIAT and Eastern Caribbean Supreme Court/ JEI held a mock trial confiscation program for judges, prosecutors and financial investigators. • In May 2012 two F,I,A officers undertook Tactical Analyst training in Spain sponsored by Egmont.
The authorities should consider providing additional resources to law enforcement agencies since present allocations are insufficient for their task. All of these entities are in need of additional training not only in ML / TF matters but also in the fundamentals, such as investigating and prosecuting white-collar crime.	• There is always ongoing training for personnel dealing with ML/FT. Two officers attended Cyber Crime investigations in Antigua. That course had a financial crime investigation aspect as well. Two investigators have received training in interviewing techniques using digital recording sponsored by ECFIAT and SUATT to assist in the investigation of crime. • In August 2012 two F,I,A officers undertook Tactical Analyst training in Spain sponsored by Egmont.
Adequate training in ML and TF should be sourced for Judges Prosecutors and Magistrates so as to broaden their understanding of the various legislations	• ECFIAT (formally UKSAT) organised and delivered training for Magistrate and Prosecutors for September 2010. • Training was also held for Magistrates in money laundering and terrorism financing in January 2011. • On the 26th and 27th of March 2012 ECFIAT and Eastern Caribbean Supreme Court/ JEI held a mock trial confiscation program for judges, prosecutors and financial investigators.

Recommendation: 31

NATIONAL CO-OPERATION

Rating: NC

Gaps Closed: On Going

Recommended Action	Actions Taken
Consideration should be given to the establishment of an Anti-Money Laundering Committee. The Committee should be given the legal authority to bring the various authorities together regularly to develop and implement policies and strategies to tackle ML and TF. The Committee should also be tasked with providing public education on issues of ML and TF.	• A White Collar Crime Task Force was established in 2008 implemented which brings together high level persons from the Police, FIA, DPP, Attorney General's Chambers, Customs, Inland Revenue, for the main purpose of cooperating and coordinating domestically to effectively develop and implement AML/CFT policy. The White Collar Crime Task Force meets monthly on the last Tuesday of the month. • Additionally a CFATF Oversight Committee has been created to monitor St. Lucia's effective implementation of the 40 and 9 recommendations, and to continue to police the various pieces of legislation and policies to ensure that they remain effective in their ability to deal with AML/CFT issues. • The committee has met frequently since its implementation in March 2009 and has proposed major changes to the current MLPA. The committee has advised on the implementation of policy to strengthen the AML/CFT framework. • The Committee is made up of persons from the Police, FIA, DPP, Attorney General's Chambers, Customs, Inland Revenue and FSRA.
St Lucia may wish to consider establishing a multilateral interagency memorandum between the various competent authorities. This would enable them to cooperate,	• MOU's between the FIA and the Police, and between FIA and Inland Revenue have been signed to foster collaboration. Since then the parties to the MOU's have collaborated on a number of investigations. • An MOU has also been signed among member of the White Collar Crime task Force.

and where appropriate, coordinate domestically with each other concerning the development and implementation of policies and activities to combat ML and TF.	• The FSRA Act at section 13(2)(e) prescribes for the FSRA to cooperate with the F.I.A and other agencies in the supervision of a regulated entity. • Further section 5(2)(a) of the MLPA prescribes for the FIA to receive information from the Police, Customs and Inland Revenue. The MLPA (Amendment) Act No. 9 of 2011 prescribes for the FIA to disseminate information to the Police, Customs and Inland Revenue.
Consideration should be given to developing a process that would allow for a systematic review of the efficiency of the system that provide for combating ML and FT.	• The CFATF Oversight Committee has undertaken the SIP exercise which allowed for a systematic review of Saint Lucia's overall ML and FT system in combating money laundering and terrorism.

Recommendation: 32

Statistics

Rating: NC

Gaps Closed: On going

Recommended Action	**Actions Taken**
• Consideration should be given towards putting in place a comprehensive framework to review the effectiveness of the system to combat ML and TF on a regular and timely basis.	• The MLPA under section 5 and 6 (h) permits the FIA to review the effectiveness of the systems for combating money laundering and terrorist financing. ○ Currently, the exercise by the CFATF Committee in completing the SIP templates provides and allows for a systematic review of Saint Lucia's overall ML and FT system in combating money laundering and terrorism financing . It allows for the identification of the weaknesses and strengths in the system. That in effect will be a review, which upon completion can be referred on a regular bases to improve on the system and further develop Saint Lucia's system.
• The policy targets proffered by the AG/Minister of Justice should be implemented particularly: i. The training of the prosecutorial agencies particularly in the areas noted above for which they are wholly deficient	○ The UKSAT (Security Advisory Team) has provided training for the DPP's office and the FIA on prosecution, and has also provided training for the judiciary which will facilitate effective prosecution. As a result there are two pending cases before the court for confiscation. ○ Training is continuous.

ii. The funding of internal programmes to improve the quality of technical and human resources	o Training is continuous.
iii. The dissemination of information on AML/CFT policies and activities for implementation as internal policies.	o Currently FIA maintains a data base for statistics reflecting but not limited to STRs, received and disseminated, money laundering investigations, property frozen, restrained, seized and mutual legal assistance, foreign requests made, foreign request received, wire transfers, types of suspected offences, nationality of suspects, reporting institutions etc. o The FIA has increased the range of statistical data to include wire transfers which has been facilitated by an improved database and two persons have been designated to collect statistical data. See R 31 for MOUs between local authorities. o Section 6 (h) provides for the FIA to inspect and conduct audits of a financial institution or a person engaged in other business activity to ensure. This in self allows for some review of the system.
iv. A structured system which promotes effective national cooperation between local authorities.	o It should be noted that the FSRA legislates for an MOU to be executed between the FIA and the FSSR.
STATISTICS	Onsite Inspections/Review of Policies and Procedures/ Consultations/ Training have been done with respect to the following:- Seven (7) car dealers Ten (10) Insurance Companies Inspections: All Six (6) Commercial Banks.

	Inspections with respect to insurance companies are usually executed in one day; the banks over a period of three days and the car dealers half a day. It is intended that updates shall be obtained every six months from agencies with whom the FIA would have interacted. A Consultant is being retained to assist with the inspection of Credit Unions, other Lending Agencies, other Credit Institutions and Investment Brokers which shall commence August 2012. **Updated Statistics from the FIA:-** No. of Cash Seizures: 7 Total Value of Cash Seizures: XCD740, 028.00 No of Cash Forfeiture Applications Pending: 6 No of Forfeiture: 1 Total Value $135,000.00 No. of Production Orders: 2 No of Directors Request: 120 No. of Restraint Orders presently: 10 Total Value of Restraint Orders: XCD7, 749, 498.00 No. of Confiscation Cases under investigation: 22 No. of Confiscation matters presently before the Court: 1 Potential Benefit/Value of Confiscation Matters under investigation: XCD10, 745, 845.00 No. of STRs from Financial Institutions: 41 No of STRs from other business activities – 15 No. of money laundering cases under investigations:- 3 No. of mutual legal assistance sent by FIA:- 3 No of joint investigations and operations:- 1 No of officers trained in specific areas of AML/CFT:- 3

	<u>Statistical Information from the FSRA (FSSU):</u> Data and detailes of ongoing training to stakeholders regarding reporting requirements: New reporting forms were introduced in order to maintain statistical information and monitor the business of international financial services representation conducted by licensees. A list of countries having strategic deficiencies in relation to AML/CFT was circulated to institutions in order to apply scrutiny when transacting business. Guidance Notes for International Mutual funds Act was Revised July 23, 2012. Data on the number, natures and outcomes of interventions at financial institutions and persons engaged in other business activities: - The licence of an Insurance Broker. was suspended due to insolvency. - An Insurance Broker was asked to cease doing business since it was operating without a licence to solicit and negotiate insurance business. Hence, it was in breach of the Insurance Act. The company then applied to the Registrar to be licenced as an Insurance Broker. However, upon review of the application, the Registrar concluded that the application did not satisfy the conditions for registration and the application was denied. Subsequently, the company appealed to the Tribunal for the reversal of the decision of the Registrar. The matter was held and the Tribunal upheld the decision of the Registrar not to issue a broker's licence to the company. - Two (2) insurance companie are under Judicial Management - The licenses of two (2) insurance brokers were cancelled - For the year 2011 five (5) Incorporated Cells (ICs) were cancelled. One IC was cancelled on March 22, 2011 and the remaining four were cancelled on September 9, 2011.

	Data on compliance failures identified by the regulatory examination programme: A number of companies did not submit audited financial accounts within the stipulated time. Data on the number of cases where sanctions have been applied: EC$237,875 represents the amount collected with regard to entities which did not submit their accounts on time for year 2011. Updated as at 13th February 2013 No. of Cash Seizures: 10 Total Value of Cash Seizures: XCD1, 062, 555.90 No. of Forfeiture Orders: 2 Total Value $364, 145.42 No. of Production Orders: 5 No. of Directors Request: approximately 643 No. of Restraint Orders presently: 13 Total Value of Restraint Orders: XCD7, 749, 498.00 No. of Confiscation Cases under investigation: 28 No. of Confiscation matters presently before the Court: 1 Potential Benefit/Value of Confiscation Matters under investigation: approximately XCD12, 245, 845.00 In November 2012 one individual was extradited pursuant to the Extradition Act and one was surrendered pursuant to the Backing of Warrant Act.

Recommendation: 33

LEGAL PERSONS AND BENEFICIAL OWNERS

Rating: NC

Gaps Closed:

Recommended Action	Actions Taken
• The St. Lucian authorities may wish to adopt the following measures: i. Adequate training for the staff on AML/CFT measures.	○ See R 29 in respect of training. ○ All financial institutions, credit unions are now subject to regular and on-going training on customer due diligence. ○ The FIA is in the process of providing training on AML/CFT measures for: ○ FSSU staff, Registrar of Companies, Co-operatives, Insurance, Registrar of International Business Companies, Registrar of International Trusts and Attorney General's Chambers. ○ A new staffing initiative providing for increased staff to the FIA should allow for (1) an effective and systematic review of the ML and FT systems. In the meantime ongoing reviews continue of foreign and domestic banks and credit unions. (2) Increased training to the various financial institutions and reporting bodies. • The UKSAT (Security Advisory Team) has provided training for the DPP's office and the FIA on prosecution, and has also provided training for the judiciary which will facilitate effective prosecution. • UKSAT (now ECFIAT) has organised training for Magistrate and Prosecutors for September 2010.

	a. It has been agreed that the staff of the FIA should be increased. The FIA is currently preparing for the interviewing of persons shortlisted. The Office is currently being reconfigured to accommodate the increase in staff. b. With the new staff structure one person has been identified to be an Analyst. c. There is always ongoing training for personnel dealing with ML/FT such Cyber Crime investigation which has a financial crime investigation aspect as well. Two investigators have received training in investigating techniques to assist in the investigation of crime. d. Training was also held for Magistrate in money laundering and terrorism financing in January 2011. e. Training for FIA personnel was undertaken in July 2011 in financial analysis sponsored by Egmont. f. Training has been identified in techniques of financial investigation and another for intelligence gathering analysis scheduled for October and December 2011 respectively g. It is anticipated that one financial investigator and an additional analyst shall be attached to the FIA on or before the 30th September 2012. h. Two Officers of the FIA did a Tactical Analysis Training intensive programme in May 2012. i. In September 2012 two other officers attended a Tactical Analysis Training programme in Antigua. j. Article 5 of the Tax Information Exchange Agreement allows for the exchange of information. k. An amendment dated 22nd October 2012 was passed with respect to the International Business Companies Act to provide for a valid certificate of compliance to be issued by the Director of Financial Services to IBCs licenced to undertake banking, insurance and or mutual fund business.
ii. Adequate database that allows for timely	o In March 2009, an automated system was introduced in Registry of Companies which allows for timely and easy verification of type nature, ownership and control of legal

and easy verifications of type, nature and ownership and control of legal persons and customer identification data.	persons regulated by the Registrar of Companies. The database is up to date. o The Companies Act of St. Lucia mandates the striking off the register a company that does not file annual returns. Those returns require amongst other things that information concerning beneficial ownership is disclosed. o See R 4 in relation to Registered Agent and Trustee Licensing Act Section 26 which specifically provides for disclosure to any regulatory body other governments under MLAT to the FSSU and by a Court Order. o With respect to Insurance companies when a party is applying to register all information can be obtained and is accessible under requests. o The Pinnacle database is up to date.
iii. Recruitment of additional staff with the requisite qualifications, training and expertise or experience in handling corporate matters.	
iv. Legislative amendment which mandates adequate transparency concerning the beneficial ownership and control of legal persons.	
v. Legislative amendments which addresses	• The Insurance Act has penalty provisions which allows for fines, desist, revoke, intervene in the operations of the company.

the effectiveness of penalties and the imposition of sanctions by the Registrars as well as the judiciary.	
vi. Policy manuals that provide rules in relation to regular reporting to the Ministers, proper policing of companies, AML/CFT guidelines on detecting and preventing the use of legal persons by money launderers.	
vii. An internal or external auditing regime which provides the necessary checks and balances for accuracy and currency of files.	
Operational independence of the Registrars.	

Recommendation: 34

LEGAL ARRANGEMENTS AND BENEFICAL OWNERS

Rating: NC

Gaps Closed:

Recommended Action	**Actions Taken**
• It is recommended that St. Lucian Authorities implement measures to facilitate access by financial institutions to beneficial ownership and control information so as to allow customer identification data to be easily verified.	○ In March 2009, an automated system was introduced in Registry of Companies which allows for timely and easy verification of type nature, ownership and control of legal persons regulated by the Registrar of Companies. The database is up to date. ○ The Companies Act of St. Lucia mandates the striking off the register a company that does not file annual returns. Those returns require amongst other things that information concerning beneficial ownership is disclosed.
Also, given that any compulsory power for the purpose of obtaining relevant information would have to originate from the exercise of the Court's powers or FSSU in auditing the Registered Agent, there appears to be no guarantees that the information would be provided. Notably, no attempts have been made via the Courts to instill this compulsory power. Hence,	

attempts at Court action is recommended as a means of improving the effectiveness of the FSSU to obtain relevant information	

Recommendation: 37

DUAL CRIMINALITY

Rating: NC

Gaps Closed: Third Follow up Report

Recommended Action	**Actions Taken**
• The underlying restrictive condition of dual criminality should be addressed	• Section 18 (2) of the Mutual Assistance in Criminal Matters Act, Cap 3.03 provides for the refusal of a requests where the conduct if it had occurred in Saint Lucia would not constitute an offence. • Section 18 (3) also provides for the central authority to exercise its discretion where the conduct is similar in Saint Lucia. • Importantly, Section 18 (5) allows for the Central Authority to provide mutual legal assistance notwithstanding the provisions of section 18 (2) and 18 (3). • Consequently, there is nothing prohibiting assistance where both countries criminalise the conduct underlying an offence. • Technical differences do not prevent the provision of mutual legal assistance.

Recommendation: 39

EXTRADITION

Rating: NC

Gaps Closed: Second Follow up Report

Recommended Action	**Actions Taken**
• It is recommended that the St. Lucian Authorities consider legislative amendment to: i. Include money laundering, terrorism and terrorist financing as extraditable offences.	○ The Extradition Act now includes money laundering, terrorism and terrorist financing as an extraditable offence by the Extradition (Amendment) Act No.3 of 2010, Money.
ii. Criminalize Terrorism as an additional offence.	○ Terrorism has been criminalized with the enactment of the Anti-Terrorism Act of 2003. ○ The Anti –Terrorism Act No. 36 of 2003 was given the force of law on December 18th 2008.

Special Recommendation: VI

AML REQUIREMENT FOR MONEY/VALUE TRANSFER

Rating: NC

Gaps Closed: Fourth Follow up Report

Recommended Action	Actions Taken
• Legislation should be adopted to require money transfer services to take measures to prevent their being used for the financing of terrorism, and to comply with the principles of the FATF Nine Special Recommendations on the subject.	○ The MLPA 2010 makes provision for other business activities, listed under Part B, Schedule 2. Consequently provision is made under the MLPA for compliance of these entities (MVTs) in relation AML requirements. ○ Further the Money Laundering (Prevention) (Guidance Notes) specifically indicates that the Guidelines also applies to money transmission services. As a result the AML & CFT regime applies to MVT service operators. Therefore the requirements under R. 4 -16 and R 21 – 25 are incorporated under the MLPA and therefore MVTs are subject to AML and CFT procedures. ○ The Money Services Business Act requires money transfer services to take measures to prevent the financing of terrorism.
• St. Lucia should ensure that persons who perform MVT services are either licensed or registered and that this function is specifically designated to one or more competent authority.	○ The MLPA 2010 makes provision for other business activities, listed under Part B, Schedule 2. Consequently provision is made under the MLPA for compliance of these entities (MVTs) in relation AML requirements. ○ Further the Money Laundering (Prevention) (Guidance Notes) specifically indicates that the Guidelines also applies to money transmission services. As a result the AML & CFT regime applies to MVT service operators. Therefore the requirements under R. 4 -16 and R 21 – 25 are incorporated under the MLPA and therefore MVTs are subject to AML and CFT procedures.
• MVT service operators should be made subject to the AML & CFT regime.	○ Specific reference is made to section 16 (b) (ii) of the Money Services Business Act wherein an auditor in the performance of his duties must be cognisant of suspicious transaction in

	accordance with the MLPA and shall report the matter immediately to the licensee and the Authority.
• St Lucia should ensure that MVT service operators maintain a listing of its agents and that this listing is made available to competent authorities.	○ Also section 18 (1) of the MSBA mandates that a licensee shall institute procedure to ensure that the accounting records and systems of control comply with the requirements of the MLPA. Therefore the regulations MLPGNR must also be complied with.
• MVT operators should be made subject to effective, proportionate and dissuasive sanctions in relation to their legal obligations.	○ In addition section 2 (2) of the Money Laundering (Prevention) (Guidance Notes) Regulations creates a sanction for non compliance.

Special Recommendation: VII

WIRE TRANSFER RULES

Rating: PC

Gaps Closed:

Recommended Action	Actions Taken
• The guidance note should be amended to provide details of special recommendation VII with respect to dealing with wire transfers where there are technical limitations.	• Paragraph 178 of the MLPGNR provides guidance on the retention of originator information with respect to electronic transfers. • The MLPGNR No.55 of 2010 was deficient with regard to providing guidance where there are technical limitations. However, an amendment to the Regulations in 2012 (No.82 of 2012) at paragraph 179 requires that institutions exercise enhanced scrutiny where electronic transfers do not have complete originator information.
• POCA and MLPA should be amended to require a risk based approach to dealing with wire transfers.	• Section 17 of the MLPA provides for the application of a risk based approach in dealing with wire transfers. Paragraph 179 of the MLPGNR as amended in SI No.82 of 2012 requires that institutions exercise enhanced scrutiny where electronic transfers do not have complete originator information.
• Sanctions should be available for failure to comply with the essential criteria.	• Sanctions will be provided to ensure that minimum originator information is obtained and maintained for wire transfers. The Anti-terrorism (Guidance Notes) Regulation passed on the 26th May 2010 must be read in conjunction with the Money Laundering Guidelines. Section 2 (2) of the MLPGNR creates a sanction for non compliance. Further in relation to the maintenance of records for originator information, the MLPA creates sanction for the failure of the financial institution or a person keep records and copies of records under sections 16 (8) and (9).

Special Recommendation: VIII

Non-Profit Organisation

Rating: NC

Gaps Open:

Recommended Action	Actions Taken
• The authorities should undertake an outreach programme to the NPO sector with a view to protecting the sector from terrorist financing abuse.	• A supervisory committee for the monitoring of NPO from their commencement was created in 2009. • This committee comprises high level personnel from the Registry of Companies and Intellectual Property, Inland Revenue, Ministry for Social Transformation, the Attorney General's Chambers and the Financial Intelligence Authority. The committee meets on the 2nd Tuesday of every month and extra-ordinary meetings are held on a needs basis. • The Committee is tasked with the function of supervising and monitoring of NPO's. As part of the function of the Committee, it scrutinizes application for incorporation and undertakes due diligence of all applicants, and enhanced due diligence for applicants who are non-nationals. • Face to face interviews are conducted with all applicants during which the applicants are sensitized and given guidance with regards to anti-money laundering and anti-terrorist financing issues. • In January 2012 a sensitization workshop was held for all NPOs registered as Faith Based Organizations whereby they were trained and informed on procedures to be adopted in conducting enhanced due diligence. • The sensitization continues with initial directors of each NPO before the approval for registration.
A supervisory programme for NPOs	• Pursuant to Statutory Instrument No. 144 of 2012 Dated 12th November 2012 the Schedule of the Money Laundering (Prevention) Act was amended by including

should be developed to identify noncompliance and violations.	Non-Profit Companies and Non-Profit Organizations as other business activities bring them under the supervision of the F.I.A which includes audits and inspections of the AML/CFT systems.
Systems and procedures should be established to allow information on NPOs to be publicly available.	• Upon the establishment of Non-Governmental Organizations, they are registered with the Registry of Companies. This makes their information publicly available just as the information on the traditional companies would be.
Points of contacts or procedures to respond to international inquiries regarding terrorism related activity of NPOs should be put in place.	• Dissemination of information to international F.I.Us is provided for in the MLPA. • Section 5(2)(g) of the MLPA states that may provide information relating to suspected money laundering or information relating to a suspicious activity report to any Foreign Financial Intelligence Unit subject to the conditions the Authority may consider appropriate.

Special Recommendation: IX

CROSS BORDER

Rating: NC

Gaps Open:

Recommended Action	Actions Taken
It is recommended that for the avoidance of ambiguity and the need for the exercise of discretion that legal provisions be put in place requiring reporting of the transfer into or out of the country of cash, currency or other bearer negotiable instruments valued in excess of US $10,000.00 and that appropriate reporting forms be simultaneously published and put in use, and that proportionate and dissuasive sanctions be provided for.	• Regulations 4 and 5 of the Customs regulations Cap 15.05 and section 9(1)(a) of the Immigrant ordinance Cap 76 and regulation 7 of the Immigration Regulations Cap 76 provides for the reporting of a person carrying in excess the sum of US$10,000.00. • Section 9(1)(a) states: Every person entering the colony shall truthfully answer all proper questions put to him by the immigration officer for the purpose of this Ordinance, and also if required by the immigration officer- (a) Made and sign the prescribed declaration. • The declaration form has been published under the Customs Regulation under Schedule 2, Form 15 and also referred to under Regulation 72 of the said Regulations. • **Regulation 72 states**: The owner of any baggage brought into a customs area shall immediately attend upon the proper officer, answer all such questions as such officer may put to him or her or make such declarations in writing (including a declaration in Form 15) relating to such baggage as such officer shall require, thereupon pay to the proper officer any duty that may be payable

	thereon, and remove such baggage from the baggage room. The proper officer may refuse to attend to any passenger until the whole of such passenger's accompanied baggage is presented to him or her in one place, or, where any baggage belongs to more than one person unless all the owners thereof attend upon him or her together. Neither the Comptroller nor any officers is liable for any loss or damage whatsoever to any baggage which is not cleared as aforesaid. • Regulation 7 of the Immigration Regulations as amended by the **Immigration (Amendment) Regulations No. 6 of 2007 and section 9 of the** Customs (Amendment) regulations No. 7 of 2007 provides for the publication of the declaration form in relation to persons carrying currency in excess of US $10,000.00.
It is further recommended that officers of the Police Force, Customs and the Marine Services be empowered to seize and detain cash, currency or bearer negotiable instrument valued in excess of US$10,000.00 which has not been properly declared or about which there is suspicion that they are the proceeds of crime.	• Proportionate and dissuasive sanctions are provided for pursuant to Regulation 9 (2) of the Immigration ordinance, Cap 76, • Regulation 9(2) states: Any peson who refuses to make and sign the prescribed declaration…shall be deemed to be a prohibited immigrant and dealt with s such. • Sections 32(30, 86, 93, 94, 113, 118 of the Customs (Control and Management) Act, Cap 15.05 and Regulation 6 of the Customs regulations, Cap 15.05 makes provision for cash in excess of $10,000 which has not been properly declared. • Section 113 in relation to Untrue Declaration states: (1) If any person— (a) makes or signs, or causes to be made or signed, or delivers or causes to be delivered to the Comptroller or an officer, any declaration, notice, certificate or other document; or (b) makes any statement in answer to any question put to him or her by an officer

	which he or she is required by or under any enactment to answer, being a document or statement produced or made for any purpose of any assigned matter, which is untrue in a material particular, he or she commits an offence and is liable to a fine of $5,000, and any goods in relation to which the document or statement was made are liable to forfeiture. (2) If any person knowingly or recklessly— (a) makes or signs, or causes to be made or signed or delivers or causes to be delivered to the Comptroller or an officer, any declaration, notice, certificate or other document; or (b) makes any statement in answer to any question put to him or her by an officer which he or she is required by or under any enactment to answer, being a document or statement produced or made for any purpose of an assigned matter, which is untrue in a material particular, he or she commits an offence and is liable to a fine of $10,000, or to imprisonment for 2 years, or to both, and may be arrested, and any goods in relation to which the document or statement was made are liable to forfeiture. • Provision has been made under the Proceeds of Crime (Amendment) Act No. 1 of 2011 to allow for the detention and seizure of cash where there is reasonable ground to suspect that the cash is the proceeds or criminal conduct or is intended for use in criminal conduct. • Section 29A(1) states: **29A.** (1) A police officer not below the rank of corporal may seize and detain, in accordance with this Part, any cash in Saint Lucia if the officer has reasonable grounds for suspecting that it directly represents any person's proceeds of criminal conduct or is intended by any person for use in any criminal conduct.

Provisions should be made for any detained funds to be held for a specified renewable period to facilitate the investigation of the origin, ownership and intended use of the funds.	• Section 29A(2) and 29A(3) of POCA provides for detained funds to be held for up to three(3) months to facilitate the investigation into the origin or intended use of the funds. • Section 29A(2) states: Cash seized by virtue of this section must not be detained for more than forty-eight hours unless its continued detention is authorized by an order made by a Magistrate; and no such order must be made unless the Magistrate is satisfied - (*a*) that there are reasonable grounds for the suspicion mentioned in subsection (1); and (*b*) that continued detention of the cash is justified while its origin or derivation is further investigated or consideration is given to the institution, whether in Saint Lucia or elsewhere, of criminal proceedings against any person for an offence with which the cash is connected. • Section 29A(3) states: Any order under subsection (2) must authorize the continued detention of the cash to which it relates for such period, not exceeding three months beginning with the date of the order, as may be specified in the order; and a Court of summary jurisdiction, if satisfied as to the matters mentioned in that subsection, may thereafter from time to time by order authorized the further detention of the cash except that – (*a*) no period of detention specified in such an order must exceed three months beginning with the date of the order; and (*b*) the total period of detention must not exceed two years from the date of the order under subsection (2).
Consideration should be given to providing law enforcement officers with the power to detain cash, currency or other bearer negotiable instruments suspected of being the proceeds of crime wherever in the country seized, without being restricted to matters of	• See above and note that 29(A)(1) of POCA refers to cash found anywhere in St. Lucia and the under section 49(c) cash is defined to mean coin and bank notes in any currency and negotiable instruments.

cross border transfers with the view to facilitating appropriate investigations into the source of the funds.	
There is a need for increased participation by the Customs Department in combating money laundering and terrorist financing	• Section 5(2)(a) of the MLPA provides for the filing of suspicious activity reports with the F.I.A and section 4 of the MLPA (Amendment) Act No.9 of 2011 allows for the dissemination of information by the F.I.A to Customs and Excise. • The MOU between Customs and F.I.A makes provision for the sharing of information in relation to money laundering and terrorist financing.
Consideration should be given to have Customs officers trained in the area of ML and TF.	• A number of customs officers having received training in financial investigations at REDTRAC in Jamaica.
Statistics should be kept on all aspects of Customs and Excise operations, these statistics should be readily available.	• Statistics are kept by Customs and Excise operations and are readily available
All Customs fraud cases with substantial values should be submitted to the FIA, Prosecutor's office for predicate offence consideration regarding offences pursuant to ML, FT and proceeds of Crime legislation with a view to prosecution of offenders.	• Within the pass twelve months Pursuant to section 5(2)(a) of the MLPA Customs have filed two SARs regarding fraud and one case which was submitted to the F.I.A for money laundering investigation and prosecution.
Customs must take more drastic action against suspected ML offences and Commercial fraud offenders.	• The Customs and Excise Department is proactive in its approach in dealing with money laundering offences and commercial fraud offenders and are working with the other law enforcement agencies in dealing with those matters and more importantly the Financial Intelligence Authority.
Provision of basic analytical and case management software must be supplied as a priority and basic and	•

advanced training in the use of such software is required.	

Appendix II
Matrix with Ratings and Follow-Up Action3rd Round Mutual Evaluation
Saint Lucia 28th February 2013

Forty Recommendations	Rating	Summary of factors underlying rating[1]	Recommended Actions	Undertaken Actions
Legal systems				
1.ML offence	PC	AML legislation has not been effectively utilized and therefore could not be measured and the Palermo Convention needs to be ratified. The lack of effective investigations and prosecutions also negatively impacts the effectiveness of the AML legislation and regime. Self- laundering is not covered by legislation. Conviction of a predicate offence is necessary All designated categories of offences not included	• The MLPA should be amended to specifically provide that the offence of money laundering does not of necessity apply to persons who committed the predicate offences in light of the lacuna that presently exists in the law. • The offence of self-money laundering must be distinct from the offences which are predicates. • The country needs to ensure that the widest possible categories of offences as designated by Convention are included within the MLPA and are definitively defined by legislation.	The recommended action has been implemented under the POCA. Addressed in the MLPA No. 8 of 2010. See sections 28 and 29 and 30 of the Act. See: Section 2 of the Act - schedule 1 of the Act - Amendments to Criminal Code to - increase criminal offences. - see too Counter-Trafficking Act No. 7 of 2010 A money laundering charge shall be laid before the end of October 2011. Gaps closed

[1] These factors are only required to be set out when the rating is less than Compliant.

2.ML offence – mental element and corporate liability	LC	Lack of effectiveness of sanctions which are also considered not dissuasive		We have worked with UKSAT (Security Advisory Team) who has trained the DPP's office and the FIA on prosecution, and has provided training for the judiciary which will facilitate effective prosecution. As a result, there are two pending cases before the Court for confiscation. Gaps closed
3. Confiscation and provisional measures	PC	Lack of effective implementation as there are no prosecutions noted for ML. Additionally there are other avenues such as forfeitures and confiscations which are effective measures which have not been utilized and thus add to the lack of effectiveness in implementation of the AML regime.	• Despite the lack of ML prosecutions there have been convictions for predicate offences and the reasons elucidated are not attributed to a lack of restraint action nor from lack of action by the DPP to suggest a less than effective attempt at obtaining a court sanction. Notwithstanding, the St. Lucian authorities have not demonstrated that there is effective implementation of these measures. The absence of any confiscation speaks to legislation that has never been tested.	Provisions for civil forfeiture and specific asset tracing measures have been incorporated in the POCA. See section 49 A to 49 C of the Proceeds of Crime (Amendment) Act No. 4 of 2010. Proceedings have been initiated under POCA with respect to cash seizure. Three cases are pending before the Courts for cash forfeiture. Further, The two confiscation matters are pending before the Courts. One matter is scheduled for hearing in November. Saint Lucia continues to demonstrate the effective implementation of the legislation by the following:

				No. of Cash Seizures: 5 Total Value of Cash Seizures: XCD350, 316.00 No. of Production Orders: 2 No. of Restraint Orders presently: 10 Total Value of Restraint Orders: XCD7, 749, 498.00 No. of Confiscation Cases under investigation: 21 No. of Confiscation matters presently before the Court: 2 Potential Benefit/Value of Confiscation Matters under investigation: XCD10, 445, 845.00 _____ Updated No. of Cash Seizures: 7 Total Value of Cash Seizures: XCD740, 028.00 No of Cash Forfeiture Applications Pending: 6 No of Forfeiture: 1 Total Value $135,000.00 No. of Production Orders: 2

				No of Directors Request: 120 No. of Restraint Orders presently: 10 Total Value of Restraint Orders: XCD7, 749, 498.00 No. of Confiscation Cases under investigation: 22 No. of Confiscation matters presently before the Court: 1 Potential Benefit/Value of Confiscation Matters under investigation: XCD10, 745, 845.00 Updated as at 13th February 2013 No. of Cash Seizures: 10 Total Value of Cash Seizures: XCD1, 062, 555.90 No. of Forfeiture Orders: 2 Total Value $364, 145.42 No. of Production Orders: 5 No. of Directors Request: approximately 643 No. of Restraint Orders presently: 13 Total Value of Restraint Orders: XCD7, 749, 498.00

				No. of Confiscation Cases under investigation: 28 No. of Confiscation matters presently before the Court: 1 Potential Benefit/Value of Confiscation Matters under investigation: approximately XCD12, 245, 845.00
Preventive measures				
4. Secrecy laws consistent with the Recommendations	PC	There are no bank secrecy laws which impede the sharing of information. The minor shortcoming arises from the reluctance of entities to share certain information in practice. There is no obligation which requires all categories of financial institutions to share information among themselves for purposes of AML/CFT	• The Insurance Act and the Registered Agents and Trustee Act do not have expressed provision for the sharing of information. While in practice, this has not prevented them from sharing with authorities, for the avoidance of doubt it is recommended that expressed provisions in the respective pieces of legislation together with the requisite indemnity for staff members making such disclosures.	The Revised Insurance Act Section 20 which is tabled before Parliament for its second reading allows for the sharing of information. The Revised Act has been forwarded to a special legislative sub-committee of parliament, where representative stakeholders were required to provide comments. It is expected that the FSSU shall provide its response before the next sitting of Parliament. See also Registered Agent and Trustee Licensing Act Section 26 which specifically provides for disclosure to any regulatory body and other governments under MLAT to the Financial Sector Supervision Unit (FSSU) and by a Court order. See section 37of the MLPA No. 8 of 2010 provides adequate protection

				from criminal or civil activity of any person, director, employee or person engaged in other business submit reports on suspicious activities. See also section 16 (2) of the MLPA 2010. Cabinet has decided to review the Insurance Bill prior to re-submission to Parliament. The Bill is currently being re submitted to Cabinet by the Drafting Department. It is anticipated that the Bill shall be passed by Parliament on or before November 2012.
5.Customer due diligence	NC	The MLPA is significantly deficient. These essential criteria are required to be in the law and are not, and even where they are, it does not adequately meet the standard of the essential criteria. The MLPA does not create a legal obligation to undertake CDD above designated threshold, carrying out occasional wire transfers covered by SR VII, where the financial institution has doubts about the veracity of the adequacy of previously obtained customer identification data.	• The St. Lucian authorities should consider either amending the MLPA or giving enforceable means to the Guidance Notes issued by the FIA. • The MLPA should be amended to include provisions that would require all financial institutions to undertake CDD in the following circumstances: xvii. when performing occasional transactions above a designated threshold, xviii. carrying out occasional transactions that are wire transfers under SR VII and	Section 17 of the MLPA No. 8 of 2010 has addressed the customer due diligence requirements as provided for by Recommendation 5 in particular: • Regulations have been designed to implement a general threshold of EC$25,000.00/US$10,000 for CDD. • There are specified threshold for various categories of entities including financial institutions casinos, jewellers, accounts, lawyers, and other DNFBPs

		There is no legal obligation to carry on due diligence on an ongoing basis There is no legal obligation to carry out enhanced due diligence for higher risk categories of customers / business relationships All financial institutions do not apply CDD to existing customers on the basis of materiality and risk and also do not conduct due diligence on such existing relationships at appropriate times. There is no legal obligation which requires financial institutions to obtain information on the purpose and intended nature of the business relationship. There is no legal obligation which requires Customer Due Diligence information to be updated on a periodic basis.	xix. where the financial institutions is in doubt about the veracity or adequacy of previously obtained customer identification data: xx. on an ongoing basis; xxi. based on materiality and risk at appropriate times. • Consistent practices should be implemented across all sectors for dealing with AML/CFT issues. The awareness levels of obligations under the MLPA are different within the sub-sectors. Supervisory oversight by the several regulators is also not consistent. • The MLPA should be amended so that financial institutions and persons engaged in other business activity should be required to ensure that documents, data or information collected under the CDD process are kept up-to-date and relevant by undertaking routine reviews of existing records. • The MLPA should be amended so that financial institutions are required to: ix. Undertake customer due diligence (CDD) measures when they have doubts about the veracity or	when engaged in cash transactions and financial transactions carried out in single operations or in several operations that appear to be linked. • It requires a financial institutions that suspects that transactions relating to money laundering or terrorist financing to: - Seek to identify and verify the identity of the customer and the beneficial owner. - Make a STR to the FIA. • Financial institutions are required by the MLPA No. 8 of 2010 to: - carry on due diligence on an ongoing basis, over the designated threshold and otherwise once a suspicion is aroused that a transaction may be related to money laundering and terrorism - carry out enhanced due diligence for higher risk categories of customer/business relationships.

			adequacy of previously obtained customer identification data. x. Undertake customer due diligence (CDD) measures when there is a suspicion of money laundering or terrorist financing, regardless of any exemptions or thresholds that are referred to elsewhere under the FATF Recommendations. xi. Take reasonable measures to understand the ownership and control structure of the customer and determine who the natural persons are that ultimately own or control the customer. This includes those persons who exercise ultimate effective control over a legal person or arrangement. xii. Obtain information on the purpose and intended nature of the business relationship. xiii. Ensure that documents, data or information collected under the CDD process are kept up-to-date and relevant by undertaking reviews of existing records, particularly for higher risk categories of customers or business relationships. xiv. provide for performing enhanced due diligence for higher risk categories of customer, business relationship or transaction	- Obtain information on the purpose and intended nature of the business relationship. - Financial institutions. The Revised GN makes provision for the carrying out of CDD on an ongoing basis. The GN also made provision for the carrying out of enhanced CDD for high risk categories of customers/business relationships. It addresses the making of an STR when the institution is unable to obtain satisfactory evidence or verification of identity of customer/beneficial owners. It highlights with particular clarity the procedure to be adopted for non face-to-face customers, indicating that no less a diligence procedure should be adopted non face to face business transaction, security transactions and life insurance business. See section 17 of the MLPA No. 8 of 2010. The Guidance Notes has been given the force of law by being implemented as Regulations. SI 55 of 2010. The requirement that all financial institutions should undertake customer

			xv. Provide for applying reduced or simplified measures where there are low risks of money laundering, where there are risks of money laundering or terrorist financing or where adequate checks and controls exist in national system respectively. xvi. Provide for applying simplified or reduced CDD to customers resident in another country which is in compliance and have effectively implemented the FATF recommendations.	due diligence is provided for under section 17 (1) of the MLPA. In addition section 17 (2) of the MLPA provides for a financial institution or a person engaged in other business activity to ensure that any document, date or information collected under the customer due diligence process is kept up-to-date and relevant by undertaking routine reviews of existing records particularly for high risk categories of customers or business relationships. Further section 17 (4) provides for measures to be taken with respect to the veracity and adequacy of information, suspicion of money laundering or terrorist financing, understanding the ownership and control structure of the customer, obtaining information on the purpose and intended nature of the business etc Gaps have been closed
6.Politically exposed persons	NC	There are no provisions in the law, guideline or industry practice which completely satisfies the essential criteria. The financial sector does not have procedures in place where senior management approval is required to open accounts which are to be	• Enforceable means should be introduced for dealing with politically exposed persons (PEPs). All financial institutions should be required to have: i. Documented AML/CFT policies and procedures and appropriate risk management systems;	Section 18 of the MLPA No. 8 of 2010 provides for PEPS. Revised GN has introduced measures for dealing with PEPs. In particular it provides • for senior management approval to open accounts which are to be operated by PEPs.

		operated by PEPs, as defined by FATF. The financial sector does not have on-going enhanced CDD for PEPs. Majority of financial institutions do not utilise a risk based approach to AML/CFT issues Major gate keepers do not deal with the subject of PEPS pursuant to ECCB guidelines. Insurance companies & Credit Unions do not treat with the issue	ii. Policies and procedures should deal with PEPs – definition should be consistent with that of FATF, IT systems should be configured to identify PEPs, relationships with PEPs should be authorised by the senior management of the financial institutions, source of funds and source of wealth must be determined, enhanced CDD must be performed on an on-going basis on all accounts held by PEPs. • The government of St Lucia should take steps to sign, ratify and implement the 2003 Convention against Corruption.	• Ongoing enhanced CDD for PEPs Money Laundering (Prevention) Guidance Notes) Regulations SI 55 of 2010, Money Laundering (Prevention) Guidance Notes) Regulations SI 55 of 2010, under paragraphs 84 to 88. • for low risk and high risk indicators including PEPs. In addition PEP has been defined under the Money Laundering (Prevention) Guidance Notes) Regulations SI 55 of 2010, (GN) wherein it includes senior officials in the executive, legislative, administrative, military or judicial branches of a foreign government, senior official of a major foreign political party. Steps have been taken to ratify the 2003 International Convention on Corruption, wherein Cabinet has agreed to its ratification. Steps are currently being taken to determine the steps and procedure in facilitating that process. Amended Draft Regulations, with proposed amendments circulated for review and finalization. On the 25th of November 2011 Saint Lucia acceded to the United Nations Convention against Corruption.

				Detailed Amendments regarding PEPs have been made to the Money Laundering Guidance Notes and have also been included in the draft Guidance Notes for DNFBPs and have consequently been finalised and signed by the Honourable Attorney General. The Money Laundering (Prevention) Guideline for Other Business Activity) Regulations and the amendment to the Money Laundering (prevention) Guidance Notes (Amendment) Regulations have been finalized and published respectively by Statutory Instrument 83 of 2012 and 82 of 2012. Gaps Closed
7.Correspondent banking	NC	There are no provisions in the law, guideline or practice which completely satisfies the essential criteria. Commercial banks policies and procedures are deficient. There are no measures in place to : assess a respondent institution's AML/CFT controls to determine whether they are effective and adequate, document the AML/CFT responsibilities of each institution	• Commercial Banks should be required to: iii. assess a respondent institution's AML/CFT controls to determine whether they are effective and adequate; iv. document the AML/CFT responsibilities of each institution; v. ensure that the respondent institution is able to provide	Has been addressed in the Revised GN. These recommendations have been met by Saint Lucia in that under section 17 of the MLPA it is a requirement that financial institutions and persons engaged in other business activity shall immediately obtain the information required under the CDD process. It is also required that adequate steps be taken in satisfaction of identity data etc from intermediaries and third parties upon request.

		ensure that the respondent institution is able to provide relevant customer identification data upon request	relevant customer identification data upon request.	Section 94 (j) of the Money laundering Guidance Notes stipulates that enhanced due diligence shall be conducted be commercial banks in ascertaining whether the bank has established and implemented sound customer due diligence, anti-money laundering policies and strategies and appointed a Compliance Officer (at managerial level) to include obtaining a copy of its AML policy and guidelines. Gaps closed
8.New technologies & non face-to-face business	NC	There are no provisions in the law, guideline or practice which completely satisfies the essential criteria. There is no framework which mitigates against the risk of misusing technology in ML/TF. Financial institutions are not required to conduct on going CDD on business undertaken on non face to face customers	• Legislation should be enacted to prevent the misuse of technological developments in ML / TF. • Financial institutions should be required to identify and mitigate AML/CFT risks arising from undertaking non-face to face business transactions or relationships. CDD done on conducting such business should be undertaken on an on-going basis.	Recommendation 8 has also been addressed in the Revised GN paragraph 90-101. Financial services providers offering services over the internet are required to implement procedure to identify its client similar to those adopted for personal interview clients. Provision for non face to face business is contained at paragraphs 90 – 93 of the Money Laundering Guidance Notes. It should also be noted that a breach of the Guidance Notes constitutes an offence under section 2 (2) of the Regulations. Consequently, the enactment of Guidance Notes provides a mechanism/regime for the misuse of technological developments in ML/TF. Technological developments outside of those posed by Internet related transactions have been specifically addressed at

				paragraph 98 where it speaks to other products emerging technology include: smartcards and e-cash. Amended Draft Regulations, with proposed amendments circulated for review and finalization Detailed Amendments regarding new technologies and non-face to face business have been made to the Money Laundering Guidance Notes and have also been included in the draft guidance notes for DNFBPs and have consequently been finalised. The Money Laundering (Prevention) Guideline for Other Business Activity) Regulations and the amendment to the Money Laundering (prevention) Guidance Notes (Amendment) Regulations have been finalized and published respectively by Statutory Instrument 83 of 2012 and 82 of 2012. Gaps closed .
9.Third parties and introducers	PC	Legislation or other enforceable means do not address CDD requirements where business is	• Financial institution should be required to immediately obtain from third parties information required under the specified conditions of the CDD process.	These issues have been addressed by the MLPA section 17 and GN.

		introduced by third parties or intermediaries. Adequate steps are not taken by insurance companies to ensure 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. Financial institutions do not implement procedures to satisfy themselves that third parties are regulated and supervised.	• Financial institutions should be required 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. • Financial institutions should be obligated to satisfy themselves that the third party is regulated and supervised in accordance with Recommendation 23, 24 and 29 and has measures in place to comply with the CDD requirements set out in Recommendations 5 and 10. • The competent authority for dealing with AML/CTF matters should circulate to all financial institutions lists e.g. OFAC, UN. The financial institutions should be required to incorporate into their CDD the use of assessments / reviews concerning AML/ CFT which are published by international / regional organisations.	Section 17 (a) provides for the reliance on intermediaries and third parties to perform and undertake aspects of Customer Due Diligence. Gaps closed
10.Record keeping	NC	No requirement to maintain records of domestic and international transactions for at least five years whether or not the relationship has been terminated No requirement to maintain identification data, account files and	• The MLPA should be strengthened to provide that the records to be kept are both domestic and international and also that such records must be sufficient to permit reconstruction of individual transactions so as to provide, if necessary, evidence for prosecution of criminal activity.	The MLPA No. 8 of 2010 contains a provision under section 16(1) to establish and maintain transaction recorded for both domestic and international transactions for a period of 7 years after the completion of the transaction record.

		business correspondence for at least five years following the termination of a relationship No requirement to make available customer and transaction records and information on a timely basis. No requirement to transaction records which are retained must be sufficient to permit reconstruction of individual transactions, so as to provide, if necessary, evidence for prosecution of criminal activity. No requirement for financial institutions to maintain records of business correspondence for at least five (5) years following the termination of an account or business relationship or longer if requested by a competent authority in specific cases upon proper authority.	• The MLPA should be strengthened to provide that financial institutions should maintain records of business correspondence for at least five years following the termination of an account or business relationship (or longer if requested by a competent authority in specific cases upon proper authority). • The provisions in both the POCA and MLPA should create a statutory obligation and a corresponding offence for instances where information is not maintained in a form which enables the competent authority to retrieve the information on a timely basis. Even though the various pieces of information may be available, the timely ability to reconstruct the transaction or sufficient evidence to procure a prosecution may be impeded.	The minimum retention period according to section 16(7) of the MLPA No. 8 of 2010 is: (a) If the record relates to the opening of an account is 7 years after the day on which the account is closed. (b) if the record relates to the renting of a safety deposit box the period of 7 years after the day the safety deposit box ceases to be used, or in any other case a period of 7 years after the day on which the transaction recorded takes place. The MLPA provides under section 16(8) that a financial institution shall keep its records in a form to allow the retrieval in legible form within a reasonable period of time in order to reconstruct the transaction for the purpose of assisting the investigation and prosecution of a suspected money laundering offence. The act also makes it an offence under section 16(9)for the failure of a financial institution to comply with this section. Recommendations have been fully met
11.Unusual transactions	NC	A legal obligation does not exist for financial institutions to pay special attention to complex, unusual or large	• Financial institutors should be encouraged to develop various examples of what would constitute	The MLPA makes provision in section 16(1)(l) and (m) for financial

		transactions. Financial institutions do not document findings on the background and purpose of complex, large or unusual transactions There are no procedures which would require financial institutions to keep the findings on the background and purpose of all complex, unusual store such information to enable it to be retrievable by the competent authorities or auditors.	suspicious, unusual and complex transactions. This should be disseminated to staff to make them become aware of such transactions. Internal reporting procedures should also be initiated to generate reports for review and appropriate action to be taken and ultimately to develop typologies for each type / sector of the financial sector. • There should be legal obligation for financial institutions to report such transactions which the institution deems to be suspicious to the FIA as a suspicious transaction • The MLPA and POCA should specifically provide that all documentation relating to the background and purpose of a transaction should be retained for a similar period of 7 years.	institutions to report complex, unusual or large transactions. The definition of transaction record under section 2 of the MLPA has been extended to include all business correspondence relating to the transaction, all documents relating to the background and purpose of the transaction. Paragraph 31 of the GN provides for the mandatory attention to be given by financial institutions to all complex, unusual or large business transactions, or unusual patterns of transactions, whether completed or not and to insignificant but periodic transactions which have no apparent economic or lawful purpose. There is an obligation for financial institutions to report large complex and unusual transactions to the FIA pursuant to section 16 of the MLPA. In particular financial institutions are required to establish and maintain a record that indicates the nature of the evidence obtained. Section 156 of the Money Laundering Guidance Notes stipulates that " the Compliance Officer should be well versed in the different types of transactions which the institution handles and which may give rise to opportunities for money laundering.

				Examples are set out in Appendix A, these not intended to be exhaustive. Further the roles and responsibilities of the Compliance Officer are stated under section 44 of the Money laundering Guidance Notes. These include inter alia the requirement to develop various examples of suspicious/unusual transaction etc and the need to organise training sessions for staff on various compliance related issues etc The recommendation in relation to the obligation for financial institutions to perform enhanced due diligence have been prescribed by the guidelines in that section 2 of the MLPA indicates what constitutes a transaction record and as such pursuant to section 16 (1) a financial institution is obligated and mandated to examine the background for the purposes of reporting to the FIA in writing. Amended Draft Regulations, with proposed amendments circulated for review and finalization. Detailed Amendments regarding unusual transactions have been made to the Money Laundering Guidance Notes and have also been included in the draft guidance notes for DNFBPs and have consequently been finalised. The Money Laundering (Prevention) Guideline for Other Business Activity) Regulations and the amendment to the Money Laundering (prevention) Guidance

				Notes (Amendment) Regulations have been finalized and published respectively by Statutory Instrument 83 of 2012 and 82 of 2012. Gaps closed
12.DNFBP – R.5, 6, 8-11	NC	No requirement for DNFBPs to undertake CDD measures when: They have doubts as to the veracity or adequacy of previously obtained customer identification data. Transaction is carried out in a single operation or in several operations that appear to be linked Carrying out occasional transactions in relation to wire transfers in the circumstances covered by the Interpretative Note to SR VII. There is a suspicion of money laundering or terrorist financing, regardless of any exemptions or thresholds that are referred to elsewhere under the FATF Recommendations. Entering relationship with customer (whether permanent or occasional, and whether natural or legal persons or legal arrangements) and verify that customer's identity using reliable, independent source documents, data or information.	• Deficiencies identified for all financial institutions as noted in Recommendations 5, 6, 8-11 in the relevant sections of this report are also applicable to listed DNFBPs. Implementation of the specific recommendation in the relevant sections of this report will also apply to listed DNFBPs. • Though lawyers are aware of the potential vulnerabilities in processing transactions without doing customer due diligence, it is not mandatory for them to make any reports with respect to PEPs, no face to face businesses, 3rd party referral and cross border banking relationships for suspect FT activities where the offence of FT has not been criminalised.	Refer to comments made under Recommendations 5, 6, 8-11. See R24 in relation to CDD and STRs for the Legal Profession. See also sections 15, 16 and 17 of the MLPA. The MLPA provides by virtue of section 6 for the FIA to undertake inspections and audits to ensure AML compliance by the DNFBPs. Specific guidelines are being drawn up with respect to DNFBP's and shall be finalised shortly for review and publication. These Guideline have been drafted, approved and shall be published in October 2011. The Specific draft guidelines with respect to DNFBPs have been finalised for further review by a Drafting Consultant prior to publication.

		No requirement for DNFBPs to undertake CDD measures (when a person is acting on behalf of another person) to verify the identity and the authorization of mandatory of that person. No obligation under MLPA to verify the legal status of legal person or legal arrangement. No threshold amount is addressed in the MLPA. No legislation exits to permit compliance with Special Recommendation VII against Financing of Terrorism. No requirement to conduct ongoing due diligence on the business relationship No requirement for financial institutions to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant No requirement for simplified CDD measures to be unacceptable in specific higher risk scenarios There are no rules or regulations requiring DNFBPs to comply with the essential criteria of Recommendation 6, There are no rules covering the proposals of Recommendation 8, and		Detailed Guidance Notes regarding DNFBPs have been made accepted and finalised. The Money Laundering (Prevention) Guideline for Other Business Activity) Regulations and the amendment to the Money Laundering (prevention) Guidance Notes (Amendment) Regulations have been finalized and published respectively by Statutory Instrument 83 of 2012 and 82 of 2012. Further Amendments have been proposed to the drafting consultant with respect to the Legal Profession Act, Chapter 2.04 to provide for the duty to report. These amendments amongst others having been drawn up by the drafting consultant are being reviewed by the Legislative Drafting Department for onward submission to Cabinet for approval and thereafter to the Parliament. It is anticipated that the amendment to the Legal Profession Act shall be finalised on or before November 2012. Gaps Closed

		requiring financial institutions DNFBPs to take steps to give special attention to the threats posed by new technologies that permit anonymity No requirement for financial institutions to have policies and procedures in place to address any specific risks associated with non-face-to-face business relationships or transactions. There are no rules requiring DNFBPs to pay particular attention to relationships with persons in countries that do not apply the FATF Recommendations. There are no rules to ensure that the financial institutions are informed of Concerns about the weaknesses in the AML/CFT systems of other countries. There are no counter-measures for countries that do not apply the FATF Recommendation, or apply them to an insufficient degree. Lawyers for the most part claim legal professional privilege and a denial of awareness s to the prescribed STR form		
13.Suspicious transaction reporting	NC	Essential criteria 13.1 -3 should be in law / regulations - this is not the case. The reporting obligation does not apply to all designated categories of	• The POCA and MLPA should be amended to provide that:	Section 16 (1) (c) and 19 of the MLPA requires the reporting of STR where there are reasonable grounds to suspect

		predicate offences under Recommendation 1. There is no legally enforceable obligation for financial institutions to report transactions which are attempted but not completed regardless of the value of the transaction. STRs are not generated by financial institutions when they should because there is neither any guidance from the FIA or in their policies and procedures as to what constitutes a suspicious transaction.	iii. Financial institution should report to the FIA (a suspicious transaction report – STR) when it suspects or has reasonable grounds to suspect that funds are the proceeds of a criminal activity. At a minimum, the obligation to make a STR should apply to funds that are the proceeds of all offences that are required to be included as predicate offences under Recommendation 1. iv. The filing of a STR must apply to funds where there are reasonable grounds to suspect or they are suspected to be linked or related to, or to be used for terrorism, terrorist acts or by terrorist organisations or those who finance terrorism. All suspicious transactions, including attempted transactions, should be reported regardless of the amount of the transaction.	that a transaction involves proceeds of a prescribed offence. An amendment has been done to broaden the category of predicate offences. See Recommendation 1. The MLPA further extends the category of predicate offences to all criminal conduct triable either way or on indictment by the definition of "relevant offence" under section 2. The MLPA and the Anti-Terrorism Act section 31 and 32 also provides under section 19 for the filing of STRs where there are reasonable grounds to suspect that the transaction or attempted transaction involves the proceeds of criminal conduct regardless of the amount of the transaction. Additionally, training continues to all financial institutions in identifying an STR and the procedure for its reporting. The gaps discerned by the examiners have been closed.

14.Protection & no tipping-off	PC	There is no specific protection from both criminal and civil liability for breach of any restriction on disclosure of information imposed by contract or by any legislative, regulatory or administrative provision, if they report their suspicions in good faith to the FIA. There is no prohibition against financial institutions, their directors, officers and employees (permanent and temporary) from "tipping off" the fact that a STR or related information is being reported or provided to the FIA.	• The indemnity should expressly include MLROs and Compliance Officers. Additionally it should explicitly include legal and civil liability which may arise. The protection should be available where there is a suspicion or a reasonable belief even though the underlying criminal activity is unknown and whether a criminal activity has occurred. • The MLPA should be amended to make it an offence for MLROs, Compliance Officers, directors and employees who tip off that a STR has been filed.	Protection and No Tipping-off are addressed in section 16(2), (3) and section 33 of the MLPA. Further, section 37 of the MLPA makes provision for criminal and civil liability protection against directors or employees of financial institutions. Section 38 of the MLPA creates the offence of "tipping off" whereby a person who obtains information in any form as a result of his or her connection with the Authority shall not disclose that information to any person except as far as it is required should any such information be wilfully disclosed, an offence is committed and the offender can be fined up to $50,000.00. Section 16 (3) of the MLPA deals specifically with MLROs wherein it states that a financial institution or a person enagaged in other business activity makes any report pursuant to subsection 1, the financial institution or a person enagaged in other business activity and the employees, staff, directors, owners or other representatives of the financial institution or person engaged in other business activity shall not disclose to the person who is not subject of the report to any one else - etc

				The offence is therefore created under section 16 (4) of the MLPA where the fine imposed is not less than $100,000 and not exceeding $500,000. The prohibition to prohibit tipping off of disclosures that are in the process of being made has been addressed under section 16 (4) Section 16 (3) of the MLPA covers suspicion and investigation under section 33 of the MLPA. Consequently tipping off is prohibited for disclosures that are in the process of being made, as a suspicion has to be formulated first. Proposed amendments have been suggested to the Consultant drafter to deal specifically with tipping off that "are in the process of being made". Draft Amendments to deal with tipping off have been made by the consultant drafter and have been reviewed by the Legislative Drafting Department and shall be presented to Cabinet for approval and subsequently brought before Parliament. Pending

15.Internal controls, compliance & audit	PC	Provisions are contained in the law but all financial institutions do not comply. There is no requirement to appoint a compliance officer at the management level and on going due diligence on employees. Where the financial institutions do have policies and procedures there are deficiencies e.g. do not provide guidance on treatment of unusual, complex and suspicious transactions. The general requirements are contained in documents which have no enforceability for non compliance. There is no obligation for financial institutions and persons engaged in other business activity to establish ongoing employee training to ensure that employees are kept informed of new developments, including information on current ML and FT techniques, methods and trends; and that there is a clear explanation of all aspects of AML/CFT laws and obligations, and in particular, requirements concerning CDD and suspicious transaction reporting. There is no obligation for financial institutions and persons engaged in other business activity to document	• The provisions of the MLPA should be extended so that all financial institutions and other persons engaged in other business activity should appoint a Compliance Officer at the management level who must be a fit and proper person, approved by the Board of Directors of the financial institution with the basic functions outlined in the law. • The MLPA guidance notes should be expanded to require that internal policies and procedures provide for the Compliance Officer to have access / report to the board of directors.	The Guidance Notes (GN) and paragraph 39 deals specifically with the appointment of a compliance officer at management level. The GN have been expanded to require that internal policies and procedures provide for the compliance officer to have access/report to the Board of Directors. It must also be noted that paragraph 38 of the GN provides for the appointment of a reporting Officer/Compliance Officer, making it imperative that the Officer reports directly to the Board of Directors. The GN in Part III 170.1 provides for mandatory ongoing due diligence of the compliance officer and other employees. The MLPA legislates for employee due diligence under section 16(1)(o). Recommendations by examiners have been fully implemented.

		and implement screening procedures for employees on an on-going basis.		
16. DNFBP – R.13-15 & 21	NC	No obligation to establish and maintain internal procedures, policies and controls to prevent Terrorist Financing. No obligation to communicate internal procedures, policies and controls to prevent Money Laundering and Terrorist Financing to their employees. None of the DNFBPs interviewed has ever filed a STR to the FIA. No obligation to develop appropriate compliance management arrangements at a minimum the designation of an AML/CFT compliance officer at the management level. No obligation to put in place screening procedures to ensure high standards when hiring employees. No obligation to give special attention to business relations and transactions with persons (including legal entities and other financial institutions) in	• St. Lucian authorities may wish to consider amending the MLPA to require DNFBPs to establish and maintain internal procedures, policies and controls to prevent Money laundering and Terrorist Financing. • St. Lucian authorities may wish to consider amending the MLPA to ensure that DNFBPs communicate internal procedures, policies and controls, develop appropriate compliance management arrangements and put in place screening procedures to ensure high standards when hiring employees. Such amendments should also require DNFBPs to give special attention to business relations and transactions with persons (including legal entities and other financial institutions) in jurisdictions that do not have adequate AML and CFT systems. • St. Lucian authorities may wish to consider amending the MLPA to ensure that sanctions imposed are effective, proportionate and dissuasive to deal with natural or legal persons covered by the FATF Recommendations that fail to comply with national AML/CFT requirements.	The MLPA provides for the FIA to undertake inspections and audits to ensure AML compliance by the DNFBPs under section 6 of the Act. In addition to the internal reporting procedures currently under section 19 of the MLPA, we are currently drafting guidelines for the DNFBPs, which guidelines will provide for internal procedures and policies to control AML/CFT those guidelines will also make provision for employers and employees alike to satisfy AML/CFT obligations. See further Recommendation 24. Further, section 16 (1) (o) (i) mandates the development of programmes against money laundering and terrorist financing. Gap significantly closed In addition section 2 (2) of the Money Laundering (Prevention) (Guidance Notes) Regulations creates a sanction for non compliance with AML/CFT requirements`.. These Guideline have been drafted, approved and shall be published in October 2011, as regulations.

		jurisdictions that do not have adequate systems in place to prevent or deter ML or FT. No obligation to put effective measures in place to ensure that financial are advised of concerns about weaknesses in the AML/CFT systems of other countries. Sanctions are not effective, proportionate and dissuasive		The Specific draft guidelines with respect to DNFBPs have been finalised for further review by a Drafting Consultant prior to publication.
17. Sanctions	PC	The full ranges of sanctions (civil, administrative as well as criminal) are not available to all supervisors. The lack of enforcement of criminal sanctions negatively impacts the effectiveness of the imposition of criminal sanctions.	• The full range of sanctions (civil, administrative and criminal) should be made available to all supervisors	Since the last Mutual Evaluation exercise we have increased the level of enforcement, in that regard we have revoked licences for non-compliance and have appointed judicial managers to entities in jeopardy. The Revised FSRA Act has been forwarded to a special legislative sub-committee of parliament, where representative stakeholders were required to provide comments. It is expected that the FSSU shall provide its response before the next sitting of Parliament. It is anticipated that upon the coming into force of the FSRA under section 40 other administrative functions shall be available to the Authority. "The

				Authority may require a regulated entity to pay a late filing fee of a prescribed amount where that person fails to — (*a*) file a return or other information required to be filed by that regulated entity under this Act or any enactment specified in Schedule 1 at the interval set out in, or within the time required by that enactment; (*b*) provide complete and accurate information with respect to a return or other information required to be filed by that regulated entity under this Act or any enactment specified in Schedule 1; or (*c*) pay the fee that is payable under section 39 at the prescribed time. (2) A failure to file a return, provide information or pay the fee under subsection (1) is deemed to be a contravention for each day during which the failure continues." The FSRA has been passed by Parliament and s in effect. Cabinet has decided to review the Insurance Bill prior to re-submission to Parliament. The Bill is currently being re submitted to Cabinet by the Drafting Department.

				It is anticipated that the Bill shall be passed by Parliament on or before November 2012. It is also noted that on the 20th October 2012 the International Tax Cooperation Act No 6 of 2012 was passed. This act allows for the sharing of information in relation to tax matters.
18. Shell banks	NC	There is 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.	• The MLPA guidance note should be amended to require financial institutions to ensure that their correspondent banks in a foreign country do not permit accounts to be used by shell banks.	Paragraph 94 (m) of the GN issued by FIA has been amended to require financial institutions to ensure that their correspondent banks in a foreign country do not permit accounts to be used by shell banks. Recommendation has been satisfied.
19. Other forms of reporting	NC	There has been no consideration on the implementation of a system for large currency transaction reporting. There is no enforceable requirement for financial institutions to implement an IT system for reporting currency transactions above a specified threshold to the FIA.	• St. Lucia is advised to consider the implementation of a system In this regard St. Lucia should include as part of their consideration any possible increases in the amount of STRs filed, the size of this increase compared to resources available for analyzing the information.	The MLPA makes provision via section 21 for all cash transactions above EC$25,000 to complete a source of funding declaration in a prescribed form. Section 16 (1) (l) makes it mandatory that upon the request of the FIA all currency transaction above EC $25,000.00 shall be reported to the FIA. Further, it should be noted that under section 16 (8) of the MLPA it is mandatory that a financial institution or a person engaged in other business activity to record all transactions.

				Proposals are ongoing for increasing the staff at FIA for analyst and financial investigators to deal with analysing all STRs. It has been agreed that the staff of the FIA should be increased. The FIA is currently preparing for the interviewing of persons shortlisted. The Office is currently being reconfigured to accommodate the increase in staff. Discussions as to the feasibility of the implementation of a system where all (cash) transactions above a fixed threshold are required to be reported to the FIA have been initiated and is ongoing. See further Recommendation 26 & 30. There has been consideration of the implementation of a system by the FIA which is financially restrictive. Gap closed
20. Other NFBP & secure transaction techniques	PC	Lack of effectiveness of procedures which have been adopted for modern secure techniques	• More on-site inspections are required. • The Money Remittance Laws should be enacted. • Standard provisions regarding complex and unusually large transactions should be imposed such	The Government of St. Lucia, As a result of the Economic Partnership Agreement (EPA) has commenced an exercise of regulating the Designated Non- Financial Business Practices (DNFBP) and it is intended that this process will allow for more effective regulation of that

			that DNFBP are mandated to do enhanced due diligence and modern secured transaction techniques should be scheduled under the MLPA.	sector. The Money Services Business Bill will go through its remaining stages in Parliament on February 9 and 16, 2010. This Bill has been passed by Parliament and came into effect on the 3rd March 2010 as No 10 of 2010. It should be noted that most financial institutions provide an Internet Banking Service. This is not only restricted to account enquiries but account transfers and transfers to other agents such as Lucelec, Lime, Wasco. Definition of transactions under the MLPA is not restricted and includes "Internet transactions" Provision for modern secure transaction techniques and enhanced due diligence for DNFBPs are included in section 16 of the MLPA. A schedule of training shall commence for other NFBPs from January 2012. Onsite Inspections/Review of Policies and Procedures/

				Consultations/ Training have been done with respect to the following:- Seven (7) car dealers Ten (10) Insurance Companies Inspections: All Six (6) Commercial Banks. A Consultant is being retained to assist with the inspection of Credit Unions, other Lending Agencies, other Credit Institutions and Investment Brokers which shall commence August 2012. Detailed Amendments regarding unusual large transactions have been made to the Money Laundering Guidance Notes. These have also been included in the draft guidance notes for DNFBPs to ensure enhanced due diligence and have consequently been finalised. The Money Laundering (Prevention) Guideline for Other Business Activity) Regulations and the amendment to the Money Laundering (prevention) Guidance Notes (Amendment) Regulations have been finalized and published

				respectively by Statutory Instrument 83 of 2012 and 82 of 2012. On site inspections continues to be undertaken by the FIA. Audits were done by the FIA with respect to Banks, Insurance companies, car dealers and jewelers. Onsite Inspections/Review of Policies and Procedures/ Consultations/ Training have been done with respect to seven (7) car dealers, five (5) jewellers and approximately 25 insurance agents and brokers. This process is ongoing.
21. Special attention for higher risk countries	NC	There are no obligations which require financial institutions to give special attention to business relationships and transactions with persons including legal persons and other financial institutions from or in countries which do not or insufficiently apply the FATF recommendations. There are no effective measures in place to ensure that financial institutions are advised of concerns about weaknesses in the AML/CFT systems of other countries. There is no obligation with regard to transactions which have no apparent economic or visible lawful purpose, the background and purpose of such	• The FIA should be required to disseminate information about areas of concern and weaknesses in AML/CFT systems of other countries. Financial institutions should also be required as a part of their internal procedures to review these reports. • Financial institutions and persons engaged in other business activities should be required to apply appropriate counter-measures where a country does not apply or insufficiently applies the FATF recommendations.	The Revised GN makes reference to regions that do not have proper AML/CFT systems in place. Therefore all countries that are not referred to should be considered as higher risk countries, for which high enhance due diligence should apply. Paragraph 147 of the GN (regulation) provides high risk indicators and directs the procedure to be adopted in identifying NCCTs. Reference is made to paragraph 147 of the MLPA and Anti-terrorism regulations wherein by virtue of these regulations the FIA has disseminated information about areas of concern.

		transactions should, as far as possible, be examined and written findings should be available to assist competent authorities and auditors. There is no obligation that where a country continues not to apply or insufficiently applies the FATF recommendations for St. Lucia to be able to apply appropriate countermeasures.		Amended Draft Regulations, with proposed amendments circulated for review and finalization. Further the FIA has proactively disseminated information about areas of concern by forwarding the information to all financial institutions and to the FSSU now FSRA which has circulated the information to the financial service sector. The information with respect to areas of concern has been circulated to all registered agents and trustees. These were forwarded by an Advisory Circular on the 9th February 2012 These shall also be forwarded to the Insurance Council, ECCB, Credit Union Department and the Bankers Association. The information with respect to areas of concern has been circulated to the Banker's Association and the Insurance Council. These were forwarded by an Advisory Circular dated the 26th September 2012.
22. Foreign branches &	NC	There are no statutory obligations which require financial institutions to	• The details outlined in the guidance note should be adopted in the MLPA	The Revised GN reflects that foreign branches and subsidiaries of financial

subsidiaries		adopt consistent practices within a conglomerate structure. Although this is done in practice, given the vulnerabilities, it should be made a legal obligation. There are no enforceable means which require financial institutions to ensure that their foreign branches and subsidiaries observe AML/CFT standards consistent with the home country. No requirement for financial institutions to inform their home supervisor when a foreign branch or subsidiary is unable to observe appropriate AML/CFT measures because it is prohibited by the host country.	and applied consistently throughout the industry.	institutions observe AML/CFT standards consistent with St. Lucia Laws. The GN notes are published and have been given legislative enforceability. Gaps closed
23. Regulation, supervision and monitoring	NC (reflected as PC in the final mutual evaluation report)	The effectiveness of the FIA is negatively impacted because awareness of the FIA and its role in AML/CFT matters is relatively low in some parts of the financial sector. The FIA has only recently attempted to provide written guidance to the sector and not all stakeholders are aware of the existence of the guidance notes. The regulatory and supervisory measures which apply for prudential purposes and which are also relevant to money laundering is not applied in a similar manner for anti-money laundering and terrorist financing	• St. Lucia should consider a registration or licensing process for money or value transfer service businesses.	The Government via the Money Services Business Act allows for the regulation and licensing of money and value transfer services. Gaps closed

		purposes, except where specific criteria address the same issue in the FATF methodology. Money or value transfer service businesses are not licensed		
24. DNFBP - regulation, supervision and monitoring	NC	No supervision of the DNFBPs No supervisory regime that ensures they are effectively implementing the AML/CFT measures required under the FATF Recommendations No monitoring by Bar Association.	• St. Lucian authorities may wish to consider regulating DNFBPs and strengthen the relationship between the FIA and DNFBPs. • The Legal Profession Act needs to be re-visited with respect to the monitoring and sanctions that may be applied by the Bar Association. • Additionally, the Association needs funding, its own secretariat office and other technical resources so as to decrease its reliance upon the Registrar of the Court. • More focus also needs to be placed upon continuing legal education of members and implementing an AML/CFT policy component into the Code of Ethics. • The concept of legal professional privilege also needs to be put in context if lawyers are to be expected to report STRs and the recommendations which outlines, good faith, high standards and competent counterparts must be factored into these provisions.	We are currently drafting guidelines for the DNFBPs, which guidelines will provide for internal procedures and policies to control AML/CFT those guidelines will also make provision for employers and employees alike to satisfy AML/CFT obligations. The lack of a Bar Association secretariat makes information dissemination difficult. For years now the Bar Association has not existed with a very strong structure. There are however association meetings although poorly attended. The most effective communication tool for reaching the Attorneys is via their email as all Attorneys are part of an email circulation. In that regard, we have undertaken to introduce members at a Bar Association meeting MLPA and Terrorism financing legislation and issues. Additionally we have decided to use the email which is most effectively used by all counsel to circulate email to members on their continuous obligations for customer due diligence.

				These Guideline for DNFBP s have been drafted, approved and shall be published in October 2011, as regulations. The Specific draft guidelines with respect to DNFBPs have been finalised for further review by a Drafting Consultant prior to publication. Detailed Guidance Notes regarding DNFBPs have been made, accepted and finalised and are expected to be passed. The Money Laundering (Prevention) Guideline for Other Business Activity) Regulations been finalized and published respectively by Statutory Instrument 83 of 2012. Members of the Legal Profession would also be guided by the provisions of the DNFBP's Guidance Notes. Further Amendments have been proposed to the drafting consultant with respect to the Legal Profession Act, Chapter 2.04 to provide for the duty to report. These amendments amongst others having been drawn up by the drafting consultant are being reviewed by the Legislative Drafting Department for onward submission to Cabinet for

				approval and thereafter to the Parliament. It is anticipated that the amendment to the Legal Profession Act shall be finalised on or before November 2012. It is to be noted the lawyers have already been scheduled to the MLPA and are obligated to adhere to the provisions of that Act.
25. Guidelines & Feedback	NC	The guidance notes issued by the FIA does not give assistance on issues covered by relevant FATF recommendations FIA does not provide feedback to the financial institutions on STR filed and FATF best practices	• The guidance notes issued by the FIA should be circulated to all stakeholders. • Consideration should be given to the FIA to providing regular feedback to financial institutions and other reporting parties who file Suspicious Transactions Reports. • The authorities should consider reviewing the level of involvement of the FIA within the financial community, though there have been some interaction, there is clearly a need to provide additional seminars, presentations, guidance and advice to financial institutions and other reporting parties.	The Revised GN makes provision for acknowledging receipt of the STRs and providing feedback reports to parties who file STRs. This will be achieved by using special reference numbers or identification codes, to protect the identity of the person being investigated. The receipt of STRs are being acknowledged by the FIA. Currently the logistics of feedback are being considered by the FIA. Currently, quarterly meetings are held with compliance officers in relation to filed STR's, generally. Further, there is also specific feedback in relation to a matter where there is a likelihood of prosecution and/or further investigations.

				Gaps closed In addition to the number of onsite inspections, training workshop conducted by the FIA, the FIA has also embarked on a number of news paper articles. The Office of the Attorney General shall also issue an annual publication, which first publication shall be published in March 2013 wherein articles are written to sensitise readers on AML/CFT matters.
Institutional and other measures				
26. The FIU	PC	There is no systematic review of the efficiency of ML and FT systems. Periodic reports produced by the FIA are not published; also they do not reflect ML trends and activities. A number of reporting bodies are yet to receive training with regard to the manner of reporting. Some stakeholders were unaware of a specified reporting form.	• St Lucian Authorities should move quickly and pass the Prevention of Terrorism Act. This will certainly help to strengthen the AML / CFT framework of the Country. • Consideration should be given to the establishment of clear and unambiguous roles in the FIA. • The authorities should consider giving the Board of the Financial Intelligence Authority the power to appoint the Director and staff without reference to the Minister. • The authorities should consider reviewing the level of involvement of the FIA within the financial	The Anti-Terrorism Act was brought into effect in December 2008. The Anti-Terrorism (Guidance Notes) Regulation - SI 56 of 2010 was published on the 26th May 2010 and is in effect. A breach of which constitutes an offence, liable to a fine not exceeding $1million. A new staffing initiative providing for increased staff to the FIA should allow for (1) an effective and systematic review of the ML and FT systems. In the meantime

			community, though there have been some interaction, there is clearly a need to provide additional seminars, presentations, guidance and advice to financial institutions and other reporting parties.	ongoing reviews continue of foreign and domestic banks and credit unions. (2) Increased training to the various financial institutions and reporting bodies. Section 4(5) of the MLPA gives the Board of the FIA the power to appoint the Director without being subject to the approval of the Minister. Under sections 5, 6, 7 and 8 of the MLPA 2010 the functions, powers etc are provided for. In addition the section 4 (5) of the MLPA 2010 is being amended by deleting and substituting the following: The Authority shall appoint a Director and such other general support personnel as the Authority considers necessary on such terms and conditions as the Authority may determine. The Money Laundering Prevention (Amendment) Act has been passed by at the last sitting of Parliament in February 2011. Two additional financial investigators have been appointed to the FIA. Budgetary provisions have been made for the appointment of a Deputy Director, analyst and Legal Officer.

				Provision has been made for two additional financial investigators from the Customs and Excise Department. It is anticipated that one financial investigator and an additional analyst shall be attached to the FIA on or before the 30th September 2012. These officers prior to being assigned to the FIA shall be required to undergo the requisite Know Your Employee to ensure that the incoming persons are of the highest integrity. The two additional officers (one investigator and one analyst) to be assigned to the FIA shall now take effect on the 1st of March 2013.
27. Law enforcement authorities	NC	No legislation or other measures have been put in place to allow for the postponement or waiver the arrest of suspected persons when investigating ML or seizure of cash so as to identify other persons involved in such activity. Investigation structure not effective Low priority given to ML and FT crime by the Police, there has been no prosecution to date. Investigative structure mechanism is ineffective – unable to ensure police did its function property	• Greater priority should be given to the investigation of ML / TF cases by the Police and the DPP's Office. • It is recommended that a Financial Investigation Unit be set up as part of the Police Force to investigate money laundering, terrorist financing and all other financial crimes. The necessary training should be provided to Officers who will staff this unit	We have worked with UKSAT (Security Advisory Team) who have provided training the DPP's office and the FIA in prosecution matters and who have also provided training for the judiciary to assist in the facilitation of effective prosecution. As a result there are two pending cases before the court for confiscation. The investigative powers of FIA has been enhanced in ensuirng that there is now a designate law

				enforcement authority with responsibility for ensuring the MT and TF offences are investigated. An MOU for AML/CFT has been prepared to enhance inter agency cooperation among the Police, FIA, Customs and Inland Revenue Department. The purpose of the MOU is to enhance inter agency cooperation with regard to investigation and prosecution. It has been agreed that the staff of the FIA should be increased. The FIA is currently preparing for the interviewing of persons shortlisted. The Office is currently being reconfigured to accommodate the increase in staff. Recommendation is now fully compliant.
28. Powers of competent authorities	**LC**	The FIA is not able to take witness statements for use in investigations FIA cannot search persons or premises which are not financial institutions or businesses of financial nature		Section 4(4) to the MLPA preserves the power of officers of the FIA who are Police officers, Customs officers and Inland Revenue officers. The concomitant effect of this is that they retain the powers afforded to them under the Police Act, Criminal Code, Customs Act and Income Tax Act which allows the taking of witness statements for use in investigations the search of any premises. Gaps Closed

29. Supervisors	PC	Effectiveness of the ability of supervisors to conduct examinations is negatively impacted by the differing levels of the scope of the examinations and the training of staff. There is no obligation which gives the FIA adequate powers to monitor and ensure compliance by financial institutions with requirements to combat money laundering and terrorist financing consistent with the FATF recommendations.	• St. Lucia should expedite the implementation of the SRU which will assist in harmonizing supervisory practices and may lead to more effective use and cross training of staff.	The Financial Services Regulatory Authority Bill will be going through its final stages in Parliament in February, 2010. Therefore establishing the single Regulatory Unit. The supervisors have recently received the benefit of training from the FIA on Money Laundering and Financing of Terrorism compliance procedures. Notwithstanding the fact that the SRU has not been implemented, currently, the FSSU is responsible to uphold that mandate in harmonizing the supervisory practices. Ordinarily supervisors are required to monitor and ensure compliance procedures which includes AML/CFT. The training received will ensure that supervisors are possessed of the specific knowledge required to ensure effective compliance of AML/CFT. Under the MLPA FIA, section 67 910 (h) has been mandated with the specific function to inspect and conduct audits of financial institutions to ensure compliance with the Act. The FSRA has been passed by Parliament and is in effect. The office of the FSRA occupies new premises and officers of the FSRA

				operate as such and not as officers under the old regime of the FSSU. The Board of the FSRA has been appointed and has commenced operations. The Board's first meeting was convened on the 21st February 2013. Notwithstanding, the supervisory role has always been undertaken and executed by the trained staff of the FSSU whose role and responsibility was and continued to be harmonization and supervisory practices.
30. Resources, integrity and training	NC	The FIA is not sufficiently staffed and trained to fully and effectively perform its functions The Law enforcement agencies are not sufficiently staffed and trained to fully and effectively perform their functions. The independence and autonomy of the Authority as is presently structured could be subjected to undue influence and or interference Inability to maintain trained staff Inability to maintain ongoing staff training The FIA and the other competent authorities are lacking in the necessary technical and human resources to effectively implement	• The FIA should be staffed with at lease two dedicated Analyst. • St Lucian Authorities may wish to consider sourcing additional specialize training for the staff, particularly in financial crime analysis, money laundering and terrorist financing. • The authorities should consider providing additional resources to law enforcement agencies since present allocations are insufficient for their task. All of these entities are in need of additional training not only in ML / TF matters but also in the fundamentals, such as investigating and prosecuting white-collar crime. • Adequate training in ML and TF should be sourced for Judges	A new staffing initiative providing for increased staff to the FIA should allow for (3) an effective and systematic review of the ML and FT systems. In the meantime ongoing reviews continue of foreign and domestic banks and credit unions. (4) Increased training to the various financial institutions and reporting bodies. The UKSAT (Security Advisory Team) has provided training for the DPP's office and the FIA on prosecution, and

		AML/CFT policies and activities and prosecutions	Prosecutors and Magistrates so as to broaden their understanding of the various legislations.	has also provided training for the judiciary which will facilitate effective prosecution. UKSAT (now ECFIAT) has organised training for Magistrate and Prosecutors for September 2010. It has been agreed that the staff of the FIA should be increased. The FIA is currently preparing for the interviewing of persons shortlisted. The Office is currently being reconfigured to accommodate the increase in staff. With the new staff structure one person has been identified to be an Analyst.. There is always ongoing training for personnel dealing with ML/FT such Cyber Crime investigation which has a financial crime investigation aspect as well. Two investigators have received training in investigating techniques to assist in the investigation of crime. Training was also held for Magistrate in money laundering and terrorism financing in January 2011. Training for FIA personnel was undertaken in July 2011 in financial analysis sponsored by Egmont.

				A cash seizure seminar for prosecutors and financial investigators was held in August 2011. Training has been identified in techniques of financial investigation and another for intelligence gathering analysis scheduled for October and December 2011 respectively The FIA currently has in place one financial analyst. On the 26th and 27th of March 2012 ECFIAT and ECSC JEI held a mock trial confiscation program for judges, prosecutors and financial investigators. It is anticipated that one financial investigator and an additional analyst shall be attached to the FIA on or before the 30th September 2012. Two Officers of the FIA did a Tactical Analysis Training intensive programme in May 2012. In September 2012 two other officers attended a Tactical Analysis Training programme in Antigua. In December 2012, the FIA provided training on customer due diligence, risks, and red flag issues for FSRA staff particularly in reference to the Insurance Industry.

				Also in January 2013, the FIA completed training with the rest of the Insurance companies. A second inspection and awareness program was also undertaken by the FIA with respect to car dealers and jewellers. In January 2013, the FSRA facilitated a training workshop with a consultant from ECCB wherein part of the training was with respect to on site inspections which component also dealt with AML/CFT. The two additional officers (one investigator and one analyst) to be assigned to the FIA shall now take effect on the 1st of March 2013. Quarterly meetings are held by FIA with the compliance officers from the financial institutions. In addition, Officers from the FIA are assigned to specific groupings to liaise with compliance officers to assist and make recommendations on their respective AML/CFT systems.
31. National co-operation	NC	There are no effective mechanisms in place to allow policy makers, such as	• Consideration should be given to the establishment of an Anti- Money	

		the FIA, FSSU and other competent authorities to cooperate and where appropriate, coordinate domestically with each other. Coordination and cooperation amongst agencies is ad-hoc and inconsistent. No provision for competent authorities to effectively develop and implement policies and activities for AML/CFT.	Laundering Committee. The Committee should be given the legal authority to bring the various authorities together regularly to develop and implement policies and strategies to tackle ML and TF. The Committee should also be tasked with providing public education on issues of ML and TF. • St Lucia may wish to consider establishing a multilateral interagency memorandum between the various competent authorities. This would enable them to cooperate, and where appropriate, coordinate domestically with each other concerning the development and implementation of policies and activities to combat ML and TF. • Consideration should be given to developing a process that would allow for a systematic review of the efficiency of the system that provide for combating ML and FT.	A White Collar Crime Task Force was established in 2008 implemented which brings together high level persons from the Police, FIA, DPP, Attorney General's Chambers, Customs, Inland Revenue, for the main purpose of co operating and co-ordinating domestically to effectively develop and implement AML/CFT policy. The committee meets regularly. More exposure has been given to members of the international fora to develop their appreciation for AML/CFT issues. Additionally a committee has been created to monitor St. Lucia's effective implementation of the 40 and 9 recommendations, and to continue police its legislation and policy to ensure that it remains effective in its ability to deal with AML/CFT issues. The committee has met frequently since its implementation in March 2009 and has proposed major changes to the current MLPA. The committee has advised on the implementation of policy to strengthen the AML/CFT framework. Arrangements have been made for FIA and Police to execute an MOU within the next two weeks, which shall assist and facilitate cooperation between the two entities.

				The MOU between the FIA and the Police has been signed and since then the two agencies have collaborated on a number of investigations. The FSSU is a member of the Oversight Committee for CFATF. A joint MOU has been signed by law enforcement stakeholders to provide a mechanism for cooperation and coordination. Currently, the exercise by the CFATF Committee in completing the SIP templates provides and allows for a systematic review of Saint Lucia's overall ML and FT system in combating money laundering and terrorism financing. It allows for the identification of the weaknesses and strengths in the system. Currently an MOU between FIA and Inland Revenue Department has been executed. An MOU between Customs and Excise Department has also been executed. Further, the MLPA has been amended to also allow for the dissemination of information to the Customs and Excise Department, Inland Revenue Department.

				Bimonthly meetings are convened with the Central Intelligence Unit, Drug Squad, Custom Intelligence Unit and Special Branch. These meetings commenced in January 2013.
32. Statistics	NC	Legislative and Structural framework does not exist and there are no cases relative to terrorism as a predicate offence. Thus no statistical data was available They do not keep comprehensive statistics and these are not disseminated or acknowledged as received There are no reviews of the effectiveness of the systems for combating money laundering and terrorist financing. There are no reviews of the effectiveness of the systems for combating money laundering and terrorist financing. Could not be applied as there is no data where no ML prosecutions have been conducted	• Consideration should be given towards putting in place a comprehensive framework to review the effectiveness of the system to combat ML and TF on a regular and timely basis. • The policy targets proffered by the AG/Minister of Justice should be implemented particularly: v. The training of the prosecutorial agencies particularly in the areas noted above for which they are wholly deficient vi. The funding of internal programmes to improve the quality of technical and human resources vii. The dissemination of information on AML/CFT policies and activities for implementation as internal policies.	The MLPA under section 5 and 6 (h) permits the FIA to review the effectiveness of the systems for combating money laundering and terrorist financing. The UKSAT (Security Advisory Team) has provided training for the DPP's office and the FIA on prosecution, and has also provided training for the judiciary which will facilitate effective prosecution. As a result there are two pending cases before the court for confiscation. The FIA has increased the range of statistical data to include wire transfers which has been facilitated by an improved database and two persons have been designated to collect statistical data. See R 31 for MOUs between local authorities. It should be noted that the FSRA when passed legislates for an MOU to be executed between the FIA and the FSSR.

			viii. A structured system which promotes effective national cooperation between local authorities.	Section 6 (h) provides for the FIA to inspect and conduct audits of a financial institution or a person engaged in other business activity to ensure. This in self allows for some review of the system. Currently, the exercise by the CFATF Committee in completing the SIP templates provides and allows for a systematic review of Saint Lucia's overall ML and FT system in combating money laundering and terrorism financing . It allows for the identification of the weaknesses and strengths in the system. That in effect will be a review, which upon completion can be referred on a regular bases to improve on the system and further develop Saint Lucia's system. Currently FIA maintains a data base for statistics reflecting but not limited to STRs, received and disseminated, money laundering investigations, property frozen, restrained, seized and mutual legal assistance, foreign requests made, foreign request received, wire transfers, types of suspected offences, nationality of suspects, reporting institutions etc. Onsite Inspections/Review of Policies and Procedures/ Consultations/ Training have been done with respect to the following:-

				Seven (7) car dealers Ten (10) Insurance Companies Inspections: All Six (6) Commercial Banks. Inspections with respect to insurance companies are usually executed in one day; the banks over a period of three days and the car dealers half a day. It is intended that updates shall be obtained every six months from agencies with whom the FIA would have interacted. A Consultant is being retained to assist with the inspection of Credit Unions, other Lending Agencies, other Credit Institutions and Investment Brokers which shall commence August 2012. **<u>Updated Statistics from the FIA:-</u>** No. of Cash Seizures: 7 Total Value of Cash Seizures: XCD740, 028.00 No of Cash Forfeiture Applications Pending: 6

				No of Forfeiture: 1 Total Value $135,000.00 No. of Production Orders: 2 No of Directors Request: 120 No. of Restraint Orders presently: 10 Total Value of Restraint Orders: XCD7, 749, 498.00 No. of Confiscation Cases under investigation: 22 No. of Confiscation matters presently before the Court: 1 Potential Benefit/Value of Confiscation Matters under investigation: XCD10, 745, 845.00 No. of STRs from Financial Institutions: 41 No of STRs from other business activities – 15 No. of money laundering cases under investigations:- 3 No. of mutual legal assistance sent by FIA:- 3 No of joint investigations and operations:- 1

				No of officers trained in specific areas of AML/CFT:- 3 **<u>Statistical Information from the FSRA (FSSU):</u>** Data and detailes of ongoing training to stakeholders regarding reporting requirements: New reporting forms were introduced in order to maintain statistical information and monitor the business of international financial services representation conducted by licensees. A list of countries having strategic deficiencies in relation to AML/CFT was circulated to institutions in order to apply scrutiny when transacting business. Guidance Notes for International Mutual funds Act was Revised July 23, 2012. Data on the number, natures and outcomes of interventions at financial institutions and persons engaged in other business activities: - The licence of an Insurance Broker. was suspended due to insolvency.

				- An Insurance Broker was asked to cease doing business since it was operating without a licence to solicit and negotiate insurance business. Hence, it was in breach of the Insurance Act. The company then applied to the Registrar to be licenced as an Insurance Broker. However, upon review of the application, the Registrar concluded that the application did not satisfy the conditions for registration and the application was denied. Subsequently, the company appealed to the Tribunal for the reversal of the decision of the Registrar. The matter was held and the Tribunal upheld the decision of the Registrar not to issue a broker's licence to the company. - Two (2) insurance companie are under Judicial Management - The licenses of two (2) insurance brokers were cancelled - For the year 2011 five (5) Incorporated Cells (ICs) were cancelled. One IC was cancelled on March 22, 2011

				and the remaining four were cancelled on September 9, 2011. Data on compliance failures identified by the regulatory examination programme: A number of companies did not submit audited financial accounts within the stipulated time. Data on the number of cases where sanctions have been applied: EC$237,875 represents the amount collected with regard to entities which did not submit their accounts on time for year 2011. Updated as at 13th February 2013 No. of Cash Seizures: 10 Total Value of Cash Seizures: XCD1, 062, 555.90 No. of Forfeiture Orders: 2 Total Value $364, 145.42 No. of Production Orders: 5 No. of Directors Request: approximately 643

				No. of Restraint Orders presently: 13 Total Value of Restraint Orders: XCD7, 749, 498.00 No. of Confiscation Cases under investigation: 28 No. of Confiscation matters presently before the Court: 1 Potential Benefit/Value of Confiscation Matters under investigation: approximately XCD12, 245, 845.00 In November 2012 one individual was extradited pursuant to the Extradition Act and one was surrendered pursuant to the Backing of Warrant Act. Statistics from FIA for the period August 2012 and February 2013 Processing of STRs : **65** SARs were filed, of which **16** are under investigation, **24** are pending and **25** have been closed; **6** were referred to the Police. Number of SARs received vs number referred to DPP: of the **65** SARS filed **0** were referred to the DPP for

				prosecution, however **6** were referred to the Police ML/FT investigations initiated: **2** money laundering investigations were initiated during the period Details of ongoing training to stakeholders relative to manner of reporting. Efforts taken to ensure widespread awareness of specific STR reporting form. AML Compliance Meeting held in October 2012 with 12 Insurance Brokers. AML Compliance Meeting held in October 2012 with 6 Banks. AML Audit conducted in November 2012 with 3 Jewellers. Compliance training was conducted with respect to 13 Insurance/brokers in November 2012. Compliance training was conducted with respect to 6Insurance/brokers in December 2012.

				Compliance training was conducted with respect to 5 Insurance/brokers in and 5 Banks in February 2013.
33. Legal persons – beneficial owners	PC	There are inadequacies and lack of transparency in collating and maintaining accurate information which negatively affects access to beneficial information Minor shortcoming in the transparency of trust deeds. Registered agents have to be compelled by court order to comply even at onsite visit by FSSU. Minor shortcoming in the transparency of trust deeds. Registered agents have to be compelled by court order to comply even at onsite visit by FSSU.	• The St. Lucian authorities may wish to adopt the following measures: viii. Adequate training for the staff on AML/CFT measures. ix. Adequate database that allows for timely and easy verifications of type, nature and ownership and control of legal persons and customer identification data. x. Recruitment of additional staff with the requisite qualifications, training and expertise or experience in handling corporate matters. xi. Legislative amendment which mandates adequate transparency concerning the beneficial ownership and control of legal persons. xii. Legislative amendments which addresses the effectiveness of penalties and the imposition of sanctions by the Registrars as well as the judiciary. xiii. Policy manuals that provide rules in relation to regular	See R 29 in respect of training. All financial institutions, credit unions are now subject to regular and on-going training on customer due diligence . The FIA is in the process of providing training on AML/CFT measures for: FSSU staff, Registrar of Companies, Co-operatives, Insurance, Registrar of International Business Companies, Registrar of International Trusts and Attorney General's Chambers. In March 2009, an automated system was introduced in Registry of Companies which allows for timely and easy verification of type nature, ownership and control of legal persons regulated by the Registrar of Companies. The database is up to date. The Companies Act of St. Lucia mandates the striking off the register a company that does not file annual returns. Those returns require amongst other things that information concerning beneficial ownership is disclosed.

			reporting to the Ministers, proper policing of companies, AML/CFT guidelines on detecting and preventing the use of legal persons by money launderers. xiv. An internal or external auditing regime which provides the necessary checks and balances for accuracy and currency of files. xv. Operational independence of the Registrars.	See R 4 in relation to Registered Agent and Trustee Licensing Act Section 26 which specifically provides for disclosure to any regulatory body other governments under MLAT to the FSSU and by a Court Order. With respect to Insurance companies when a party is applying to register all information can be obtained and is accessible under requests. The Pinnacle database is up to date. Article 5 of the Tax Information Exchange Agreement allows for the exchange of information. The Insurance Act has penalty provisions which allows for fines, desist, revoke, intervene in the operations of the company. An amendment dated 22nd October 2012 was passed with respect to the International Business Companies Act to provide for a valid certificate of compliance to be issued by the Director of Financial Services to IBCs licenced to undertake banking, insurance and or mutual fund business.
34. Legal arrangements – beneficial owners	NC	No requirement to file beneficial ownership information	• It is recommended that St. Lucian Authorities implement measures to facilitate access by financial institutions to beneficial ownership	See R 33 and R4. An amendment dated 22nd October 2012 was passed with respect to the

		Non disclosure of beneficial ownership to Registered Agents is enabled by the secrecy provision of the International Trusts legislation No obligation to disclose beneficial ownership information to the competent authorities without a warrant from the court or the FSSU stating the direct purpose of for the request to inspect individual file Trusts created within the sector are usually well layered so that beneficial ownership is not easily discerned	and control information so as to allow customer identification data to be easily verified. • Also, given that any compulsory power for the purpose of obtaining relevant information would have to originate from the exercise of the Court's powers or FSSU in auditing the Registered Agent, there appears to be no guarantees that the information would be provided. Notably, no attempts have been made via the Courts to instill this compulsory power. Hence, attempts at Court action is recommended as a means of improving the effectiveness of the FSSU to obtain relevant information	International Business Companies Act to provide for a valid certificate of compliance to be issued by the Director of Financial Services to IBCs licenced to undertake banking, insurance and or mutual fund business.
International Co-operation				
35.Conventions	NC	Palermo and Terrorist Financing Conventions have not been ratified. No Anti-Terrorism Act UNSCR not fully implemented.	• St. Lucia needs to sign and ratify or otherwise become a party to and fully implement the Conventions which relate particularly to the Palermo Convention, Terrorist Financing Convention, Suppression of FT and UNSCRs relating to terrorism. • Implement the legal frameworks for these conventions – in particular, enact its Anti-Terrorism Act.	The convention on trans national organised crime has been approved for ratification by Cabinet who have further advised on implementing legislation for the convention. The Convention is given the force of law through the enactment of the MLPA, Counter-Trafficking Act No. 7 of 2010 and the Criminal Code (Amendment) Act No. 2 of 2010. Cabinet has considered the Convention on Corruption for its ratification. The Anti-Terrorism Act has been implemented.

				Steps are being taken to have these conventions acceded to. It is anticipated that the instruments of accession shall be deposited on or before the end of November 2011. On the 18th November 2011 Saint Lucia acceded to the International Convention for the Suppression of Financing of Terrorism. On the 25th of November 2011 Saint Lucia acceded to the United Nations Convention against Corruption. Further Saint Lucia is already is a signatory to the Palermo Convention, having signed on the 26th September 2001. In July 2012 Cabinet approved the accession and or ratification of the following conventions: International Convention for the Suppression of Terrorist Bombings. Convention on the physical Protection of Nuclear Material, International. Convention Against the Taking of Hostages.

				Protocol Supplementary to the Convention for the Suppression of Unlawful Seizure of Aircraft. Convention on the Suppression of Unlawful Acts relating to International Civil Aviation. The Instruments have already been drawn up and are awaiting signing and depositing. This process should be completed within the next two weeks. Further, the Draft memoranda to Cabinet with respect to the following protocols and conventions, having been reviewed and finalised by the Honourable Minister for Legal Affairs are being considered by Cabinet for ratification and or accession and it is anticipated that the respective instruments with respect to these shall be deposited on or before November 2012: Protocol of 2005 to the Protocol for the suppression of unlawful Acts Against the Safety of Fixed Platforms located on the Continental Shelf. Protocol of 2005 to the Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation.

				International Convention for the Suppression of Acts of Nuclear Terrorism. Convention on the Prevention and punishment of Crimes Against Internationally Protected Persons. Convention on the Marking of Plastic Explosives for the purpose of Identification. Amendment to the Convention on the Physical Protection of Nuclear Material. It is noted, that although Saint Lucia is proactively attempting to prepare and deposit the releavant instruments with respect to all the applicable conventions and protocols, Saint Lucia having acceded to the International Convention for the Suppression of Financing of Terrorism on the 18th of November 2011 by virtue of Article 2 (2) of that convention has acceded to all the annexed conventions without reservation. Further, the Anti-Terrorism Act has incorporated by reference the provisions of the International Convention for the Suppression of Financing of Terrorism and consequently is domestically implemented. Gaps Closed

				The instruments of accession and or ratification have been drawn up and signed with respect to all the outstanding Conventions and Protocols. These were forwarded to be deposited and confirmation with respect to the depositing of one convention is awaited. Saint Lucia has accordingly acceded to and ratified the following Conventions and or Protocols: Protocol to the convention for the suppression of unlawful seizure of aircraft – 12th September 2012. Convention on the punishment of crimes against protected persons – 12th November 2012. International Convention for the suppression of terrorist bombings – 17th October 2012. International Convention for the suppression of Acts of Nuclear terrorism – 12th November 2012. Convention on the Physical Protection of Nuclear Material – 14th October 2012. Convention on the Suppression of Unlawful Acts relating to International Civil Aviation – 12th September 2012.

				Convention Against the Taking of Hostages – 17th October 2012. Protocol of 2005 to the Protocol for the suppression of unlawful Acts against the Safety of Fixed Platforms located on the Continental Shelf – 6th February 2013. Protocol of 2005 to the Convention for the Suppression for the Suppression of Unlawful Acts against the Safety of maritime Navigation 6th February 2013. Amendment to the Convention on Physical Protection of Nuclear Material - 8th November 2012. The following instrument has been deposited and confirmation is awaited. Convention on the Marking of Plastic Explosives for the purpose of identification.
36. Mutual legal assistance (MLA)	PC	The underlying restrictive condition of dual criminality is a shortcoming. The condition of dual criminality applies to all MLA requests including those involving coercive methods. No clear channels for co-operation.	• The underlying restrictive condition of dual criminality should be addressed.	Clear channels for communication have been identified and set up. All MLAT's by all agencies are channelled through the Attorney General's Chambers who is the Central Agency. Consideration is given to section 18 (2) of the Mutual Assistance in Criminal Matters Act, Cap 3.03 provides for the refusal of a requests where the conduct if it had occurred in Saint Lucia would not constitute an offence.

				Section 18 (3) also provides for the central authority to exercise its discretion where the conduct is similar in Saint Lucia. Importantly, Section 18 (5) allows for the Central authority to provides mutual legal assistance notwithstanding the provisions of section 18 (2) and 18 (3). Consequently, there is nothing prohibiting assistance where both countries criminalise the conduct underlying an offence. Technical differences do not prevent the provision of mutual legal assistance. Gap closed
37.Dual criminality	NC	Dual criminality is a prerequisite and the request shall be refused if absent. The condition of dual criminality apply to all MLA requests including those involving coercive methods	• The underlying restrictive condition of dual criminality should be addressed	Consideration is given to section 18 (2) of the Mutual Assistance in Criminal Matters Act, Cap 3.03 provides for the refusal of a requests where the conduct if it had occurred in Saint Lucia would not constitute an offence. Section 18 (3) also provides for the central authority to exercise its discretion where the conduct is similar in Saint Lucia. Importantly, Section 18 (5) allows for the Central authority to provides mutual legal assistance notwithstanding the provisions of section 18 (2) and 18 (3). Consequently, there is nothing prohibiting assistance where both countries criminalise the conduct underlying an offence. Technical differences do not

				prevent the provision of mutual legal assistance. Gap closed
38.MLA on confiscation and freezing	LC	No formal arrangements for coordinating seizures, forfeitures, confiscations provisions with other countries		The Cabinet of Saint Lucia has agreed the ratification of the Palermo Convention and for it to be given the force of law which convention will assist in the formalising of arrangements for co-ordinating seizures, forfeitures, confiscations provisions with other countries. Mutual Assistance in Criminal (Matters) Act, CAP 3.03 in particular section 21 and particularly in relation the USA and the Mutual Assistance (Extension and Application to USA) Regulations. A formalised process has been established making the Attorney General's Chambers the Central Authority for the purposes of receiving and processing of requests for assistance under the MLPA and the Mutual Assistance in Criminal (Matters) Act , CAP 3.03 and other requests for criminal assistance.

				Steps are being taken to have these conventions acceded to. It is anticipated that the instruments of accession shall be deposited on or before the end of November 2011.
39.Extradition	NC	ML is not an extraditable offence	• It is recommended that the St. Lucian Authorities consider legislative amendment to: iii. Include money laundering, terrorism and terrorist financing as extraditable offences. iv. Criminalize Terrorism as an additional offence.	The Extradition Act now includes money laundering, terrorism and terrorist financing as an extraditable offence by the Extradition (Amendment) Act No.3 of 2010, Money Gap closed
40.Other forms of co-operation	PC	Unduly restrictive condition which requires dual criminality. Several conventions are yet to be ratified No Anti-Terrorism Law No MOU has been signed with any foreign counterpart	• The underlying restrictive condition of dual criminality should be addressed. • Provide mechanisms that will permit prompt and constructive exchange of information by competent authorities with non-counterparts	See R37 In December 2008 St. Lucia implemented the Anti- Terrorism Act. The Cabinet of Saint Lucia has agreed to the ratification of the Palermo Convention and for it to be given the force of law. An MOU from FINTRAC (Canada FIU) has been received for execution. An MOU shall be signed between Saint Vincent and Saint Lucia's FIA. The MOU between Saint Vincent and Saint Lucia has been signed.

				An MOU between Taiwan and Saint Lucia is being considered. On the 18th November 2011 Saint Lucia acceded to the International Convention for the Suppression of Financing of Terrorism. On the 25th of November 2011 Saint Lucia acceded to the United Nations Convention against Corruption. Further Saint Lucia is already is a signatory to the Palermo Convention, having signed on the 26th September 2001. In July 2012 Cabinet approved the accession and or ratification of the following conventions: International Convention for the Suppression of Terrorist Bombings. Convention on the physical Protection of Nuclear Material, International. Convention Against the Taking of Hostages. Protocol Supplementary to the Convention for the Suppression of Unlawful Seizure of Aircraft.

				Convention on the Suppression of Unlawful Acts relating to International Civil Aviation. The Instruments have already been drawn up and are awaiting signing and depositing. This process should be completed within the next two weeks. Further, the Draft memoranda to Cabinet with respect to the following protocols and conventions, having been reviewed and finalised by the Honourable Minister for Legal Affairs are being considered by Cabinet for ratification and or accession and it is anticipated that the respective instruments with respect to these shall be deposited on or before November 2012: Protocol of 2005 to the Protocol for the suppression of unlawful Acts Against the Safety of Fixed Platforms located on the Continental Shelf. Protocol of 2005 to the Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation. International Convention for the Suppression of Acts of Nuclear Terrorism.

				Convention on the Prevention and punishment of Crimes Against Internationally Protected Persons. Convention on the Marking of Plastic Explosives for the purpose of Identification. Amendment to the Convention on the Physical Protection of Nuclear Material. It is noted, that although Saint Lucia is proactively attempting to prepare and deposit the releavant instruments with respect to all the applicable conventions and protocols, Saint Lucia having acceded to the International Convention for the Suppression of Financing of Terrorism on the 18th of November 2011 by virtue of Article 2 (2) of that convention has acceded to all the annexed conventions without reservation. Further, the Anti-Terrorism Act has incorporated by reference the provisions of the International Convention for the Suppression of Financing of Terrorism and consequently is domestically implemented. Gaps Closed

				The instruments of accession and or ratification have been drawn up and signed with respect to all the outstanding Conventions and Protocols. These were forwarded to be deposited and confirmation with respect to the depositing of one convention is awaited. Saint Lucia has accordingly acceded to and ratified the following Conventions and or Protocols: Protocol to the convention for the suppression of unlawful seizure of aircraft – 12th September 2012. Convention on the punishment of crimes against protected persons – 12th November 2012. International Convention for the suppression of terrorist bombings – 17th October 2012. International Convention for the suppression of Acts of Nuclear terrorism – 12th November 2012. Convention on the Physical Protection of Nuclear Material – 14th October 2012. Convention on the Suppression of Unlawful Acts relating to International Civil Aviation – 12th September 2012.

				Convention Against the Taking of Hostages – 17th October 2012. Protocol of 2005 to the Protocol for the suppression of unlawful Acts against the Safety of Fixed Platforms located on the Continental Shelf – 6th February 2013. Protocol of 2005 to the Convention for the Suppression for the Suppression of Unlawful Acts against the Safety of maritime Navigation 6th February 2013. Amendment to the Convention on Physical Protection of Nuclear Material - 8th November 2012. The following instrument has been deposited and confirmation is awaited. Convention on the Marking of Plastic Explosives for the purpose of identification.
Nine Special Recommendations				
SR.I Implement UN instruments	NC	UNSCR not fully implemented. Anti-Terrorism Act not yet enacted. No laws enacted to provide the requirements to freeze terrorists' funds or other assets of persons	• St. Lucia needs to sign and ratify or otherwise become a party to and fully implement the Conventions which relate particularly to the Palermo Convention, Terrorist Financing	See R35. The Anti –Terrorism Act has been implemented and given the force of law.

		designated by the UN Al Qaida & Taliban Sanctions Committee. The necessary (Anti-terrorism Act), regulations, UNSCR and other measures relating to the prevention and suppression of financing of terrorism have not been implemented.	Convention, Suppression of FT and UNSCRs relating to terrorism. • Implement the legal frameworks for these conventions – in particular, enact its Anti-Terrorism Act.	Steps are being taken to have these conventions acceded to. It is anticipated that the instruments of accession shall be deposited on or before the end of November 2011. On the 18th November 2011 Saint Lucia acceded to the International Convention for the Suppression of Financing of Terrorism. On the 25th of November 2011 Saint Lucia acceded to the United Nations Convention against Corruption. Further Saint Lucia is already is a signatory to the Palermo Convention, having signed on the 26th September 2001. In July 2012 Cabinet approved the accession and or ratification of the following conventions: International Convention for the Suppression of Terrorist Bombings. Convention on the physical Protection of Nuclear Material, International. Convention Against the Taking of Hostages.

				Protocol Supplementary to the Convention for the Suppression of Unlawful Seizure of Aircraft. Convention on the Suppression of Unlawful Acts relating to International Civil Aviation. The Instruments have already been drawn up and are awaiting signing and depositing. This process should be completed within the next two weeks. Further, the Draft memoranda to Cabinet with respect to the following protocols and conventions, having been reviewed and finalised by the Honourable Minister for Legal Affairs are being considered by Cabinet for ratification and or accession and it is anticipated that the respective instruments with respect to these shall be deposited on or before November 2012: Protocol of 2005 to the Protocol for the suppression of unlawful Acts Against the Safety of Fixed Platforms located on the Continental Shelf. Protocol of 2005 to the Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation.

				International Convention for the Suppression of Acts of Nuclear Terrorism. Convention on the Prevention and punishment of Crimes Against Internationally Protected Persons. Convention on the Marking of Plastic Explosives for the purpose of Identification. Amendment to the Convention on the Physical Protection of Nuclear Material. It is noted, that although Saint Lucia is proactively attempting to prepare and deposit the releavant instruments with respect to all the applicable conventions and protocols, Saint Lucia having acceded to the International Convention for the Suppression of Financing of Terrorism on the 18th of November 2011 by virtue of Article 2 (2) of that convention has acceded to all the annexed conventions without reservation. Further, the Anti-Terrorism Act has incorporated by reference the provisions of the International Convention for the Suppression of Financing of Terrorism and consequently is domestically implemented. Gaps closed

SR.II Criminalise terrorist financing	NC	Terrorist financing is not criminalized as the anti terrorism act whilst passed by parliament is not yet in force. No practical mechanisms that could be considered effective	• The government needs to ratify the Conventions and UN Resolutions and establish the proper framework to effectively detect and prevent potential vulnerabilities to terrorists and the financing of terrorism.	See R35. On the 26th May 2010, The Anti-Terrorism (Guidance Notes) Regulations was published by virtue of SI 56 of 2010 and given the force of law. Further, it should be noted that these Guidelines should be read in conjunction with the Guidance Notes with respect to Money Laundering. Steps are being taken to have these conventions acceded to. It is anticipated that the instruments of accession shall be deposited on or before the end of November 2011. On the 18th November 2011 Saint Lucia acceded to the International Convention for the Suppression of Financing of Terrorism. On the 25th of November 2011 Saint Lucia acceded to the United Nations Convention against Corruption. Further Saint Lucia is already is a signatory to the Palermo Convention, having signed on the 26th September 2001. In July 2012 Cabinet approved the accession and or ratification of the following conventions:

				International Convention for the Suppression of Terrorist Bombings. Convention on the physical Protection of Nuclear Material, International. Convention Against the Taking of Hostages. Protocol Supplementary to the Convention for the Suppression of Unlawful Seizure of Aircraft. Convention on the Suppression of Unlawful Acts relating to International Civil Aviation. The Instruments have already been drawn up and are awaiting signing and depositing. This process should be completed within the next two weeks. Further, the Draft memoranda to Cabinet with respect to the following protocols and conventions, having been reviewed and finalised by the Honourable Minister for Legal Affairs are being considered by Cabinet for ratification and or accession and it is anticipated that the respective instruments with respect to these shall be deposited on or before November 2012: Protocol of 2005 to the Protocol for the suppression of unlawful Acts Against

				the Safety of Fixed Platforms located on the Continental Shelf. Protocol of 2005 to the Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation. International Convention for the Suppression of Acts of Nuclear Terrorism. Convention on the Prevention and punishment of Crimes Against Internationally Protected Persons. Convention on the Marking of Plastic Explosives for the purpose of Identification. Amendment to the Convention on the Physical Protection of Nuclear Material. It is noted, that although Saint Lucia is proactively attempting to prepare and deposit the releavant instruments with respect to all the applicable conventions and protocols, Saint Lucia having acceded to the International Convention for the Suppression of Financing of Terrorism on the 18th of November 2011 by virtue of Article 2 (2) of that convention has acceded to all the annexed conventions without reservation.

				Further, the Anti-Terrorism Act has incorporated by reference the provisions of the International Convention for the Suppression of Financing of Terrorism and consequently is domestically implemented. Gaps Closed The instruments of accession and or ratification have been drawn up and signed with respect to all the outstanding Conventions and Protocols. These were forwarded to be deposited and confirmation with respect to the depositing of one convention is awaited. Saint Lucia has accordingly acceded to and ratified the following Conventions and or Protocols: Protocol to the convention for the suppression of unlawful seizure of aircraft – 12th September 2012. Convention on the punishment of crimes against protected persons – 12th November 2012. International Convention for the suppression of terrorist bombings – 17th October 2012.

				International Convention for the suppression of Acts of Nuclear terrorism – 12th November 2012. Convention on the Physical Protection of Nuclear Material – 14th October 2012. Convention on the Suppression of Unlawful Acts relating to International Civil Aviation – 12th September 2012. Convention Against the Taking of Hostages – 17th October 2012. Protocol of 2005 to the Protocol for the suppression of unlawful Acts against the Safety of Fixed Platforms located on the Continental Shelf – 6th February 2013. Protocol of 2005 to the Convention for the Suppression for the Suppression of Unlawful Acts against the Safety of maritime Navigation 6th February 2013. Amendment to the Convention on Physical Protection of Nuclear Material - 8th November 2012. The following instrument has been deposited and confirmation is awaited. Convention on the Marking of Plastic Explosives for the purpose of identification.

SR.III Freeze and confiscate terrorist assets	NC	There is no specific legislation in place No reported cases of terrorism or related activities, The extent to which the provisions referred to the MLPA are effective cannot be judged. The Anti-Terrorism law has not been enacted.	• St. Lucia authorities need to implement the Anti-Terrorism legislation such that it addresses the following criteria: i. Criminalisation of terrorist financing ii. Access to frozen funds iii. Formal arrangements for exchange of information (domestic and international) iv. Formal procedures for recording all requests made or received pursuant to the ATA. • Further, there needs to be an expressed provision which allows for exparte applications for freezing of funds to be made under the MLPA. • Also, the St. Lucian authorities need to ensure that there are provisions to allow contact with UNSCR and the ratification of the UN Convention on the Suppression of Terrorist Financing.	The Anti –Terrorism Act implemented in December 2008 addresses the criminalisation of Terrorist Financing under section 9. The Anti – Terrorism (Amendment) Act No. 5 of 2010: - allows access to frozen funds - provides formal arrangements for exchange of information (domestic); - provides formal procedures for all requests made or received. The MLPA makes provision under section 23 for *ex parte* applications for freezing of funds. The convention on the suppression of terrorist financing has been ratified by St. Lucia through the enactment of the Anti-Terrorism Act in December 2008. The Anti – terrorism (Guidance Notes) Regulation SI 56 of 2010 must be read in conjunction with the Guidance Notes for Money Laundering. Steps are being taken to have these conventions acceded to. It is anticipated that the instruments of accession shall be deposited on or before the end of November 2011. On the 18th November 2011 Saint Lucia acceded to the International Convention for the Suppression of Financing of Terrorism.

				On the 25th of November 2011 Saint Lucia acceded to the United Nations Convention against Corruption. Further Saint Lucia is already is a signatory to the Palermo Convention, having signed on the 26th September 2001. Gaps Closed The instruments of accession and or ratification have been drawn up and signed with respect to all the outstanding Conventions and Protocols. These were forwarded to be deposited and confirmation with respect to the depositing of one convention is awaited. Saint Lucia has accordingly acceded to and ratified the following Conventions and or Protocols: Protocol to the convention for the suppression of unlawful seizure of aircraft – 12th September 2012. Convention on the punishment of crimes against protected persons – 12th November 2012. International Convention for the suppression of terrorist bombings – 17th October 2012.

				International Convention for the suppression of Acts of Nuclear terrorism – 12th November 2012. Convention on the Physical Protection of Nuclear Material – 14th October 2012. Convention on the Suppression of Unlawful Acts relating to International Civil Aviation – 12th September 2012. Convention Against the Taking of Hostages – 17th October 2012. Protocol of 2005 to the Protocol for the suppression of unlawful Acts against the Safety of Fixed Platforms located on the Continental Shelf – 6th February 2013. Protocol of 2005 to the Convention for the Suppression for the Suppression of Unlawful Acts against the Safety of maritime Navigation 6th February 2013. Amendment to the Convention on Physical Protection of Nuclear Material - 8th November 2012. The following instrument has been deposited and confirmation is awaited. Convention on the Marking of Plastic Explosives for the purpose of identification.

SR.IV Suspicious transaction reporting	NC	Terrorism is noted as a predicate offence in the MLPA but it is doubtful whether this can be enforced since there is no anti-terrorism legislation in place. The mandatory legal requirements of recommendation 13 are not codified in the law.	• The filing of a STR must apply to funds where there are reasonable grounds to suspect or they are suspected to be linked or related to, or to be used for terrorism, terrorist acts or by terrorist organisations or those who finance terrorism. All suspicious transactions, including attempted transactions, should be reported regardless of the amount of the transaction. • The MLPA should be amended to provide that all suspicious transactions must be reported to the FIA regardless of the amount of the transaction.	See SRI. See R13 Further part IV of the Anti – Terrorism (Guidance Notes) Regulations highlights the terrorism financing red flags. Section 32 (4) of the Anti- Terrorism Act, No 36 of 2003 makes it mandatory for every financial institution to report to the FIA every transaction which occurs within the course of its activities, and in respect of which there are reasonable grounds to suspect that the transaction is related to the commission of a terrorist act. Gap closed
SR.V International co-operation	NC	Terrorism and Terrorist Financing not extraditable offences Dual criminality is a prerequisite and the request shall be refused if absent	• St. Lucia should enact provisions which allows for assistance in the absence of dual criminality. • St. Lucia must enact legislation that specifically criminalises terrorism and financing of terrorism. • St. Lucia should consolidate the statutory instruments of the MLPA to avoid any inconsistencies.	Terrorism and Terrorist Financing are extraditable offences through the enactment of the Extradition (Amendment) Act No. 3 of 2010. See MLPA No. 8 of 2010. See R37 Consideration is given to section 18 (2) of the Mutual Assistance in Criminal Matters Act, Cap 3.03 provides for the refusal of a requests where the conduct if it had occurred in Saint Lucia would not constitute an offence. Section 18 (3) also provides for the central authority to exercise its discretion where the conduct is similar in Saint Lucia.

				Importantly, Section 18 (5) allows for the Central authority to provides mutual legal assistance notwithstanding the provisions of section 18 (2) and 18 (3). Consequently, there is nothing prohibiting assistance where both countries criminalise the conduct underlying an offence. Technical differences do not prevent the provision of mutual legal assistance. Gap closed
SR VI AML requirements for money/value transfer services	NC	No legal requirement under the MLPA. No obligation to persons who perform MVT services to licensed or registered. No obligation for MVT service operators to subject to AML/CFT regime. No listing of MVT operators is made available to competent authorities. No effective, proportionate and dissuasive sanctions in relation to MVT service are set out	• Legislation should be adopted to require money transfer services to take measures to prevent their being used for the financing of terrorism, and to comply with the principles of the FATF Nine Special Recommendations on the subject. • St. Lucia should ensure that persons who perform MVT services are either licensed or registered and that this function is specifically designated to one or more competent authority. • MVT service operators should be made subject to the AML & CFT regime. • St Lucia should ensure that MVT service operators maintain a listing of its agents and that this listing is made available to competent authorities.	The Money Services Business Act requires money transfer services to take measures to prevent the financing of terrorism. The MLPA 2010 makes provision for other business activities, listed under Part B, Schedule 2. Consequently provision is made under the MLPA for compliance of these entities (MVTs) in relation AML requirements. Further the Money Laundering (Prevention) (Guidance Notes) specifically indicates that the Guidelines also applies to money transmission services. As a result the AML & CFT regime applies to MVT service operators. Therefore the requirements under R. 4 -16 and R 21 – 25 are incorporated under the MLPA

			• MVT operators should be made subject to effective, proportionate and dissuasive sanctions in relation to their legal obligations.	and therefore MVTs are subject to AML and CFT procedures. In addition section 2 (2) of the Money Laundering (Prevention) (Guidance Notes) Regulations creates a sanction for non compliance. Specific reference is made to section 16 (b) (ii) of the Money Services Business Act wherein an auditor in the performance of his duties must be cognisant of suspicious transaction in accordance with the MLPA and shall report the matter immediately to the licensee and the Authority. Also section 18 (1) of the MSBA mandates that a licensee shall institute procedure to ensure that the accounting records and systems of control comply with the requirements of the MLPA. Therefore the regulations MLPGNR must also be complied with. Gaps closed
SR VII Wire transfer rules	PC	There is no enforceable requirement to ensure that minimum originator information is obtained and maintained for wire transfers. There are no risk based procedures for identifying and handing wire	• The guidance note should be amended to provide details of special recommendation VII with respect to dealing with wire transfers where there are technical limitations.	The GN (in particular paragraph 178) has been amended to provide details of special SRVII on wire transfers where there are technical limitations. The Sanctions will be provided to ensure that minimum originator information is

		transfers not accompanied by complete originator information. There is no effective monitoring in place to ensure compliance with rules relating to SRVII. The exemption of retaining records of transactions which are less than EC$5,000 is higher than the requirement of the essential criteria which obliges financial institutions to obtain and maintain specific information on all wire transaction of EUR/USD 1,000 or more. Sanctions are unavailable for all the essential criteria under this recommendation.	• POCA and MLPA should be amended to require a risk based approach to dealing with wire transfers. • Sanctions should be available for failure to comply with the essential criteria.	obtained and maintained for wire transfers. The Anti-terrorism (Guidance Notes) Regulation passed on the 26th May 2010 must be read in conjunction with the Money Laundering Guidelines. Section 17 the MLPA provides for the application of a risk based approach in dealing with wire transfers. In addition section 2 (2) of the Money Laundering (Prevention) (Guidance Notes) Regulations creates a sanction for non compliance.. Further in relation to the maintenance of records for originator information, the MLPA creates sanction for the failure of the financial institution or a person keep records and copies of records under sections 16 (8) and (9). Technical limitation issues are also addressed under paragraph 179 of the MLPGR wherein it is stated that where electronic transfers do not give complete originator information, institutions are required to give enhanced scrutiny to these. Amended Draft Regulations, with proposed amendments circulated for review and finalization.

				Draft Amendments to deal with wire transfer have been made by the consultant drafter and has been reviewed by the Legislative Drafting Department and shall be presented to Cabinet for approval and subsequently published. Pending
SR.VIII Non-profit organisations	NC	No supervisory programme in place to identify non-compliance and violations by NPOs. No outreach to NPOs to protect the sector from terrorist financing abuse. No systems or procedures in place to publicly access information on NPOs. No formal designation of points of contact or procedures in place to respond to international inquiries regarding terrorism related activity of NPOs.	• The authorities should undertake an outreach programme to the NPO sector with a view to protecting the sector from terrorist financing abuse. • A supervisory programme for NPOs should be developed to identify non-compliance and violations. • Systems and procedures should be established to allow information on NPOs to be publicly available. • Points of contacts or procedures to respond to international inquiries regarding terrorism related activity of NPOs should be put in place.	A supervisory committee for the monitoring of NPO from their commencement has been created. This committee comprises high level personnel from the Registry of Companies and Intellectual Property, Inland Revenue, Ministry for Social Transformation and the Attorney General's Chambers. The committee who meets at least once a month has been tasked with the function of supervising and monitoring of NPO's. In that regard, it • Scrutinses application for incorporation and undertakes due diligence of all applicants, and higher due diligence for applicants who are non nationals. • It undertakes face to face interviews with all applicants,

				• It srutinizes all applications to determine its legitimacy and genuinesses. • It circultes financial and CDD guidelines for all approves applications • It has developed best practices for NPO, guidelines and Customer Due Diligence requirements. • It is currently developing a database of all NPO's their Directors and other members. The Committee has been endorsed by Cabinet as the Not for Profit Oversight Committee as the committee which conducts due diligence, monitoring and oversight of applicants and existing NPOs. The information in relation to registered NPO's are available at the Registry of Companies. Currently, central authority is the point of contact to dealing with mutual legal assistance request. Therefore international inquiries regarding terrorism related activity of NPO's can be dealt with by the central authority. In addition the application for NPO's are approved by the office of the Attorney General subject to the recommendation of the Not for Profit Oversight Committee.

				Currently personnel from the FIA is part of the NPO oversight committee as a means of sensitizing NPO applicants of money laundering and terrorism financing issues by advocating for the need for enhanced due diligence requirements etc. In January 2012 a sensitization workshop was held for all NPOs registered as Faith Based Organizations whereby they were trained and informed on procedures to be adopted in conducting enhanced due diligence. Between 2009 to present 95 Non-Profit applications have been presented to the Office of the Attorney General for approval. All NPO applicants are issued guidelines regarding money laundering and terrorism financing which they need to be familiar with prior to an interview by the Not-For-Profit Oversight Committee. As a consequence, they would be required to implement mechanisms regarding AML/CFT in their organisation if approved, by the Attorney General for implementation. 28 of the 95 Non-Profit Applications have been completed and approved. The initial directors for these

				applicants were sensitised and trained with respect to AML/CFT and the expectations required. Further, consideration is being given to the commencement of the Non-Governmental Organisation Act No. 36 of 2006 which includes non-profit organisations and organisations which depend on donations. The Act shall be reviewed to make the requisite amendments, if any, in compliance with the AML/CFT regime. The Act provides for the appointment of a Council under section 18 which function includes the following: *"(a) to issue certificates and register Non-Governmental Organizations;* *(b) to keep and maintain a register of Non-Governmental Organizations;* *(c) to research the aims or objects of a registered Non-Governmental Organization to ensure that it is set up for a bona fide purpose;* *(d) to conduct investigations into the administration and activities of registered Non -Governmental Organizations where*

				complaints are made against a Non-Governmental Organization; *(e) to record all complaints received by the Council and to make copies of such complaints available to the public;"* By Statutory Instrument No 144 of 2012 dated 12th November 2012 the Schedule of the Money Laundering (Prevention) Act was amended by including Non –Profit Companies and Non –Profit Organisations as other business activities. A additional 10 Non-Profit Applications have been completed and approved. The initial directors for these applicants were sensitised and trained with respect to AML/CFT and the expectations required and were further informed of the requirements under the Money Laundering (Prevention) Act. With respect to mutual legal assistance, the Central Authority has dealt with 45 mutual assistance requests. These requests comprise those coming into Saint Lucia and those which Saint Lucia has requested.

SR.IX Cross Border Declaration & Disclosure	NC	No legal provision for reporting or for a threshold The provisions in the legislation are not sufficiently clear and specific. No stand alone Prevention of Terrorism Legislation The legislation doesn't specifically address the issue of currency and bearer negotiable instruments. No specific provisions in the legislation that allows Customs authorities to stop and restrain currency and bearer negotiable instruments to determine if ML/FT may be found. No mechanism in place to allow for the sharing of information.\No comprehensive mechanism in place to allow for proper co-ordination by the various agencies. In some instances, the effectiveness of the international co-operation in customs cases are impeded by political interference.	• It is recommended that for the avoidance of ambiguity and the need for the exercise of discretion that legal provisions be put in place requiring reporting of the transfer into or out of the country of cash, currency or other bearer negotiable instruments valued in excess of US $10,000.00 and that appropriate reporting forms be simultaneously published and put in use, and that proportionate and dissuasive sanctions be provided for. • It is further recommended that officers of the Police Force, Customs and the Marine Services be empowered to seize and detain cash, currency or bearer negotiable instrument valued in excess of US$10,000.00 which has not been properly declared or about which there is suspicion that they are the proceeds of crime. • Provisions should be made for any detained funds to be held for a specified renewable period to facilitate the investigation of the origin, ownership and intended use of the funds. • Consideration should be given to providing law enforcement officers with the power to detain cash, currency or other bearer negotiable instruments suspected of being the	An amendment is in the process of being drafted to the Customs Control and Management Act to require the reporting to the transfers into or out of St. Lucia of cash, currency or other bearer negotiable instruments valued in excess of US$10,000. The Proceeds of Crime (Amendment) Act No.4 of 2010 empowers Police Officers, Customs Officers, and Marine Services to seize and detain cash, currency or bearer negotiable instruments valued in excess of US$10,000. The MLPA provides the FIA with the power to collect, receive and analyse reports submitted by Customs, Police and Inland Revenue Departments under section 5. An Amendment to the Proceeds of Crime Act is before Parliament to allow for the seizure and detention of cash. Provision has been made under the Proceeds of Crime (Amendment) Act No. 1 of 2011 to allow for the detention and seizure of cash. Amendments regarding the US$10,000.00 declaration, amongst others have been drawn up by the drafting consultant and is currently

			proceeds of crime wherever in the country seized, without being restricted to matters of cross border transfers with the view to facilitating appropriate investigations into the source of the funds. • There is a need for increased participation by the Customs Department in combating money laundering and terrorist financing. • Consideration should be given to have Customs officers trained in the area of ML and TF. • Statistics should be kept on all aspects of Customs and Excise operations, these statistics should be readily available. • All Customs fraud cases with substantial values should be submitted to the FIA, Prosecutor's office for predicate offence consideration regarding offences pursuant to ML, FT and proceeds of Crime legislation with a view to prosecution of offenders. • Customs must take more drastic action against suspected ML offences and Commercial fraud offenders. • Provision of basic analytical and case management software must be supplied as a priority and basic and advanced training in the use of such software is required.	being reviewed by the Drafting Department for onward submission to Cabinet for approval and thereafter to the Parliament. It was anticipated that the amendment to the Customs Act would have been finalised on or before November 2012. However, the drafting unit has indicated that provisions already exist in our laws. Regulations 4 and 5 of the Customs regulations Cap 15.05 and section 9 91) of the Immigrant ordinance Cap 76 and regulation 7 of the Immigration Regulations Cap 76 provides for the reporting of a person carrying in excess the sum of US$10,000.00. The declaration form has been published under the Customs Regulation under Schedule 2, Form 15 and also referred to under Regulation 72 of the said Regulations. Regulation 7 of the Immigration Regulations as amended by the Immigration (Amendment) Regulations No. 6 of 2007 and section 9 of the Customs (Amendment) regulations No. 7 of

				2007 provides for the publication of the declaration form in relation to persons carrying currency in excess of US $10,000.00. Section 32 (1) and 94 of the Customs (Control and Management) Act Cap 15.05 provides for the detention of the cash. Proportionate and dissuasive sanctions are provided for pursuant to Regulation 9 (2) of the Immigration ordinance, Cap 76, Sections 32(30, 86, 93, 94, 113, 118 of the Customs (Control and Management) Act, Cap 15.05 and Regulation 6 of the Customs regulations, Cap 15.05. An amendment has been proposed to include a definition of "money" to include cash and bearer negotiable instruments.