



Seventh Follow-Up Report

Grenada

May 30, 2013

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GRENADA – SEVENTH FOLLOW-UP REPORT

I. Introduction

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

Table 1; Ratings of Core and Key Recommendations

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

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

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

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

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

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

**Table 3: Size and integration of Grenada’s financial sector
As at January 31, 2013**

		Banks	Other Credit Institutions*	Securities	Insurance	TOTAL
Number of institutions	Total #	5	15		24	44
Assets	US\$	1,049.3m	150m.		105m (est)*	1,304.3m
Deposits	Total: US\$	885.71m	115m.		n.a+	1000.71m
	% Non-resident	17.7% of deposits			n.a	
International Links	% Foreign-owned:	% of assets	% of assets	% of assets	% of assets	% of assets
	#Subsidiaries abroad	81%			15% (est)	

* Estimate

+ Not applicable

II. Summary of progress made by Grenada

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

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5, 6, 7, 8, 11, 12, 15, 16, 18, 21, 22, 24, SRVII and SRVIII, the fact that the AMLTF Guidelines were not considered other enforceable means (OEM) resulted in the level of compliance of these recommendations remaining unchanged. The authorities have advised that under subsection 32(3)(b) of the POCA the AMLTF Guidelines are subject to negative resolution of the House of Representatives which would under the FATF Methodology make them enforceable. Consequently, it was planned to present the AMLTF Guidelines at the next session of Parliament for negative resolution. During the latter half of 2012, Parliament was prorogued and on February 9, 2013, it was dissolved. As a result, the AMLTF Guidelines were not presented. Elections were held on February 19, 2013 and a new Government was elected. Parliament was reopened in April 2013. The next sitting is scheduled for May 2013 at which time the AMLTF Guidelines and other amendments will be presented.

5. The Plenary in November 2012 in the Virgin Islands decided that countries in the International Co-operation Review Group (ICRG) process would be required to achieve substantial progress on reforms of outstanding recommendations by May 2013. Given the above, this report will assess whether Grenada has achieved substantial compliance in the outstanding recommendations.. As already mentioned Grenada was rated partially compliant or non-compliant on 10 Core and Key Recommendations and 27 other Recommendations. The outstanding core and key recommendations are Recs. 1, 5, 13, 23, 35, SR.1, SR. II, SR. III, SR. IV and SR. V. The report below will focus on measures implemented since the Fifth Report and also give a brief update on the level of compliance of those Core and Key Recommendations which have not changed since the Fifth Report.

Core Recommendations

Recommendation 1

6. With regard to the recommendation that the authorities should consider pursuing money laundering (ML) as a stand-alone offence it was noted in the follow-up report of May 2012 that sections 34 and 35 of POCA together should allow for money laundering to be prosecuted without the need for a conviction on a predicate offence. As such, the authorities were advised to submit information as to such prosecutions and convictions. At present the authorities have advised that there were eight (8) money laundering prosecutions for 2012 with one (1) case resulting in two (2) convictions, five (5) cases were withdrawn and two (2) are pending. The above demonstrates the authorities' ability to pursue ML as a stand-alone offence which complies with the examiners' recommendation.

7. The second recommendation regarding the amendment of the Schedules I to III of Drug Abuse (Prevention and Control) Act (DAPCA) has been met as indicated in the follow-up report of May 2012.

8. With regard to the recommendation to extend the range of predicate offences to include all the FATF designated categories of offences, the authorities have cited section 2 of POCA which defines proceeds of crime to include benefit from drug trafficking or any relevant offence. A relevant offence is further defined to include any offence falling within the "designated category of offences" outlined under the FATF Recommendations and contained in the Schedule attached to POCA.

9. The list of designated offences as set out in the referenced Schedule consist of all FATF designated categories of offences including trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy and terrorist financing as detailed in the examiners' recommendation. However, it was indicated in the MER that there was no legislation criminalizing these offences which would be a prerequisite for making them

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predicate offences for money laundering as required by FATF standards. It is noted that terrorist financing in particular the offence of providing or receiving money or other property in support of terrorist acts is criminalized in section 19 of the TA 2012, Listing the other offences in the Schedule in POCA 2012 without providing legal reference for the criminalization of these offences therefore does not comply with the examiner's recommendation, Except for the terrorism offence this recommendation is outstanding. Given the above, one recommendation is partially outstanding.

Recommendations 5 and 13

10. With regard to Recommendation 5, as noted in the follow-up report of May 2012, fourteen (14) of the examiners' recommended measures remain outstanding due to the AMLTF Guidelines not being considered OEM. One (1) recommended measure is partially outstanding. Of the four (4) recommended measures for Recommendation 13, two (2) are partially outstanding and the other two (2) which are addressed in the AMLTF Guidelines are outstanding.

Special Recommendation II

11. As indicated in the follow-up report of May 2012, three (3) of the examiners' recommended measures were outstanding and one regarding the amendment of the TA to provide sanctions for the terrorist financing offence of providing or receiving money or other property in support of terrorist acts was met. Of the three (3) outstanding recommended measures, one (1) will be addressed by an amendment of the TA which is due to be completed before the opening of Parliament.

Special Recommendation IV

12. As noted in the follow-up report of May 2012, one (1) of the examiners' recommendation has been partially met. The recommendation that all suspicious transactions including attempted transactions should be legislatively required to be reported regardless of the amount of the transaction has been incorporated in the AMLTF Guidelines and is still outstanding. The authorities advise that the last recommended action for the requirement to report suspicious transactions to apply regardless of whether they are thought, among other things to involve tax matters is included in sections 19 to 25 of the TA. However, while these sections impose a general reporting requirements there are no provisions with the specific requirement of the examiners' recommended action. Consequently, this recommendation remains outstanding.

Key Recommendations

Recommendation 23

13. The recommendation for the Eastern Caribbean Central Bank (ECCB) to review its inspection program to ensure effective compliance of its licensees with AML/CFT obligations remains outstanding.

14. As indicated in the follow-up report of May 2012 the recommendation for legal provisions to be enacted for fitness and probity checks on directors, shareholders and management of licensees of the Eastern Caribbean Securities Regulatory Commission (ECSRC) and the Grenada Authority for the Regulation of Financial Institutions (GARFIN) was partially met for the licensees of GARFIN under the provisions of the Insurance Act and the Money Services Business Act (MSBA). At present, the authorities advise that an amendment to the

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MSBA to address the recommendation has been submitted for drafting and will be presented in the Parliamentary sitting in May 2013.

15. With regard to the recommendation for money value transfer service operators to be subject to effective systems for monitoring and ensuring compliance with national AML/CFT requirements the authorities had indicated in previous reports that a legal framework was established for implementing such a system by the enactment of the MSBA and that GARFIN had begun an on-site inspection regime by inspecting all three money service operators in Grenada in 2011. It was noted that one of the money service operators did not require IDs from their clients to conduct transactions. No sanction was applied but a recommendation for remedial action was made and was complied with within three months of the date of GARFIN's inspection report. No inspections of money service operators occurred during 2012. To date one inspection was completed in January 2013. The above measures suggest that the examiners' recommendation has been met. Given the above two of the examiners recommendations remain outstanding.

Recommendation 35

16. As noted under Recommendation 1 in this report the list of designated offences as set out in the Schedule attached to POCA while consisting of all FATF designated categories of offences including trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy and terrorist financing as detailed in the examiners' recommendation does not criminalize these offences which would be a prerequisite for making them predicate offences for money laundering as required by FATF standards. It is noted that terrorist financing in particular the offence of providing or receiving money or other property in support of terrorist acts is criminalized in section 19 of the TA 2012, Listing the other offences in the Schedule in POCA 2012 without providing legal reference for the criminalization of these offences therefore does not comply with the examiner's recommendation, Except for the terrorism offence this recommendation is outstanding.

17. With regard to the recommendation for the authorities to amend relevant legislation to cover all the activities to be criminalized in accordance with the Conventions, as noted in Grenada's MER there are no legislative provisions covering Articles 8, 10, 11 of the Vienna Convention and Articles 20 and 24 of the Palermo Convention. Consequently this recommendation remains outstanding. Given the above, one recommendation has been partially met while the other is outstanding.

Special Recommendation I

18. The authorities advise that with regard to measures to address UN Security Council Resolutions relating to the suppression of terrorist financing as required by the examiners' recommendation that Grenada acceded to the International Convention for the Suppression of the Financing of terrorism on December 13, 2001. However, this does not address the issue of implementation of the United Nations Security Council Resolutions S/RES/1267(1999) and S/RES/1373(2001)) as stipulated by the examiners' recommendation. As such, the examiners' recommendation remains outstanding.

Special Recommendation III

19. The authorities advised in the follow-up report of May 2012 that regulations to satisfy the examiners' recommendations would have been undertaken by the end of April 2012. However, this measure is still outstanding with no information being submitted about it for this report. The

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authorities have advised that one of the recommended actions will be addressed by an amendment to the TA. Consequently, all of the examiners' recommendations remain outstanding.

Special Recommendation V

20. As noted in the follow-up report of May 2012, one of the examiners' recommendations was met while the other with regard to the provision/collection of funds for an individual terrorist being criminalized under the TA is still outstanding.

Other Recommendations

Recommendation 30

21. The situation with regard to the measures implemented to address recommendations for additional financial and technical resources to be provided to the law enforcement agencies has remained unchanged from the follow-up report of November 2011. The authorities advise that the Attorney General's Office now has its full allocation of staff with 24 members of staff. Apart from the legal staff there are 11 administrative members of staff. Additionally, 15 officers from the Criminal investigations Department were trained in the use of a digital recording device designed to enhance the interview process.

Recommendation 32

22. With regard to the Supervisory Authority establishing a secretariat to monitor the implementation of Grenada's AML/CFT regime, the authorities advised that an Executive Director was appointed on January 2, 2013 within the Office of AML/CFT Commission. Plans to build capacity in terms of staffing will be phased in as work intensifies. No information has been submitted with regard to the examiners' recommended actions requiring the maintenance of statistics on spontaneous referrals made by the FIU, excise operations including records of seizures and mutual legal assistance and extradition requests. However, as at January 18, 2013, three production orders, 6 restraint orders and 3 cash detention orders had been applied for and obtained since the last report of November 2012.

Special Recommendation VIII

23. As noted in the follow-up report of May 2012 except for compliance with the requirement for a review of the adequacy of laws governing non-profit organizations (NPOs), the examiners' recommendations most of which are addressed in the AMLTF Guidelines remain outstanding. With regard to this follow-up report the authorities advise that AML/CFT education and training of NPOs is due to start in the second quarter of 2013 and NPOs should be fully regulated by the end of 2013.

III. Conclusion

24. As already mentioned, the authorities have planned to present the AMLTF Guidelines at the opening session of the new Parliament for negative resolution which would result in the AMLTF Guidelines being considered enforceable and thereby positively enhancing the level of compliance for Rs. 5, 6, 7, 8, 11, 12, 15, 16, 18, 21, 22, 24, SR VII, and SR VIII. Amendments to the TA and the MSBA are also planned to be presented. Figures have been presented to demonstrate implementation on the part of the law enforcement authorities with regard to production, restraint and cash detention orders. Additionally the number of money laundering cases for 2012 is a substantial achievement. However this is off-set by no information about

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spontaneous referrals made by the FIU, excise operations including records of seizures and mutual legal assistance and extradition requests.

25. With regard to the decision of the November 2012 Plenary concerning substantial compliance with all outstanding recommendations by all jurisdictions in the ICRG process, there has been no improvement in the level of compliance of Grenada's outstanding recommendations. Given Grenada's failure to comply with the decision taken by Plenary in November 2012 and the status of the AMLTF Guidelines, it is recommended that Grenada be placed in the first stage of enhanced follow-up and a letter from the Chairman of the CFATF be sent to the relevant Minister to draw attention to the non-compliance with the FATF Recommendations and the possible consequences. Given the above, Grenada should be put in enhanced follow-up and be required to report to the next Plenary in November 2013 on measures to implement recommendations in the MER.

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Matrix with Ratings and Follow Up Action Plan 3rd Round Mutual Evaluation Grenada
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Forty Recommendations	Rating	Summary of factors underlying rating	Recommended Actions	Undertaken Actions
Legal systems				
1. ML offence	PC	<ul style="list-style-type: none"> • The low number of ML convictions suggests ineffective use of ML provisions given the wide range of measures available under the legislation. • The list of psychotropic substances in DAPCA is not in accordance with the list under the Vienna Convention • The list of predicate offences for ML does not cover five (5) of the FATF's designated category of offences, particularly trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy or terrorist financing offence of providing or 	<ul style="list-style-type: none"> • The authorities should consider pursuing ML as a stand-alone offence. • Schedules I to III of DAPCA should be amended to include all narcotic drugs and psychotropic substances listed in Tables I and II of the Vienna Convention. • The authorities should extend the range of predicate offences for ML to include all the FATF designated categories of offences i.e. trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy and the terrorist financing offence of providing or receiving 	<p>There were 8 Prosecutions for 2012</p> <p>1 ML charge with 2 convictions 5 withdrawn 2 pending Production Orders 3 Restraint Orders 6 Cash Detention Orders 4</p> <p>Addressed under Part V, Section 34 &35 of POCA No. 6 of 2012</p> <p>Amendment to DAPCA 1992 made June 2011. Part III of Schedule I of DAPCA 1992 is repealed and replaced with DAPCA SRO 16 of 2011 – to include the entire list of substances under control as cited in the Vienna Convention (electronic copy of amendment provided).</p> <p>Schedule at p. 261 – Designated Categories of Offences - Section 2 of POCA Act 6 of 2012 includes the entire range of predicate offences.</p> <p>List of other offences and legal references :-</p> <ul style="list-style-type: none"> - Participation in an organized criminal group and racketeering (no legislation available)

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		<p>receiving money or other property in support of terrorist acts.</p>	<p>money or other property in support of terrorist acts.</p>	<ul style="list-style-type: none"> - Trafficking in human beings and migrant smuggling (no legislation available) - Sexual exploitation, including sexual exploitation of children (Criminal Code 1990 Part VII) - Illicit tracking in narcotics and psychotropic substances (Section 41 &42 Customs Act No. 35 of 1960) (Drug Abuse Prevention and control Act) Cap 84 (a), 7 of 1992 - Illicit arms trafficking (Section 41 &42 Customs Act No. 35 of 1960) (Fire Arms Act Cap 105 sect. 54) - Illicit trafficking in stolen and other goods (Section 41 & 42 Customs Act No. 35 of 1960) - Corruption and bribery (Criminal Code – pgs 405-416) - Fraud (Criminal Code pgs. 279-286) - Counterfeiting currency (pgs. 300-313 & 315-321) - Counterfeiting and piracy of products (Copyright Act No. 16 of 2011) - Environmental crime (Criminal code 230) - Murder, grievous bodily injury (Criminal Code sec. 230 & 205 -208) - Kidnapping, illegal restraint and hostage taking (
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				<p style="text-align: center;">Criminal code Sec. 184)</p> <ul style="list-style-type: none"> - Robbery or theft (Criminal Code sec. 274 & 276) - Smuggling (Customs Act # 35 of 1960 - Section 210) - Extortion (Criminal Code Sec. 277 & 417) - Forgery (Criminal Code Sec. 300 et al) - Piracy (no legislation available) - Insider trading and market manipulation (no legislation available)
2. ML offence – mental element and corporate liability	LC	<ul style="list-style-type: none"> • The low number of money laundering convictions suggest ineffective use of ML provisions 	<ul style="list-style-type: none"> • The authorities should consider consolidating the three pieces of legislation governing money laundering. Having the MLPA, POCA 1992 and POCA 2003 in force with differing penalties for ML and definitions for certain key terms will give rise to confusion and has affected the ability of law enforcement and prosecutorial authorities to aggressively pursue ML offences. 	<p>The Consolidation of the Poca /ML bill is in the process of finalization by the Consultant. It is expected before the end of September 2011. The new FIU Bill is in its final stages before the Houses of Parliament. It is expected to be passed by the next sitting.</p> <p>Consolidation of POCA/ML bills has been completed. POCA Act 6 of 2012 is now in effect and the following Acts have subsequently been repealed:-</p> <ul style="list-style-type: none"> a) POCA No. 27 of 1992 b) POCA No. 3 of 2003 c) Money Laundering (Prevention) Act, No. 18 of 1999 <p>ML offences are now addressed under one act.</p>

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3. Confiscation and provisional measures	LC	<ul style="list-style-type: none"> Ineffective implementation of the forfeiture and freezing regime. 	<ul style="list-style-type: none"> Given the high rate of drug-related offences occurring in Grenada, authorities should place greater emphasis on the automatic confiscation mechanism following conviction available to the DPP in accordance with POCA 1992 and 2003 	<p>To date 12 Production Orders have been served on Institutions and 10 restraint orders on properties in investigation, confiscation and forfeiture.</p> <p>Part II, Section 6 of POCA 2012 empowers magistrates to make confiscation and forfeiture orders</p> <p>Part IX, Section 49 also addresses this area of concern</p>
Preventive measures				
5. Customer due diligence	NC	<ul style="list-style-type: none"> CDD measures are required when there is suspicion of money laundering and only with one-off transactions 	<ul style="list-style-type: none"> Competent authorities may consider carrying out a national risk assessment to determine the risk of money laundering and terrorist financing to enable the application of reduced or simplified anti-money laundering and counter terrorist financing measures. Competent authorities should consider making the Guidelines mandatory and enforceable with effective, proportionate and 	<p>Technical Assistance is required with regards to conducting a risk assessment for Grenada. This was stated in our Technical Assistance and Training needs matrix submitted to CFATF in 2011 and also in January 2012.</p> <p>Request for assistance in conducting risk assessment was again included in Grenada's Technical Assistance and Training Needs matrix for 2013. Grenada awaits feedback from CFATF in relation to same.</p> <p>National Risk Assessment is scheduled in Action Plan to be undertaken during the 3rd Quarter of 2013.</p> <p>POCA AML/TF Guidelines SR&O No 6 of 2012, Part III – 21 and 22, provides for effective CDD measures for steps required to an entity or a professional in dealing with an applicant for business or a customer in relation to a business relationship or one-off transaction in order to forestall and prevent money laundering, terrorist financing and other financial crimes.</p>

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		<ul style="list-style-type: none"> • CDD measures for wire transfers are for occasional transactions over US\$10,000 rather than over the FATF US\$1,000 limit. 	<p>dissuasive sanctions.</p> <ul style="list-style-type: none"> • Regulations or legislative amendments should be introduced to require CDD measures when there is suspicion of money laundering or terrorist financing and for occasional transactions over US\$1,000 that are wire transfers. 	<p>POCA No, 6, 2012, is the enabling Act which allows for the provision of the Guidelines and Regulations. POCA 2012, Part V, Section 32, sub-sections (4-9), makes the Guidelines mandatory and enforceable and outlines penalties for non-compliance. Section 4 stipulates that “where a person fails to comply with or contravenes a provision of the Guidelines, he commits an offence, and is liable on summary conviction, to a fine not exceeding \$25,000 or to a term of imprisonment not exceeding two years, or both.</p> <p>Amendment to subsection 21 (4) of the AMLTF Guidelines to include “professionals” has been requested and would be effected when Grenada Parliament reconvenes</p> <p>Poca AML Guidelines Part III addresses measures for dealing with suspicions of money laundering including wire transfers irrespective of any exemption or threshold.</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution. Inevitably, all requirements under this recommendation will be satisfied.</p> <p>The Guidelines sufficiently addresses a number of the requirements under this recommendations as listed below : Guidelines at Part III , 21 (4) (e) directly addresses</p>
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	<ul style="list-style-type: none"> • DD measures are not required when there are doubts about the veracity of previously obtained due diligence • No provision to verify that any person purporting to act on behalf of the customer is so authorized, and identify and verify the identity of that person • No requirement in law or regulation for the verification of identification of customers • No provision to understand the ownership and control structure of customers that are legal persons or legal arrangement 	<ul style="list-style-type: none"> • Regulations or legislative amendments should be introduced for financial institutions to be required to undertake CDD measures where there are doubts about the veracity or adequacy of previously obtained CDD. • Regulations or legislative amendments should be introduced for financial institutions to be required to verify that any person purporting to act on behalf of the customer is so authorized, and identify and verify the identity of that person. • Financial institutions should be legislatively required to verify the identification of customers. • Financial institutions should be required to understand the ownership and control structure of customers that are legal persons or legal arrangements 	<p>Guidelines at Part III, 21 (3) (f) sufficiently addresses.</p> <p>Guidelines at Part III - Section 21 Sub-section (3) refers</p> <p>Guidelines Part III – 21(5) (d) Amendment to Section 21 (5) d to include “the ownership and control structure of legal persons and arrangements” would be made as soon as Grenada parliament reconvenes</p> <p>Guidelines Part III Section 21 (3) (a)</p> <p>Guidelines Part III – Section 21 (3) (b)</p> <p>Guidelines Section 23 (2) sufficiently addresses</p>
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	<ul style="list-style-type: none"> • No provision to determine the natural persons that ultimately own or control the customer • No requirement for financial institution to obtain information on the purpose and intended nature of the business relationship • No legislative provision for financial institutions to conduct ongoing due diligence to include scrutiny of transactions and ensuring that CDD documents and information are kept up-to-date • No requirement for financial institutions to perform enhanced due diligence for higher risk categories of customer • The exemptions for reduced or simplified CDD measures are not justified on the basis of low risk 	<ul style="list-style-type: none"> • Financial institutions should be legislatively required to determine the natural persons that ultimately own or control the customer • Financial institutions should be required to obtain information on the purpose and intended nature of the business relationship. • Legislative amendments should be introduced to require that financial institutions and other relevant persons apply ongoing due diligence measures to their client base. This should include scrutiny of transactions and ensuring that CDD documents and information are kept up-to-date. • Financial institutions should be required to perform enhanced due diligence for higher risk categories of customers. 	<p>Guidelines Part III – Section 21 (3) (e)</p> <p>Guidelines Part III – Section 21 (4) (d)</p> <p>Guidelines Section 22 (2) applies</p> <p>Guidelines Part III – 21 (6) (h) applies</p>
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	<ul style="list-style-type: none"> • No requirement for financial institutions to limit simplified or reduced CDD measures to non-resident customers from countries that the authorities are satisfied are in compliance with FATF Recommendations • No provisions prohibiting simplified CDD measures whenever there is suspicion of money laundering or terrorist financing • No requirement for financial institutions to apply CDD measures to existing customers on the basis of materiality and risk. 	<ul style="list-style-type: none"> • Financial institutions should be required to limit the application of simplified or reduced CDD measures to non-resident customers from countries that the authorities in Grenada are satisfied are in compliance with FATF Recommendations. • Simplified CDD measures should be prohibited whenever there is suspicion of money laundering or terrorist financing. • Financial institutions should be required to terminate a business relationship if the verification of a customer cannot be completed. • Financial institutions should be required to perform CDD measures on existing clients and to conduct due diligence on existing relationships at appropriate times. Financial institutions should also be required to review and consider closing existing accounts where due diligence is inadequate against the requirements of Recommendation 5. 	<p>Guidelines Section 22(2)</p> <p>Guidelines Section 25 (5)</p> <p>Proceeds of Crime (Anti-Money Laundering) Guidelines address the issue of 'Identification procedures'. Identification and verification procedures are also currently enforced by financial institutions. Presently financial institutions in Grenada require two to three pieces of identification; proof of address i.e. a utility bill to verify same; a reference letter from another financial institution or a job letter; A questionnaire is required to be filled out by the customer, with regard to proposed monthly or expected activities on the account. Background checks/ verification of information is done through a swift Alliance programme which is a secure network for transmitting wire transfer messages between them. This method is quick and reliable.</p> <p>Due diligence measures are undertaken by financial institutions. Compliance Officers are mandated to ensure that all documents submitted by customers are accurate and complete, this information is verified and kept.</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution.</p> <p>With respect to the Guidelines being confirmed by negative</p>
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				<p>resolution, be advised that the Parliament has been dissolved and Grenada held general elections on 19th February, 2013 and there has been a change of Government.</p> <p>A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>This would invariably address a number of comments under this recommendation.</p> <p>Amendment to Part III – Section 21 (4) (b) & (e) & Sect. 6 of the Guidelines to include the words “entity or professional” instead of “entity” only would also be addressed.</p>
6. Politically exposed persons	NC	<ul style="list-style-type: none"> • No requirement for financial institutions to have appropriate risk management systems to determine whether a potential customer, a customer or the beneficial owner is a PEP. 	<ul style="list-style-type: none"> • Financial institutions should be required to have appropriate risk management systems to determine whether a potential customer, a customer or the beneficial owner is a PEP. 	<p>Part III of the Proceeds of Crime (Anti-money laundering and Terrorist Financing Guidelines 2012 address this Recommendation</p> <p>Section 24 (1) (a) stipulates that Financial Institutions should ensure that the necessary provisions are in place for the identification of PEPS.</p> <p>The Explanatory notes gives a guide as to what must be considered as indicators in establishing whether or not a customer is a PEP. They are as follows :-</p> <ul style="list-style-type: none"> - Country of origin of the customer; - The stability of the country of origin and whether it is prone to corruption and other criminal activities such as abduction and kidnapping for ransom; - Whether the country of origin is cash based; - Whether the country of origin has in place adequate

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		<ul style="list-style-type: none"> • No requirement for financial institutions to obtain senior management approval for establishing a business relationship with a PEP or continuing one with a customer who becomes a PEP. • No requirement for financial institutions to take reasonable measures to establish the source of wealth and the source of funds of customers and beneficial owners identified as PEPs. • No requirement for financial 	<ul style="list-style-type: none"> • Financial institutions should be required to obtain senior management approval for establishing a business relationship with a PEP or continuing one with a customer who becomes a PEP. • Financial institutions should be required to take reasonable measures to establish the source of wealth and the source of funds of customers and beneficial owners identified as PEPs. • Financial institutions should be required to conduct enhanced 	<p>AML/CFT measures, including “know your customer” requirements;</p> <ul style="list-style-type: none"> - Where large amounts are presented for establishing the business relationship, the form in which they are presented; - Whether the country of origin is under any established sanction, embargo or other restriction or whether any such sanction, embargo or other restriction is specifically imposed on the customer, (entities and professionals are encouraged to conduct regular checks of the Gazette to note any new lists on the UN and EU sanctions and embargo regimes, including modifications thereto). <p>Guidelines - Section 24 (1)(c)(f) provides for this requirement</p> <p>Guidelines - Section 24 (1) (b) address requirement</p> <p>Guidelines - Section 24 (1) (d) addresses requirement</p>
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		<p>institutions to conduct enhanced ongoing monitoring on relationships with PEPs</p>	<p>ongoing monitoring on relationships with PEPs.</p> <ul style="list-style-type: none"> • Grenada should undertake steps to sign the 2003 United Nations Convention against Corruption. 	<p>Financial Institutions have implemented additional internal guidelines and measures to strengthen their compliance in this area. For e.g. an account for a PEP will not be opened unless it is approved at a Senior Managerial Level. Clear guidelines are set to determine the persons who fall within this category and the treatment given to them by the financial institution.</p> <p>Grenada is a member of the OAS Convention against Corruption and also is presently Vice Chair of the Committee of Experts of the MESICIC.</p> <p>However, Grenada is contemplating the signing of the United Nations Convention against Corruption in order to fully comply with FATF's requirements.</p> <p>With respect to the Guidelines being confirmed by negative resolution, be advised that the Parliament is now dissolved and general elections was held on 19th February, 2013 and there has been a change of Government. A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>This would invariably address a number of comments under this recommendation.</p>
7. Correspondent banking	NC	<ul style="list-style-type: none"> • No requirement for financial institutions to gather sufficient information about a respondent institution to understand the nature of the respondent's business and to determine from publicly available information the 	<ul style="list-style-type: none"> • Financial institutions should be fully aware and document a respondent institution's circumstances: - this should include details of its business, management, regulated status and other information that may be publicly available or available upon 	<p>Proceeds of Crime (Anti-money laundering and Terrorism Financing) Guidelines SRO 6 of 2012. Gazetted on Friday 17th February, 2012 addresses all requirements of this recommendation.</p> <p>Guidelines Section 37 (1) (b) sufficiently addresses</p>

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	<p>reputation of the institution and the quality of supervision.</p> <ul style="list-style-type: none"> • No requirement for financial institutions to have written procedures to obtain and assess the anti-money laundering procedures and CDD procedures of a respondent institution. • No requirement for financial institutions to obtain approval from senior management to establish new correspondent relationships in all cases. • No requirement for financial institutions to document the respective AML/CFT responsibilities of each institution in cross-border correspondent relationships • No requirement for financial institutions to be satisfied that respondent financial institutions have performed all the normal CDD obligations on customers who have access to” payable-through accounts” and can provide relevant customer identification data upon request 	<p>request for the purposes of establishing a relationship.</p> <ul style="list-style-type: none"> • Financial institutions should be required to have written procedures to obtain and assess the anti-money laundering procedures and CDD procedures of a respondent institution. • Financial institutions should be required to obtain approval from senior management to establish new correspondent relationships in all cases. • Financial institutions should document the respective AML/CFT responsibilities of each institution in cross-border correspondent relationships • Financial institutions should be satisfied that respondent financial institutions have performed all the normal CDD obligations on customers who have access to” payable-through accounts” and can provide relevant customer identification data upon request. 	<p>Proceeds of Crime (Anti-money Laundering and Terrorism Financing) Guidelines SRO 6 of 2012. Gazetted on Friday 17th February, 2012 applies</p> <p>Guideline Section 37 (1) (c)</p> <p>Proceeds of Crime (anti-money laundering Guidelines 2012, Section 37 (1)(d) requires that Banks ensure that senior management approval is obtained before entering into a new correspondent banking relationship</p> <p>Guidelines - Section 37 (1)(f) applies to this requirement</p> <p>Guidelines – Section 37 and 38 applies to this requirement</p> <p>With respect to the Guidelines being confirmed by negative resolution, be advised that the Parliament is now dissolved and Grenada will be holding general elections on 19th February, 2013 and there has been a change of Government. A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p>
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				<p>This would address a number of the comments under this recommendation.</p>
<p>8. New technologies & non face-to-face business</p>	<p>NC</p>	<ul style="list-style-type: none"> • No requirement for financial institutions to have policies in place that mitigate the misuse of technological developments by money laundering and/or terrorist financing schemes. • No requirement for financial institutions to have written procedures and a suitably robust risk management framework that mitigates the risks associated with non-face to face transactions. Measures for mitigating risks should include specific and effective CDD procedures that apply to non-face to face customers 	<ul style="list-style-type: none"> • Financial institutions should be required to have policies in place that mitigate the misuse of technological developments by money laundering and/or terrorist financing schemes. • Financial institutions should be required to have written procedures and a suitably robust risk management framework that mitigates the risks associated with non-face to face transactions. Measures for mitigating risks should include specific and effective CDD procedures that apply to non-face to face customers. 	<p>Proceeds of Crime (anti-money laundering and Terrorist Financing) Guidelines 2012 provides for non-face to face business relationships</p> <p>Section 31 (4) states that where identity is verified electronically or copies of documents are relied on in relation to a non-face to face application for business, an entity or a professional shall, in the absence of the application of section 21(8) apply an additional verification check, including the enhanced customer due diligence measures, to manage the potential risk of identity fraud.</p> <p>Guidelines – Section 31 (2) & (3) and Section 21 (8) applies with respect to non-face to face business relationships.</p> <p>Additionally Financial institutions also have their own internal procedure to govern this area. Documents relating to non face to face business must be original and must be notarized, and must emanate from the holder of an account at the Bank. A letter signed by the customer can be faxed to the financial institution requesting a particular transaction to be carried out; an officer at the financial institution must be able to identify the customer. However the financial institution must receive the original letter within two weeks of the receipt of the faxed letter.</p>

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				<p>In addition some financial institutions have established their own 'risk assessment department' whose function to ensure that requirements of the Guidelines and the FATF 40 plus nine recommendations are adhered to. This department is headed by a Manager who is charged with the responsibility of ensuring the effective day to day operations of the department as it relates to AML/CFT.</p> <p>With respect to the Guidelines being confirmed by negative resolution, be advised that the Parliament is now dissolved and Grenada held its general elections on 19th February, 2013. A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>This would invariably address a number of comments under this recommendation.</p>
<p>9. Third parties and introducers</p>	<p>NC</p>	<ul style="list-style-type: none"> • No requirement for financial institutions relying upon a third party to immediately obtain from the third party the necessary information concerning certain elements of the CDD process (criteria 5.3 to 5.6) • No requirement for financial institutions to take adequate steps to satisfy themselves that copies of identification data and other relevant documentation relating 	<ul style="list-style-type: none"> • Financial institutions should be required to immediately obtain from introducers the necessary information concerning certain elements of the CDD process (criteria 5.3 to 5.6). • Financial institutions should be required to test agreements with third parties to ensure that CDD held satisfies the provisions of Recommendations 5 and 10. This 	<p>Proceeds of Crime (anti-money laundering and Terrorist Financing) Guidelines 2012 and Proceeds of Crime (Anti-Money Laundering and Terrorist Financing) Regulations SRO 5 of 2012 addresses.</p> <p>Guidelines - Section 33 sufficiently applies. p. 93</p> <p>Regulations – Regulation 7, sub-regulation (4) and (5) applies to these recommendations - p.10</p>

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		<p>to CDD requirements will be made available from the third party upon request without delay</p> <ul style="list-style-type: none"> • No requirement for financial institutions to satisfy themselves that the third party is regulated and supervised (in accordance with Recommendations 23, 24 and 29) and has measures in place to comply with the CDD requirements set out in R.5 and R.10 • Unable to assess whether competent authorities in determining the list of countries that are recognized as having AML regimes equivalent to Grenada, used information as to whether these countries adequately applied FATF standards • No specific provision that ultimate responsibility for customer identification and verification remain with the financial institution relying on the third party. 	<p>testing should also confirm whether information can be provided by the third party without delay.</p> <ul style="list-style-type: none"> • Financial institutions should be required to satisfy themselves that the third party is regulated and supervised in accordance with Recommendations 23, 24 and 29. • Competent authorities should consider the issuance of a list of jurisdictions that adequately apply the FATF Recommendations, for third parties that may operate in foreign jurisdictions. • Amendment to legislation or guidance to stipulate that the verification and identification of a client remains the responsibility of the financial institution, regardless of whether or otherwise it has relied on a third party to conduct the verification and identification of the client 	<p>Guidelines - Section 33 (3) (b) applies - p.93</p> <p>Guidelines applies - Schedule II - Recognized jurisdictions at p. 152</p> <p>Guidelines - Section 33 - p.93</p> <p>With respect to the Guidelines being confirmed by negative resolution, be advised that the Parliament was dissolved and Grenada held general elections on 19th February, 2013. and there has been a change of Government. A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p>
10. Record keeping	LC	<ul style="list-style-type: none"> • No legislation to require financial 	<ul style="list-style-type: none"> • Amend legislation to require 	Proceeds of Crime (anti-money laundering) Guidelines 2012

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		<p>institutions to maintain records of account files and business correspondence for a period of at least five years after the completion of a business relationship.</p>	<p>financial institutions to maintain records of account files and business correspondence for a period of at least five years after the completion of a business relationship.</p>	<p>Part VI Section 47 Sub-section (1) - requires that the minimum retention period of records to be five year after the transaction has been completed or deemed to have been completed. p. 117</p> <p>With respect to the Guidelines being confirmed by negative resolution, be advised that the Parliament was dissolved and Grenada held general elections on 19th February, 2013 and there has been a change of Government. A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p>
<p>11. Unusual transactions</p>	<p>NC</p>	<ul style="list-style-type: none"> • No requirement for financial institutions to examine the background and purpose of large, complex and unusual transactions or unusual patterns of transactions that have no apparent or visible economic or lawful purpose and to set forth their findings in writing. • No requirement to maintain written records from the findings of reviews of complex, unusually large or unusual patterns of transactions for competent authorities for at least five years 	<ul style="list-style-type: none"> • Guidance and legislation should be amended to require financial institutions to examine the background and purpose of all complex, unusual large transactions or unusual patterns of transactions that have no apparent or visible economic or lawful purpose and to set forth their findings in writing. • Guidance and legislation should be amended to require financial institutions to retain written findings from the review of complex, unusually large or unusual patterns of transactions for no less than five years. 	<p>Proceeds of Crime (anti-money laundering) Guidelines 2012 Section 22, 23 and 47 (1) applies</p> <p>Proceeds of Crime (Anti-money laundering) Regulations 8,9 & 10 also applies</p> <p>Section 15 (2) (h) applies</p> <p>Section 15 (2) (i) applies</p> <p>With respect to the Guidelines being confirmed by negative resolution, be advised that the Parliament was dissolved and Grenada held general elections on 19th February, 2013 and there has been a change of Government. A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>This would address a number of the comments under this</p>

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				<p>recommendation.</p>
<p>12. DNFBP – R.5, 6, 8-11</p>	<p>NC</p>	<ul style="list-style-type: none"> • Dealers in precious metals and precious stones are not included in the AML/CFT regime • Deficiencies identified for financial institutions with regard to Recs. 5, 6, 8 to 11 are also applicable to DNFBPs. 	<ul style="list-style-type: none"> • Deficiencies identified for financial institutions with regard to Recs. 5, 6, 8 to 11 are also applicable to DNFBPs. Specific recommendations in the relevant sections of this report will also apply to DNFBPs. 	<p>The Proceeds of Crime (Anti-money-laundering) Guidelines 2012 refers to DNFBP’s. DNFBP’s are construed in its definition as Entities. The meaning of “Entity” as outlined in the Guidelines is, a person in a relevant business within the meaning of regulations 2(1) of the Anti-money Laundering and Terrorism Financing Regulations 2012. It includes a person that is regulated by the Commission by virtue of the Proceeds of Crime Act and any other enactment; or a non-financial business designated by the Commission.</p> <p>Additionally, Section 4 of the Guidelines, under “General Application” seeks to address this recommendation. Regulated and non regulated entities are clearly defined. Further, the POCA empowers the Commission to designate other businesses which are considered vulnerable to activities of money laundering and terrorist financing and thus fall within the definition of entity.</p> <p>The Regulations captures the entire host of relevant businesses (as required by FATF Recommendations) under Regulation 1. Sub-regulation (k) specifically lists the business of dealing in jewelry, precious metals or precious stones when such transactions involves accepting a cash payment of fifteen thousand dollars or more or the equivalent in any other currency.</p> <p>Provision in the Regulations and Guidelines are also applicable to Recommendations 5,6,8-11</p>

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		<ul style="list-style-type: none"> Lack of awareness of requirements by DNFBP resulting in ineffective implementation of AML/CFT obligations 	<ul style="list-style-type: none"> Authorities should consider specific training and/or awareness programs to educate DNFBPs about AML/CFT requirements Dealers in precious metals and precious stones should be subject to AML/CFT requirements in accordance with FATF standards 	<p>The Authority is aware that specific training is required to plan and effectively administer education programs and as such, Grenada has submitted its list of training needs to the CFATF for consideration. The list also includes assistance in carrying out risk assessment of DNFBP's; and training workshops for DBFBP's and Inspectors.</p> <p>A workshop for DNFBPs was held on July 9 & 10, 2012. There was also radio and television programmes and interviews on the importance of AML/CFT Compliance</p> <p>Training Workshop was also held on July 11-13, 2012, for prospective Supervisors on carrying out effective on-site examinations.</p> <p>The funding for both Workshops was provided by CFATF and the Economic Partnership Agreement (EPA), Ministry of Finance and European Development Fund (EDF).</p> <p>Legislative machinery is now in place through the Regulations and Guidelines which now includes Dealers in precious metals and precious stones. Thus subjecting them to AML/CFT requirements in accordance with FATF Standards.</p> <p>Parliament was dissolved and Grenada held general elections on 19th February, 2013. A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>This would address a number of the comments under this recommendation.</p>
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<p>13. Suspicious transaction reporting</p>	<p>NC</p>	<ul style="list-style-type: none"> • The obligation to submit suspicious transaction reports does not apply to the proceeds of all FATF predicate offences. • Requirement to report STRs relating to the financing of terrorism is discretionary and does not include funds used for terrorism or by terrorist organisations or those who finance terrorism 	<ul style="list-style-type: none"> • The authorities should extend the range of predicate offences for ML to include all the FATF designated categories of offences by criminalising trafficking in human beings and migrant smuggling, counterfeiting and piracy of products, environmental crime and piracy and the terrorist financing offence of providing or receiving money or other property in support of terrorist acts. • The TA should be amended to make the reporting of suspicious transactions relating to financing of terrorism mandatory and include funds used for terrorism or by terrorist organisations or those who finance terrorism 	<p>Section 38 of POCA No. 6 of 2012 addresses provides for Mandatory Reporting of Suspicious Transactions and POCA SCHEDULE lists the Designated categories of offences. The list also includes Terrorism and Terrorism Financing.</p> <p>See Recommendation 1 for information in reference to the criminalization of offences</p> <p>The Terrorism Bill has been passed in the Lower house of Parliament and is now awaiting passage in the Upper house. It anticipated that the Bill should be enacted before the end of the 1st Quarter 2012.</p>

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		<ul style="list-style-type: none"> • No requirement to report all suspicious transactions including attempted transactions regardless of the amount of the transaction. • No requirement to report suspicious transactions regardless of whether they are thought, among other things to involve tax matters. • The reporting of suspicious transactions is ineffective. 	<ul style="list-style-type: none"> • All suspicious transactions, including attempted transactions should be legislatively required to be reported regardless of the amount of transaction • The requirement to report suspicious transactions should apply regardless of whether they are thought, among other things to involve tax matters. 	Sect 19 & 20 of the guidelines addresses this
14. Protection & no tipping-off	PC	Tipping off offence does not include disclosure of the fact that a STR concerning money laundering is being reported or provided to the FIU	<ul style="list-style-type: none"> • The POCA, 2003 should be amended to extend the tipping off offence to include disclosure of the fact that a STR concerning money laundering is being reported or provided to the FIU 	Section 39 of POCA No. 6 of 2012 sufficiently addresses tipping-off DOPCA also prohibits tipping-off
15. Internal controls, compliance & audit	NC	<p>No requirement for financial institutions to establish and maintain internal procedures, policies and controls to prevent money laundering and financing of terrorism.</p> <p>No requirement for financial institutions to develop</p>	<ul style="list-style-type: none"> ○ All financial institutions should be required to establish and maintain internal procedures, policies and controls to prevent money laundering and financing of terrorism. ○ The requirement for financial institutions to develop appropriate 	<p>The Regulations and Guidelines address internal control, compliance and audit. The General requirements of the Regulations 2012 provides for absolute compliance in conducting relevant business by a relevant person as stated in Regulation 3.</p> <p>Regulation 13 speaks to the duty of the entity or professional to appoint a Money Laundering Reporting Officer or</p>

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		<p>appropriate compliance management arrangements which include at a minimum the designation of an AML/CFT compliance officer at management level is not enforceable.</p> <p>No requirement for AML/CFT compliance officer and other appropriate staff to have timely access to customer identification data and other CDD information, etc is not enforceable.</p> <p>No requirement for financial institutions to maintain an adequately resourced and independent audit function to test compliance with the procedures, policies and controls.</p> <p>No requirement for financial institutions to train all staff on an ongoing and regular basis to ensure that employees are aware of money laundering and terrorist financing mechanisms, as well as the requirements of anti-money laundering and counter-terrorist financing laws and their obligations under these laws.</p>	<p>compliance management arrangements which include at a minimum the designation of an AML/CFT compliance officer at management level should be enforceable.</p> <ul style="list-style-type: none"> ○ The requirement for AML/CFT compliance officer and other appropriate staff to have timely access to customer identification data and other CDD information, etc should be enforceable. ○ Financial institutions should be required to maintain an adequately resourced and independent audit function to test compliance with the procedures, policies and controls. ○ All financial institutions should be required to train all staff on an ongoing and regular basis to ensure that employees are aware of money laundering and terrorist financing mechanisms, as well as the requirements of anti-money laundering and counter-terrorist financing laws and their obligations under these laws. 	<p>compliance officer of sufficient seniority to perform the functions reposed on a Money Laundering Reporting Officer under the AML Guidelines and Regulations</p> <p>In accordance with the Regulations, the Compliance Officer shall have access to all relevant information and material of the relevant person to enable him to perform the functions given to him under the Guidelines and Regulations 2012</p> <p>Part II – Section 12 (4) of the Guidelines applies.</p> <p>Financial Institutions are required by law to establish and maintain internal procedures policies and controls to prevent ML/TF. Further all licenced financial institutions are also required by the ECCB and their individual head offices to institute their own policies and internal procedures and guidelines to govern and protect their institutions against ML/TF.</p> <p>Requirement to provide frequent training or at least once a year, for all staff and directors or partners, as the case may be, is addressed in Regulation 16 to ensure that they are aware of the provisions of the AML Regulations, Proceeds of Crime Act, the Terrorism Act, the Guidelines and any other enactment from time to time, relating to money laundering and terrorism financing; and all other requirements as stated in Regulation 16 . Failure to comply would result in offences and penalties as stipulated by Regulation 17.</p> <p>Training is provided for staff in this area which covers topics such as ‘a basic introduction to money laundering’, ‘money</p>
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		<p>The requirement for financial institution to put in place screening procedures to ensure high standards when hiring employees is not enforceable.</p>	<p>○ The requirement for financial institution to put in place screening procedures to ensure high standards when hiring employees should be enforceable.</p>	<p>laundering legislation – The Proceeds of Crime Act 2003; The Proceeds of Crime (Anti-Money Laundering Regulations 2003 and The Anti-Money Laundering Guidelines 2003, ‘The risks associated with money laundering’ etc.....</p> <p>Staff receives ongoing training through local and regional workshops and seminars.</p> <p>Section 51 of The Guidelines addresses this requirement.</p> <p>Parliament was dissolved and Grenada held general elections on 19th February, 2013 and there has been a change of Government. A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>This will address a number of the comments under this recommendation.</p>
<p>16. DNFBP – R.13-15 & 21</p>	<p>NC</p>	<ul style="list-style-type: none"> • Dealers in precious metals and precious stones are not included in the AML/CFT regime 	<ul style="list-style-type: none"> • Deficiencies identified for financial institutions with regard to Recs. 13 to 15 and 21 are also applicable to DNFBPs. Specific recommendations in the relevant sections of this report will also apply to DNFBPs. 	<p>The Proceeds of Crime (Anti-money-laundering) Guidelines 2012 also refers to DNFBP’s.</p> <p>DNFBP’s are construed in its definition as Entities. The meaning of “Entity” as outlined in the Guidelines is, a person in a relevant business within the meaning of regulations 2(1) of the Anti-money Laundering and Terrorism Financing Regulations and for the avoidance of doubt, it includes a person that is regulated by the Commission by virtue of the Proceeds of Crime Act and any other enactment; or a non-financial business designated by the Commission.</p> <p>The Regulations captures the entire host of relevant businesses (as required by FATF Recommendations) under Regulation 1,</p>

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		<ul style="list-style-type: none"> • Deficiencies identified for financial institutions with regard to Recs. 13 to 15 and 21 are also applicable to DNFBPs. • Lack of awareness of requirements by DNFBP resulting in ineffective implementation of AML/CFT obligations 	<ul style="list-style-type: none"> • Authorities should consider specific training and/or awareness programs to educate DNFBPs about AML/CFT requirements • Dealers in precious metals and precious stones should be subject to AML/CFT requirements in accordance with FATF standards 	<p>and sub-regulation (k) specifically lists the business of dealing in jewelry, precious metals or precious stones.</p> <p>With the enactment of POCA, Guidelines and Regulations. Awareness and Training has now become a high priority for the Commission. A request for assistance with training of DNFBP's and Inspectors has been made to CFATF. The Commission awaits a definite response. It is anticipated that this should be achieved before the end of the 2nd quarter, 2012.</p> <p>Grenada received Financial and Technical Assistance from Commonwealth Secretariat, Economic Partnership Agreement and European Development Fund for the staging of two workshops.</p> <ol style="list-style-type: none"> 1. AML/CFT awareness for DNFBP, July 9-10, 2012. 2. AML/CFT Training for financial and DNFBP Supervisors <p>This requirement awaits approval of the Guidelines through the parliamentary procedure.</p> <p>Moreover, Compliance with POCA Regulations and Guidelines is equally applicable to R. 13-15 & 21</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution.</p>
17. sanctions	PC	<ul style="list-style-type: none"> • Sanctions under the POCA and MLPA are inconsistent in severity. Additionally, the 	<ul style="list-style-type: none"> • Authorities should amend the POCA and the MLPA to ensure that sanctions are consistent and broad in 	Schedule IV (p. 164) of the Guidelines and Regulations 17, addresses offences and penalties.

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		application of sanctions has to go through the courts and no broad range of sanctions are available for breaches of statute	range	
18. Shell banks	NC	<ul style="list-style-type: none"> • No provision to prevent the establishment of a shell bank. • No provision applicable to financial institutions to prevent them from entering into or continuing correspondent relationships with shell banks. • No requirement for financial institutions to satisfy themselves that respondent financial institutions in a foreign country do not permit their accounts to be used by shell banks. 	<ul style="list-style-type: none"> • Legislative amendments should be effected to prohibit the establishment and licensing of a shell bank. The amendment should also require an entity licensed under the Offshore Banking Act, 2003 to have its mind and management within Grenada. • Amend legislative provisions to prevent financial institutions from entering into or continuing correspondent relationships with shell banks. <p>Amend legislation to require financial institutions to satisfy themselves that respondent financial institutions in a foreign country do not permit their accounts to be used by shell banks.</p>	<p>Provision to prevent the establishment of Shell Bank is made under Section 36 (1)(a) of the Guidelines</p> <p>Guidelines Section 37 (1) (a) applies</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution.</p> <p>Parliament was dissolved and Grenada held general elections on 19th February, 2013 and there has been a change of Government. A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>This would address some of the comments under this recommendation.</p>
19. Other forms of reporting	NC	<ul style="list-style-type: none"> • The authorities have not considered the feasibility and utility of implementing a system where financial institutions report 	<ul style="list-style-type: none"> • Competent authorities should consider the feasibility and utility of implementing a system where financial institutions report 	<p>Guidelines 2012 applies - Cabinet directed that the FIU be designated as the authority under which every Financial Institutions report all transactions in currency above the threshold of EC\$50,000.</p>

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		all transactions in currency above a fixed threshold to a national central agency.	transactions in currency above a prescribed threshold to a centralised national authority.	<p>The FIU will then be responsible for dealing with both SARs and LCTRs.</p> <p>An amendment will be made to the Guidelines to designate the FIU as the authority to which every financial institution will be required to report all transactions above the threshold of \$50,000. This was inadvertently left out of the POCA 2012 Guidelines.</p>
20. Other NFBP & secure transaction	PC	<ul style="list-style-type: none"> Unable to assess whether consideration has been given to apply FATF recommendations to non-financial businesses and professions other than DNFBPs 		<p>Guidelines 2012 applies to all entities and professional.</p> <p>Section 4 of the guidelines refers</p>
21. Special attention for higher risk countries	NC	<ul style="list-style-type: none"> Requirement for financial institutions to pay special attention, to business relationships and transactions with persons from or in countries which do not or insufficiently apply the FATF Recommendations is not enforceable. No measures to ensure that financial institutions are advised of concerns about the weaknesses in the AML/CFT systems of other countries. 	<ul style="list-style-type: none"> Mandatory requirements should be imposed on financial institutions to pay special attention, to business relationships and transactions with persons from or in countries which do not or insufficiently apply the FATF Recommendations. Effective measures should be put in place to ensure that financial institutions are advised of concerns about the weaknesses in the AML/CFT systems of other countries. 	<p>The Guidelines 2012, Section 22 (3), (4) provides for additional measures which should be adopted by an entity or professional , with respect to higher risk business relationships or transactions as are necessary.</p> <p>Part VIII of the Guidelines also applies</p> <p>Section 54 (5) of the Guidelines applies</p>

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		<ul style="list-style-type: none"> No requirement for financial institutions to examine transactions with no apparent economic or visible lawful purpose from countries which do not or insufficiently apply the FATF Recommendations and make written findings of such available to assist competent authorities. Authorities in Grenada are not able to apply appropriate counter-measures where a country continues not to apply or insufficiently applies the FATF Recommendations 	<ul style="list-style-type: none"> Financial institutions should be required to examine transactions with no apparent economic or visible lawful purpose from countries which do not or insufficiently apply the FATF Recommendations and make written findings of such available to assist competent authorities. <p>Authorities in Grenada should be empowered to apply appropriate counter-measures where a country continues not to apply or insufficiently applies the FATF Recommendations</p>	<p>Section 47 (2) of POCA No. 3 of 2003 requires <u>every</u> Financial Institution or persons engaged in business activity to pay particular attention to all complex, unusual or large transactions whether completed or not and to all unusual patterns of transactions, and to insignificant but periodic patterns of transactions, which have no apparent economic or lawful purpose.</p> <p>Section 54(4) of the Guidelines applies</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution. Parliament was dissolved and Grenada held general elections on 19th February, 2013 and there has been a change of Government. A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>This would address a number of the comments under this recommendation.</p>
22. Foreign branches & subsidiaries	NC	<ul style="list-style-type: none"> The requirement for financial institutions to ensure that their foreign branches and subsidiaries observe anti-money laundering and counter terrorist financing measures consistent with Grenada 	<ul style="list-style-type: none"> The requirement for financial institutions to ensure that their foreign branches and subsidiaries observe anti-money laundering and counter terrorist financing measures consistent with Grenada should be 	<p>Section 55 (1) of the Guidelines provides for this recommendation</p>

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		<p>is not enforceable.</p> <ul style="list-style-type: none"> • No requirement for financial institutions to pay particular attention to foreign branches and subsidiaries in countries which do not or insufficiently apply the FATF Recommendation to ensure they observe measures consistent with home country requirements and the FATF Recommendations. • No requirement for branches and subsidiaries of financial institutions in host countries to apply the higher standard where minimum AML/CFT requirements of the home and host countries differ. • No requirement for financial institutions to inform their home supervisor when a foreign branch or subsidiary is unable to observe appropriate anti-money laundering and counter-terrorist financing measures because it is prohibited by the host country's laws, regulations or other measures. 	<p>enforceable.</p> <ul style="list-style-type: none"> • Financial institutions should be required to pay particular attention to foreign branches and subsidiaries in countries which do not or insufficiently apply the FATF Recommendation to ensure they observe measures consistent with home country requirements and the FATF Recommendations. • Branches and subsidiaries of financial institutions in host countries should be required to apply the higher standard where minimum AML/CFT requirements of the home and host countries differ. • Financial institutions should be required to inform their home supervisor of when a foreign branch or subsidiary is unable to observe appropriate anti-money laundering and counter-terrorist financing measures because it is prohibited by the host country's laws, regulations or other measures. 	<p>Section 55 (2) applies</p> <p>Section 55 (3) applies</p> <p>Section 55(5) applies</p> <p>AML Guidelines is awaiting the opening of the next session of parliament to be confirmed by negative resolution. Parliament was dissolved and Grenada held general elections on 19th February, 2013 and there has been a change of Government. A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>This would address some of the comments under this recommendation.</p>
23. Regulation,	PC	<ul style="list-style-type: none"> • Limited number of inspections by 	<ul style="list-style-type: none"> • The ECCB should review its 	The ECCB's last Guidance Notes for Licensed Financial

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<p>supervision and monitoring</p>	<p>ECCB in the last four years is ineffective to ensure compliance of its licensees.</p> <ul style="list-style-type: none"> • No indication in law that fitness and probity checks on directors, shareholders, management of licensees, is a requirement for the licensees of the ECSRC. • No requirement in law for fitness and probity checks on directors, shareholders, management of licensees, is a requirement for the licensees of GARFIN 	<p>inspection program to ensure effective compliance of its licensees with AML/CFT obligations</p> <ul style="list-style-type: none"> • Legal provisions should be enacted for fitness and probity checks on directors, shareholders, and management of licensees of the ECSRC and GARFIN. 	<p>Institutions was issued May 1995.</p> <p>Letter dated 6th February was sent from the Ministry of Finance (on behalf of the Minister for Finance), to the Governor, ECCB, advising that the subject at recommendation 17, 23 and 29, would be placed on the agenda of the upcoming meeting of Attorneys General and Financial Secretaries and the Monetary Council since they were of particular concern to the ECCU region. The concern being that there was presently no mechanism in place to ensure that ECCB adheres to the AML/CFT legislation having regard to ECCB's level of monitoring and inspection of banks.</p> <p>While section 201 of the IA No. 5 of 2010 covers the requirements of fitness and probity checks on Insurance applicants, licencees including principal representatives of foreign companies, the Act also stipulates that shareholders are not required to have control of more than twenty percent of the voting rights of a local insurance company. Indeed this controls shareholders. According to Section 204, the company <u>shall</u> submit quarterly reports to the Supervisor of all the names and addresses of persons who owns five percent or more of the total voting rights.</p> <p>The section further states that it is therefore an offence to hold more than 20% voting rights and the shareholder is subject to a penalty upon summary conviction.</p> <p>Already in place by GARFIN (s.5(2)(3) and the Banking Act section 26</p> <p>Also in place is the Insurance Act No. 5 of 2010 section 201 and the Money Services Business Act Schedule II Form B.</p> <p>An amendment to the MSBA requiring fitness and probity checks on directors, shareholders and management of licensees of GARFIN has been submitted for drafting. The</p>
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		<ul style="list-style-type: none"> No supervisory regime and by extension, no reporting obligations are in place for money service business. 	<ul style="list-style-type: none"> Money value transfer service operators should be subject to effective systems for monitoring and ensuring compliance with national AML/CFT requirements 	<p>timeline for completion of drafting is the end of February, 2013. However, the timeline for parliamentary approval cannot be ascertained. Election was held on 19th February 2013 and there has been a change of Government.</p> <p>Money transfer operators are subject to the Money Services Business Act No. 10/2009 and therefore under the supervisory authority of GARFIN. All operators have been properly licensed.</p> <p>There are three (3) Money Transfer Operators in Grenada. GARFIN has conducted its first inspection of money services business during the 2nd quarter of 2011. Other scheduled visits will take place during the 3rd quarter 2011. The other two entities are scheduled between September and November 2011.</p> <p>Money Services Operators are monitored by GARFIN under the Money Services Business Act No. 10, 2009. Reporting is being established and training is also being conducted by GARFIN.</p> <p>GARFIN has conducted inspection on all but one Money Services Operators for 2011.</p> <p>During the month of February 2012, GARFIN received training provided by the World Bank in the regulation of Money Service Operators.</p> <p>GARFIN continues to undertake its supervisory role. Inspections of all MSB's including Money Gram and Western Union were conducted by GARFIN in 2011 on the following dates: Money Gram 30-31 May and Western Union 12-13 September. No major compliance issues were found.</p>
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				<p>However, in the case of Money Gram, it was noted that ID's were not required by clients to conduct a business transactions. A recommendation to that effect was noted and was complied with within three months of the date of GARFIN's inspection report.</p> <p>Workshop for Insurance Companies was held on Pension Plans – December 2012.</p> <p>GARFIN conducted one inspection of Fastcash on January 9-13, 2012. The review noted that there were no major compliance issues. It also noted that adequate systems are being utilized to mitigate against ML/TF risks.</p> <p>Frequent telephone and email contacts are maintained especially with regard to the submission of annual audited financial statements.</p>
24. DNFBP - regulation, supervision and monitoring	NC	<ul style="list-style-type: none"> • Dealers in precious metals and precious stones are not included in the AML/CFT regime • There is no designated competent authority with responsibility for monitoring and ensuring compliance of the DNFBPs with the AML/CFT requirements. 	<ul style="list-style-type: none"> • The authorities should designate a competent authority with the responsibility for monitoring and ensuring compliance of DNFBPs with AML/CFT requirements. • Dealers in precious metals and precious stones should be subject to AML/CFT requirements in accordance with FATF standards 	<p>The Guidelines 2012 addresses this requirement.</p> <p>Supervision and monitoring of DNFBP's would be done by the FIU and Staff of the AML /CFT Commission formerly known as the (Supervisory Authority) after the necessary technical assistance and training is sourced. This is expected by the end of the 3rd Quarter of 2012.</p> <p>Training was obtained from CFATF and a Facilitator was sent to Grenada to administer training in two workshops which was held in July 2012 as follows :-</p> <ol style="list-style-type: none"> 1. AML/CFT Awareness for DNFBP's – July 9 & 10, 2012.

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				<p>2. Training of Financial and DNFBP Supervisors – July 11-13, 2012.</p> <p>There were media coverage, news and reviews for the entire period on AML requirements in accordance with FATF Standards. All DNFBP sectors were represented. The Office of the AML Commission and the FIU is open to ongoing consultations/clarification from these entities and professionals as needs arise.</p> <p>Presently, Grenada’s Parliament is dissolved. The AML/CTF Guidelines is awaiting the opening of Parliament to be confirmed by resolution. In addition other amendments are being finalized and are expected to be ready well ahead of the opening date.</p>
<p>25. Guidelines & Feedback</p>	<p>PC</p>	<ul style="list-style-type: none"> • The FIU has not provided consistent feedback on suspicious transaction reports filed by financial institutions. • • Guidelines do not include instructions covering terrorist financing 	<ul style="list-style-type: none"> • The FIU should provide financial institutions and DNFBPs with consistent feedback on filed suspicious transaction reports. • The Guidelines should include specific instructions relating to the requirements for combating the financing of terrorism 	<p>The FIU holds meetings with Financial Institutions who would have reported SARS to the Unit on a monthly basis to give face to face feedback on the progress of its investigations.</p> <p>Section 8 of Guidelines 2012 applies</p> <p>The objectives of the Guidelines are to outline the relevant requirements of the laws of Grenada with respect to the detection and prevention of money laundering; to ensure that every entity and professional puts in place appropriate systems and controls to detect and prevent money laundering and terrorist financing;; to provide guidance to every entity and professional in interpreting, understanding and appropriately applying the requirements of the Anti-money Laundering and Terrorist Financing Regulations and the Guidelines; to assist every entity and professional in developing necessary measures to ensure the adoption of adequate screening procedures and processes with respect to employees, the appropriate training of employees and fitness and</p>

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				<p>appropriateness of the professionals and of the management of an entity. The guidelines also assist in promoting the use of an appropriate and proportionate risk-based approach to the detection and prevention of money laundering and terrorist financing, especially in relation to ensuring adequate customer due diligence,</p> <p>That measures adopted to effectively deal with such activities are commensurate with the risk identified and finally that more efficient and effective use of resources to minimize burdens on customers.</p> <p>Essentially the Guidelines supplement the provisions of the DAPCA 1992, POCA 2012, the FIU Act 2012, the Terrorism Act 2012 and the Anti-money Laundering and Terrorist Financing Regulations (AML/TFR) 2012.</p>
Institutional and other measures				
26. The FIU	LC	<ul style="list-style-type: none"> • Annual reports do not include analysis of typologies and trends • The increasing number of ongoing investigations suggests that the FIU is not performing effectively 	<ul style="list-style-type: none"> • The authorities should act promptly in appointing a FIU Director. The absence of a director significantly hampers the functioning of the Unit. • There should be specified grounds for the removal of the director. • The annual report of the FIU should include an analysis of trends and AML/CFT typologies. • The FIU along with the Supervisory Authority should consider undertaking an education drive in order to inform reporting parties and 	<p>Section 15 of draft FIU Bill Cabinet have since approved the appointment of a Director of FIU with effect from 1st June, 2009. The Officer has since been functioning in the capacity.</p> <p>The FIU Bill has passed all stages in the Lower houses of Parliament and is awaiting passage in the Upper house. It is proposed that the Bill will be enacted by March 2012. The Bill sufficiently applies to all requirements of this recommendation.</p> <p>Section 16 of new drafted FIU Bill</p> <p>Clause 18 of new drafted FIU Bill</p>

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			<p>the general public on various typologies and trends and other matters related to AML/CFT.</p> <ul style="list-style-type: none"> • The FIU should consider reviewing its work processes so that there are unambiguous roles between analysts and investigators and in doing so consideration should be given to sourcing additional specialized training for financial intelligence analysts. • 	<p>A slot is secured on Government Information Service (GIS) Television and “Wee FM” Radio where live weekly programming is aired; Section 6 of draft FIU Bill Regular weekly programming/interviews continues hosted by different FIU Officers each week (2009-present)</p> <p>The second Schedule of the FIU Report deals with analysis of trends and Typologies</p> <p>Section 9 of draft FIU Bill. Presently there is one analyst and one other person is being groomed.</p> <p>This is ongoing. Programmes are aired every Wednesdays on GIS TV.</p> <p>Whenever the FIU observes certain new trends and typologies the Institutions are informed by way of letters and in some cases during monthly meetings.</p> <p>Training has been sought through the US and the FIU has one person involved in analytic work.</p> <p>The FIU continues to conduct vigorous training .</p> <p>One day training workshops were held on 26-30 November, 2012 in Identification of Counterfeit Currency and Fraud.</p> <p>A total of 250 persons received training from all Financial Institutions in Grenada. There is a heightened level of alertness towards the detection of Counterfeit Currency in Grenada.</p> <p>AML/CTF Compliance workshop for</p>
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				<p>Money Services Business -Western Union held 16-17 July, 2012</p> <p>Anti-money Laundering workshop for the general staff of Money Gram was held on 16th May, 2012.</p> <p>AML/CTF Compliance training - Staff Superfund 29-30 May, 2012</p>
27. Law enforcement authorities	LC	<ul style="list-style-type: none"> The decision to postpone or waive the arrest of suspected persons and/or the seizure of money is taken on a case by case basis and is not laid down in any law or procedure 	<ul style="list-style-type: none"> Competent authorities should consider developing a standard operating procedure, delineating the parameters within which they should operate when the decision is made to postpone or waive the arrest of suspected persons and/or the seizure of money or to use special investigative techniques. Greater priority should be given to the investigation of ML / TF cases by the Police and the DPP's Office. 	<p>Further discussions were planned to determine specific measures in these areas</p> <p>Already in place. There is one person specifically appointed at the DPP's Office to deal with ML/TF cases. She is presently being trained by a UK expert in that field from UKSAT (United Kingdom Security Advisory Team)</p> <p>Officers attached to the FIU have received specific training by UKSAT in this area and have also worked closely with them on related investigations. During 2009- 2010 officers also received training in financial investigation at the Regional Police Training Centre in Jamaica. Other workshops attended were :</p> <ul style="list-style-type: none"> Sub-regional workshop for Caribbean on Counter Terrorism Financing, - June 2010 – Bahamas;

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

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		<ul style="list-style-type: none"> Members of the RGPF and Office of the DPP involved in AML and CFT are not adequately trained. Integrity of RGPF is of concern due to number of officers involved in breaches of discipline and criminal activity 	<ul style="list-style-type: none"> Authorities should consider reviewing the measures in place for ensuring that persons of high integrity and good moral character are recruited into the RGPF and that there is continuous monitoring of officers professionalism, integrity and lifestyle. 	<p>financially to facilitate successful operations of the RGPF. It is important to note that there are always newer and more modern technology evolving. Through its own resources, that of Financial and Technical Assistance from donor countries (FATF), US Embassy and counterpart funding, the Government of Grenada and RGPF endeavors to keep abreast with the technological advancement in its effort to combat ML/TF.</p> <p>Units of the RGPF directly involved in combating ML/TF i.e. Drug Squad Unit, Special Branch, the Coast Guard, Immigration Unit and the FIU, all receive ongoing training and attend local, regional and international training in AML/CFT organized by SAUTT based in Trinidad & Tobago, REDTRAC based in Jamaica and UKSAT, USDOJ, OAS, UNDOC, just to name a few. Opportunities for regional attachment programmes are also utilized by the RGPF.</p> <p>The ODPP recently received training in ML/TF by UKSAT.</p> <p>Recruitment Selection of the RGPF is done at two levels. Vetting is done along with an interview, there is also careful screening of criminal records and community interviews, to access moral standing before selection process is completed.</p> <p>The officers of the RGPF is guided by a Code of Conduct and the Police Act which measures the conduct of its officers. If an officer is found to be in breach, a formal disciplinary procedure is administered. Because of the size of the country it is relatively easy to investigate any criminal activity of an officer.</p>
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			<ul style="list-style-type: none"> • Authorities should consider reviewing the training needs of the ODPP as well as RGPF. The CID which is primarily responsible for investigating financial crime is inadequately trained in that area. 	<p>Additionally, there is a Community Relation Department which is operational; one of its purpose is receiving complaints on Police Officers. If necessary the complaints are investigated and appropriate action taken. With respect to Senior Officers of the RGPF, i.e Inspectors upwards, they are governed both under the Police Act and the Public Service Commission Rules and Regulations. Any disciplinary action is taken by the Public Service Commission through the same process administered for all Public Servants.</p> <p>There is also the constant monitoring of actions. Moreover the integrity of the RGPF is not one of grave concern since there is zero tolerance for breaches of discipline and criminal activity. Because of the size of the force there is not much room for breaches of discipline to go unnoticed.</p> <p>The specialized units such as the Drug squad, Special Branch and Coast Guard undergo polygraph tests once every 3 years; they are chosen because they are more susceptible to corruption given that they assist in undercover investigation in ML/TF.</p> <p>The ODPP continues to receive Technical Assistance from UKSAT during 2011.</p> <p>Grenada has submitted its list of training needs to the CFATF for consideration. The list included CFT training for financial and law enforcement authorities. We await information from CFATF as regards to the general Technical Assistance and Training Matrix which should have been considered by the Donor’s Forum, on any assistance offered to member countries in this specific area.</p> <p>The RGPF Drug Squad division receives ongoing. external training in this area.</p>
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		<ul style="list-style-type: none"> • Attorney General's office is understaffed and under-resourced 	<ul style="list-style-type: none"> • The authorities should consider providing additional staff and resources to the Attorney General's office. 	<p>The Attorney General's Office now has its full allocation of staff. Current staffing as follows :</p> <ul style="list-style-type: none"> - 11 staff members - Administration - Permanent Secretary - Attorney General - Solicitor General - 1 Senior Crown Counsel - 1 Senior Legal Counsel - 4 Crown Counsels - 3 Legal Drafters - 1 Senior Commercial Council <p>Apart from Legal Staff there is adequate administrative support staff, the total Staffing at the Department is 24.</p>
31. National co-operation	PC	<ul style="list-style-type: none"> • There are no effective mechanisms in place to allow policy makers to cooperate with each other 	<ul style="list-style-type: none"> • The Supervisory Authority should be given the legal authority to bring together the various authorities on a regular basis to develop and implement policies and strategies to tackle ML and TF. The provision of public education on issues of ML and TF should be added to their responsibilities. 	<p>POCA 2012 Act pursuant to Section 33 , provides for the establishing of a Committee called the Joint Anti-money Laundering and Terrorist Financing Advisory Committee which shall have not less than seven persons and not more than fourteen who shall have the responsibility for making recommendations to the Anti-Money Laundering and Combating Terrorism Financing Commission (Formerly known as the Supervisory Authority in the previous act now repealed) , on initiatives for the prevention and detection of ML/TF activities .</p> <p>The Commission is established under Section 63 of POCA 2012 and its members remain unchanged however it is now entrusted with additional responsibilities. Pursuant to Section 64. The Commission is now the regulator for certain business entities and professionals.</p>

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		<ul style="list-style-type: none"> Statistics on the total number of cross-border disclosures or the amount of currency involved were not available. 	<ul style="list-style-type: none"> Comprehensive statistics should be maintained on all aspects of Customs and Excise operations including records of seizures; these statistics should be readily available for use by Customs and other LEAs. 	<p>(15 received, 6 pending)</p> <p>2011 – 4 request made (3 completed 1 pending)</p> <p><u>International Request</u> - 2010 -6 request made :- (2 received, 4 pending)</p> <p>2011 – 2 request made (1 received, 1 pending)</p> <p>The FIU continues to document all requests</p> <p>Spontaneous referrals made by the FIU to other jurisdictions : January 2012 to August 2012 =01</p> <p><u>Regional requests</u> -</p> <p>No. of requests made to other jurisdictions –18 No. Completed = 09 No. pending = 09</p> <p>No. of requests received from other jurisdictions - 03 No. completed - 02 No of request pending –01</p> <p><u>International requests:-</u></p> <p>No. of requests received from other jurisdictions = 01</p>
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		<ul style="list-style-type: none"> Statistics submitted do not contain sufficient information on mutual legal assistance requests 	<ul style="list-style-type: none"> It is recommended that additional technical resources be dedicated to the compilation of statistical data to provide more comprehensive and timely presentation of statistics The authorities should maintain comprehensive statistics on MLA and extradition request received, made and granted. 	<p>No. completed = 01 No of request pending =0</p> <p><u>Suspicious Activity Reports :-</u></p> <p>No. of SARS for the period January –Aug 2012 =105</p> <p>No. closed = 16 No. pending = 89 No. of convictions arising out of sars –01 Arrests = 02</p> <p><u>Extradition requests Jan-Aug 2012</u></p> <p>Granted =1 Countries =United Kingdom</p> <p><u>MLATS January – Jan-August 2012</u></p> <p>Received -2 Pending -1</p> <p>Countries received from and quantity - St. Vincent 1- complete - United Kingdom - 01</p> <p><u>Egmont Received</u></p> <p>Countries & Number of requests</p>
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				<p>- Sri Lanka - 1 -Argentina - 1 - Kazakhstan - 1</p> <p><u>Egmont Sent</u></p> <p>Outgoing - 13</p> <p>Complete - 02 Pending - 11</p> <p><u>Countries</u></p> <p>Russia Estonia Tortola Curacao USA Canada UK Nigeria Lebanon Morocco Dominica</p> <p><u>Orders Applied for and Obtained - 09</u></p> <p>Production - 03 Restraint - 06</p> <p>As at 18th January, 2013, there were :</p> <p>Production Order - 3 Restraint Orders - 6</p>
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				<p>Cash Detention Order 3</p> <p>The FIU continues to forge ahead in acquiring new technologies to enhance its operations. The office is in position of an Audio Interview Recorder.</p> <p>Two officers have been trained by the US Government in the area of digital recording with a view to enhance the interview process. So far the office has been making use of the equipment.</p> <p>Plans for training personnel from the CID and Drug Squad in the use of this new technology would be undertaken by the FIU. Since these offices also received equipments. Approximately 15 Officers from the Criminal Investigations Department, the Drug Squad and the Prosecution Departments were trained in the use of the digital recording device during the last quarter of 2012.</p> <p><u>CUSTOMS & EXCISE DEPT.</u></p> <p>No. of Seizures –There were 14 seizures made between January and August 2012.</p> <p>Type of seizures : Mainly General Merchandise, Boats</p> <p>Dates : Occurrences between January 6 and August 21, 2012</p> <p>Location: 9 different entry points within Grenada and 2 entry points within Carriacou.</p> <p>Mechanisms are already in place as it relates to the compilation of statistical records on seizures. During the year</p>
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				<p>2009 there was one Seizure and in 2010 there were 4 seizures carried out by customs. The Enforcement Unit has the responsibility of information gathering from the various units within customs. Additionally, mechanism are also being put in place to capture information relative to false declarations regarding currency operations and this is schedule to commence February 2011.</p> <p>A comprehensive data base is available at the FIU on MLA and extradition request received made and granted. The following stats. are available :-</p> <p>MLAT – 2010 – 6 requests received (all completed) Spain- 1 UK - 4 USA - 1</p> <p>MLAT – 2011 - 5 request received (all completed)</p> <p>Egmont - 2009 - 8 received (all completed)</p> <p>Egmont -2010 – 9 received (all completed) Croatia - 1 Bahrain - 1 Slovakia - 2 UK - 1 Cyprus - 1 Venezuela - 1 Cayman Islands - 1</p> <p>Egmont – 2011 - 17 received (15 completed, 2 pending)</p>
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				Extradition – 2011 – 1 request from UK - matter is before the Court
33. Legal persons – beneficial owners	NC	<ul style="list-style-type: none"> • No measures in place to ensure that bearer shares issued under the International Companies Act are not misused for money laundering • • No legislative requirement for the disclosure of beneficial ownership of companies • • Insufficient resources delegated to the functions of the Registrar of Companies. 	<ul style="list-style-type: none"> • Appropriate measures should be taken to ensure that bearer shares issued under the ICA are not misused for money laundering. • • There should be statutory requirements for the provision of information on the beneficial ownership of companies. • • Adequate resources should be delegated to the functions of the Registrar of Companies and Intellectual Property. 	<p>Further discussions were planned to determine specific measures in these areas.</p> <p>The Corporate Affairs and Intellectual Property Act No. 19 of 2009 has been established to deal specifically with intellectual property which has the meaning assigned to it under the Convention establishing the World Intellectual Property Organization signed in 1967. The office is staffed with various personnel trained in this field and is headed by a newly appointed Registrar of Companies who has the functions of the Registrar under the Companies Act.. The Companies Act (s.149-156) addresses the issue of ‘financial disclosure’</p> <p>Section 27 of the Guidelines 2012 applies The Companies Regulations No. 2 of 1995 provides for a notice of change of address of directors, registered office etc. any change in particulars must be filed at the CAIP Office.</p> <p>Section 195 to 200 speaks to the time frame with which you should give before effecting transfer of shares and debentures in relation to company changes, section 213 – 237 applies.</p> <p>Section 27 (2) of the Guidelines 2012 applies The office of the Registrar of Companies and Intellectual Property is adequately staffed with ten officers. The Office deals with Trademark, Patent, Registration of Companies and Business Names, facilitate workshops on Intellectual Property.</p> <p>Amendment was made to the Company Regulations through SRO 36 of 2011</p>

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		<ul style="list-style-type: none"> • No mechanism to ensure the timely filing of annual returns. • No access to current information on companies' beneficial ownership to competent authorities due to the failure of companies to file annual returns. 	<ul style="list-style-type: none"> • A mechanism should be developed to ensure the timely filing of annual returns as well as the timely access by competent authorities and other relevant parties to the current information on companies' beneficial ownership. 	<p>The following enactments with regard to companies were made during 2011.</p> <ul style="list-style-type: none"> - Patent Act 16 of 2011 - Copyright Act 21 of 2011 - Trademark No. 1 of 2012 <p>Presently the process of automation of Companies names is in process. Automation caters for information sharing between NIS, IRD and CAIPO.</p> <p>The office is adequately equipped to carry out its functions.</p> <p>Number of Companies incorporated in 2011 was One Hundred and Thirty Five (135).; there were One Hundred and Twenty Three (123) Companies were incorporated for the year 2012.</p> <p>The Length of time it takes to incorporate a Company is approximately three (3) days.</p> <p>As a first step to ensuring compliance Letters were sent to Law Firms from the Registrar of Companies (dated 2/12/11) pointing out the inefficiencies as regards to the filing of annual returns on behalf of companies which they represent and the risk of being struck of the register pursuant to SRO 5 of 2009.</p> <p>The second step will be in the form of a notice to Company Directors on "Notice of Non-compliance with regard to filing of annual returns" . This is expected to be done by the end of the first quarter of 2012. After which the Registrar of Companies will act in accordance with the provisions.</p>
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		<ul style="list-style-type: none"> No legislation requires the filing or notification of changes to the particulars, including beneficial ownership, of companies. 	<ul style="list-style-type: none"> Legislative amendments should be introduced to require the timely notification of any changes in the beneficial ownership of companies, along with changes to other particulars. 	Amendment to the Companies Act will subsequently address this requirement by 2 nd Quarter of 2012.
34. Legal arrangements – beneficial owners	NC	<ul style="list-style-type: none"> No system of central registration or national registry where records of local trust are kept No requirement for the filing/keeping of adequate and accurate information on the beneficial ownership and control of local trusts The requirement for trust service providers to obtain, verify and retain records of the details of trusts or other similar legal arrangements in the Guidelines is not enforceable. 	<ul style="list-style-type: none"> Authorities should put in place measures for the registration and monitoring of local trusts in accordance with FATF requirements. Authorities should consider including adequate and accurate information on the beneficial ownership and control of trusts as part of the registration process for local trusts 	<p>There is National Registry and a Registrar of Companies, appointed under the Companies Act.</p> <p>Section 17 of the International Trust Act No. 40 of 1996 provides for registration and monitoring of local trusts, however no trust companies exist in Grenada.</p> <p>Although no trusts exist in Grenada, Section 30 of the Guidelines 2012 provides for the verification and identification of trust.</p> <p>In light of the section 30, this rating of NC should be improved; however no mention was made in the conclusion of the examiner’s assessment.</p> <p>No further action except approval of Guidelines by Parliamentary Process.</p>
International Co-operation				
35. Conventions	PC	<ul style="list-style-type: none"> All designated categories of 	<ul style="list-style-type: none"> The authorities should extend the 	POCA 2012 Schedule addresses sufficiently- p. 261

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		<p>offences are not adequately addressed in the range of predicate offences</p> <ul style="list-style-type: none"> • Not all relevant articles of the Conventions have been fully implemented 	<p>range of predicate offences for ML to accord with the FATF Designated Categories of Offences.</p> <ul style="list-style-type: none"> • The authorities should amend relevant legislation to cover all the activities required to be criminalised in accordance with the Conventions 	<p>List of predicate offences addressed in detail under recommendation 1</p>
<p>38. MLA on confiscation and freezing</p>	<p>LC</p>	<ul style="list-style-type: none"> • There is no provision under MLACMA for the tracing and restraining of instrumentalities intended for use in the commission of an offence. • The authorities should establish arrangements for coordinating seizure and confiscation actions with other jurisdictions. • There are no asset-sharing arrangements in place between Grenada and other countries. 	<ul style="list-style-type: none"> • Grenadian authorities should consider putting in place mechanisms for the determining of the best venue for the prosecution of defendants when issues of dual jurisdictional conflict arise. • The MLACMA should be amended to include provisions for the tracing and restraining of instrumentalities intended for use in the commission of an offence. • The authorities should establish arrangements for co-ordinating seizure and confiscation actions with other jurisdictions. 	<p>Section 14 & 15 of MLACMA deals with this area</p> <p>MLACMA Act 14 of 2001, Section 27 refers to Assistance to countries in the tracing property derived from crime etc.</p> <p>Article 1, 12 & 16 of the MLACM(GOG and US) Address this recommendation.</p> <p>Memorandum of Understanding has been signed with the following countries between 2009 and 2010</p> <ul style="list-style-type: none"> - Netherlands Antilles (Curacao) Aug. 3rd, 2005 - Canada - (FINTRAC) Financial Transactions and Reports Analyst Center of Canada –April 21, 2010 - St. Vincent - July 26th, 2010 - St. Maarten - May 2011

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			<ul style="list-style-type: none"> The authorities should consider making arrangements with other countries for the sharing of funds forfeited and seized. 	<p>Regional legislation is on its way for the establishment of such by jurisdictions from a CARICOM level, this is spearheaded by UKSAT (United Kingdom Security Advisory Team) .</p> <p>The Commission is considering developing an Asset Sharing Protocol between countries requiring assistance in Criminal matters</p>
40. Other forms of cooperation	LC	<ul style="list-style-type: none"> The EIA and the FIUA do not address whether requests are refused on the sole ground that it is considered to involve fiscal matters. 	<ul style="list-style-type: none"> Consideration should be given to making amendments to FIUA and the EIA to state specifically that requests should not be refused on the sole ground that the request pertains to fiscal matters 	New FIU Bill clause 29 (1) deals with Disclosure to foreign Financial Intelligence Units
Nine Special Recommendations		Summary of factors underlying rating		
SR.I Implement UN instruments	PC	<ul style="list-style-type: none"> No requirement to freeze terrorist funds or other assets of person in accordance with UN Resolutions (S/RES/1267(1999) and (S/RES/1373(2001). 	<ul style="list-style-type: none"> The authorities should implement the United Nations Security Council Resolutions relating to the prevention and suppression of terrorist financing (S/RES/1267(1999) and S/RES/1373(2001). 	Grenada acceded to the International Convention for the Suppression of the Financing of Terrorism on 13 th December 2001

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<p>SR. II Criminalise terrorist financing</p>	<p>NC</p>	<ul style="list-style-type: none"> • Criminalisation of terrorist financing does not include all offences in the Annex to the Terrorist Financing Convention. • The terrorist financing offences do not cover the provision/collection of funds for an individual terrorist. • The terrorist financing offence of fund-raising is not subject to any sanctions and therefore is not a predicate offence for money laundering. • The terrorist financing offence of fund-raising does not apply regardless of whether the person alleged to have committed the offence is in the same country or a different country from the one in which the terrorist/terrorist organization is or the terrorist act occurred/will occur. • Effectiveness of terrorist financing regime is difficult to assess in light of the absence of investigations, prosecutions and convictions for FT 	<ul style="list-style-type: none"> • Schedule 2 of the TA should be amended to include the treaties on the Convention on the Physical Protection of Nuclear Material and the International Convention for the Suppression of Terrorist Bombing. • The TA should be amended to include the terrorist financing offences of the provision/collection of funds for an individual terrorist. • The TA should be amended to provide sanctions for the terrorist financing offence of providing or receiving money or other property in support of terrorist acts. • The TA should be amended to provide for the terrorist financing offence of fund-raising to apply regardless of whether the person alleged to have committed the offence is in the same country or a different country from the one in which the terrorist/terrorist organization is or the terrorist act occurred/or will occur 	<p>The Terrorism Bill 2012 has passed all stages in the lower House and is awaiting passage in the Senate by the end of February-March 2012.</p> <p>Schedule 2 of the TA 2003 – which is the list of conventions to which the act applies have been inadvertently omitted in the TA of 2012. Amendment to be completed before the opening of Parliament. Date unknown, election carded for 19th February 2013</p> <p>Clause 18-24 respectively defines terrorist property for the purpose of the Bill, the criminalization of the solicitation and receipt of terrorist property, use and possession of such property, arranging for property to be used for terrorist purposes, along with money laundering and Disclosure.</p>

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<p>SR.III Freeze and confiscate terrorist assets</p>	<p>NC</p>	<ul style="list-style-type: none"> • No provision in TA for the freezing of property other than restraint orders • No provision for freezing of terrorist funds or other assets of designated persons in accordance with S/RES/1267(1999) and S/RES/1373(2001). • No provision in TA to provide for the confiscation of property used in connection with the commission of the terrorist financing offence of fund-raising under section 8 of TA. • No mechanism available where victims of offences committed under the TA are compensated consistent with Article 8 of the Terrorist Financing Convention. • No clear guidance issued to financial institutions concerning their obligations in taking action for freezing accounts in relation to the circulated lists of terrorists and/or terrorist organisations. • No publicly-known procedure for the de-listing of names of proscribed organisations and terrorists listed in the Schedule to 	<ul style="list-style-type: none"> ▪ The TA should be amended to allow for the freezing of terrorist funds or other assets of persons designated by the United Nations Al-Quaida and Taliban Sanctions Committee in accordance with S/RES/1267(1999). ▪ The TA should be amended to provide for the freezing of terrorist funds or other assets of person designated in the context of S/RES/1373(2001). ▪ The Taliban should be added as a proscribed organisation under the TA. ▪ The authorities should issue clear guidance to financial institutions concerning their obligations in taking action for freezing accounts in relation to the circulated lists of terrorists. ▪ The TA should contain procedures for the de-listing of names of proscribed organisations and terrorists listed in the Schedule to the TA. ▪ The TA should be amended to provide for the authorising of access to funds or other assets that were frozen via restraint orders, necessary for basic expenses and the payment of certain types of fees in accordance 	<p>Regulations to satisfy this recommendation have not been address due to an oversight. This will be undertaken after the passage of the Terrorism Bill, or by the end of April, 2012.</p> <p>Amendment to the TA to satisfy this requirement is awaiting parliamentary approval.</p>
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		<p>the TA</p> <ul style="list-style-type: none"> • No procedures for authorising access to funds or other assets that were frozen via restraint orders, necessary for basic expenses and the payment of certain types of fees in accordance with S/RES/1452(2002). • Difficult to assess effectiveness of mechanism for ensuring compliance with TA due to lack of statistics 	<p>with S/RES/1452(2002).</p> <ul style="list-style-type: none"> • The TA should be amended to provide for the confiscation of property used in connection with the commission of the terrorist financing offence of fund-raising under section 8 of TA. • The TA should be amended to provide a mechanism where victims of offences committed under the TA are compensated consistent with Article 8 of the Terrorist Financing Convention. 	
SR.IV Suspicious transaction reporting	NC	<ul style="list-style-type: none"> • Requirement to report STRs relating to the financing of terrorism is discretionary and does not include funds used for terrorism or by terrorist organisations or those who finance terrorism • No requirement to report all suspicious transactions including attempted transactions regardless of the amount of the transaction. • No requirement to report suspicious transactions regardless of whether they are thought, among other things to involve tax matters. 	<ul style="list-style-type: none"> • The TA should be amended to make the reporting of suspicious transactions relating to financing of terrorism mandatory and include funds used for terrorism or by terrorist organization or those who finance terrorism. • All suspicious transactions, including attempted transactions should be legislatively required to be reported regardless of the amount of transaction • The requirement to report suspicious transactions should apply regardless of whether they are thought, among other things to involve tax matters 	<p>The Terrorism Bill 2012 has passed all stages in the lower House and is awaiting passage in the Senate by the end of February-March 2012.</p> <p>Guidelines Section 20 (2) requires an entity or professional to report a suspicious activity or transaction which includes any attempted activity or transaction that the entity or professional has turned away.</p> <p>TA 16 of 2012, Part III sect 19-25 applies</p>

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<p>SR.V International co-operation</p>	<p>PC</p>	<ul style="list-style-type: none"> • Not all FT offences are covered by mutual legal assistance mechanisms • The terrorist financing offence of fund-raising is not an extraditable offence • 	<ul style="list-style-type: none"> • The provision/collection of funds for an individual terrorist should be criminalized under the TA. • The TA should be amended to include penalties that are proportionate and dissuasive for the terrorist financing offence of fund-raising. • The provision/collection of funds for an individual terrorist should be criminalized under TA. 	<p>The Terrorism Bill 2012 has passed all stages in the lower House and is awaiting passage in the Senate by the end of February-March 2012.</p> <p>Part III Clause 27 and Part V of the Terrorism Bill applies</p> <p>Sections 19 and 22 of the TA Act #16 of 2012 refers</p>
<p>SR VI AML requirements for money/valueTransfer services</p>	<p>NC</p>	<ul style="list-style-type: none"> • No systems in place for monitoring MVT service operators and ensuring that they comply with the FATF Recommendations • Deficiencies noted with regard to Recs. 4-11, 13-15 and 21-23 are also applicable to MVT service operators • No requirement for licensed or registered MVT operators to maintain a current list of their agents to be made available to the designated competent authority • Sanctions applicable with regard to GARFIN's supervisory function are not proportionate or 	<ul style="list-style-type: none"> • Legislation for money services providers that meets the FATF requirements should be enacted. • Introduce systems for monitoring MVT service operators and ensuring that they comply with the FATF Recommendations. • Licensed MVT service operators should be required to maintain a current list of their agents to be made available to the designated competent authority. <p>GARFIN's supervisory sanctions should be made proportionate and dissuasive</p>	<p>Money Services Business Act No. 10 of 2009 (electronic copy provided)</p> <p>A System of off-site and on-site supervision has been effectively implemented. GARFIN has conducted its first inspection of money services business during the 2nd quarter of 2011. Other scheduled visits will take place during the 3rd quarter 2011. The other two entities are scheduled between September and November 2011.</p> <p>MVT operators fall under the Money Services Business Act No.10/2009. GARFIN has introduced quarterly reporting, submission of audited financial statement and site inspection as a means of monitoring MVT service operators.</p> <p>Pursuant to Money Service Business Act</p> <p>GARFIN carried out inspections to the following –Money Services Operators:-</p> <p>Money Gram - May 30-31st 2011</p>

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		dissuasive.		<p>Western Union - September 12-13, 2011</p> <p>Joint workshop (on MSBA and ML/CFT) to be conducted by GARFIN and FIU is scheduled for 2nd quarter of 2012.</p> <p>Already in place.</p> <p>Supervisory sanctions are considered proportionate and dissuasive - refer section 46 Money Services Business Act which lists penalties as \$50,000 or two years in prison or both.</p>
SR VII Wire transfer rules	NC	<ul style="list-style-type: none"> • No requirement for ordering financial institutions to obtain and maintain full originator information for all wire transfers of US\$1,000 and above • No requirement for ordering financial institutions to include full originator information along with cross-border and domestic wire transfers • No requirement for intermediary and beneficiary financial institutions in the payment chain to ensure that all originator information that accompanies a wire transfer is transmitted with the wire transfer 	<ul style="list-style-type: none"> • The authorities should institute enforceable measures in accordance with all the requirements of SRVII and establish a regime to effectively monitor the compliance of the financial institutions with said enforceable measures. 	<p>The AML/CTF Commission and Supervisors, 30 in number, received training in July 2012 funded partially by CFATF/ EPA/ EDF respectively, to carry out the functions of effectively monitoring Financial Institutions and DNFBP's for AML/CFT compliance.</p> <p>Proceeds of Crime (Anti-money Laundering) Guidelines 2012, Part V sufficiently addresses the requirement in this recommendation.</p> <p>Guidelines - Part V - Section 41 (1) applies</p>

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		<ul style="list-style-type: none"> No requirement for beneficiary financial institutions to adopt effective risk-based procedures for identifying and handling wire transfers that are not accompanied by complete originator information. 		<p>Guidelines – Part V Section 43 (2)applies</p> <p>With respect to the Guidelines being confirmed by negative resolution, be advised that the Parliament was dissolved and Grenada held general elections on 19th February, 2013. A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p> <p>This would address comments under this recommendation.</p>
<p>SR.VIII Non-profit organisations</p>	<p>NC</p>	<ul style="list-style-type: none"> Registering of NPOs is not mandatory. 	<ul style="list-style-type: none"> The authorities should make the registering of NPOs mandatory. 	<p>Non profits companies must be registered in Grenada under the Companies Act No. 35 of 1994 (section 326-327) which deals specifically with non-profit companies. Applications for the setting up of non-profit organizations are sent to the Attorney General’s Office for approval in accordance with the above act. All documents relating to Non profits organizations are filed at the Corporate and Intellectual Property Office</p>

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		<ul style="list-style-type: none"> • No review has been undertaken of the adequacy of domestic laws in relation to non-profit organisations (NPOs) to determine whether they are (i) susceptible to being used by terrorist organisations or (ii) particularly vulnerable to terrorist activities. • No outreach to NPOs to protect the sector from terrorist financing abuse. • No effective supervisory regime to monitor non-compliance and sanction violations of oversight measures. • No record keeping and retention requirements for NPOs. 	<ul style="list-style-type: none"> • The authorities should undertake a review of the adequacy of domestic laws in relation to non-profit organisations (NPOs) to determine whether they are (i) susceptible to being used by terrorist organisations or (ii) particularly vulnerable to terrorist activities. • The authorities should undertake outreach to the NPO sector with a view to protecting the sector from terrorist financing abuse. • An effective supervisory regime should be established to monitor non-compliance and sanction violations of oversight measures. • Record keeping and retention requirements should extend to NPOs. 	<p>Section 326 of the Companies Act Addresses companies without share capital additionally</p> <p>Section 4 & 5 of the Proceeds of Crime (Anti-money Laundering) Guidelines 2012 applies to Charities or other association not for profit, the relevant provisions shall be applied with such modifications as are necessary to ensure compliance with the requirements of the Provisions.</p> <p>Schedule I provides best practices for Charities and other associations not for profit who shall govern its activities in accordance with those best practices in addition to complying with the other requirements of the Guidelines.</p> <p>The anti-money Laundering and Financing Terrorist Financing Commission is the regulatory authority for NPO's pursuant to Section 10(2) of the Guidelines</p> <p>Public awareness/ education outreach and workshops would address the issue during the latter part of 2012.</p> <p>It is proposed that the target date to set the basis for AML/CTF education and training of NPO is during the 2nd quarter of 2013. NPO's should be fully regulated by end of 4th Quarter 2013.</p>
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		<ul style="list-style-type: none"> No investigative expertise with regard to examining NPOs suspected of either being exploited by or actively supporting terrorist activity. 	<p>Authorities should develop investigative expertise with regard to examining NPOs suspected of either being exploited by or actively supporting terrorist activity.</p>	<p>During the year 2008 one such investigation was carried out</p> <p>With respect to the Guidelines being confirmed by negative resolution, be advised that Parliament was dissolved and Grenada held general elections on 19th February, 2013. A timeline cannot be presently ascertained as to the opening date of Parliament however all amendments will be prepared in readiness.</p>
<p>SR.IX Cross Border Declaration & Disclosure</p>	<p>NC</p>	<ul style="list-style-type: none"> Penalty for false disclosure/declaration is not dissuasive Domestic cooperation between customs and other agencies is insufficient Information-sharing among Customs and other law enforcement authorities is inadequate. Customs' participation in 	<ul style="list-style-type: none"> Customs should consider implementing a declaration system to be used in conjunction with the disclosure system for incoming and outgoing passengers. The threshold should not be higher than EUR/US15,000.00 Consideration should be given to the increased use of specific technical expertise such as canine units (that can sniff for concealed currency), x-rays and scanners. These activities should be well funded. Customs should explore the involvement of airline and vessel senior management in currency interdiction operations. Customs officials should be trained in the use passenger screening 	<p>A high level of co-operation exist between the Customs, FIU, Immigration Department, the Drug Squad and the ODPP in ML/TF matters.</p> <p>Plans are already in place for Customs to engage the airlines in a series of meeting to put policy in place. This is expected to be effected by the end of the first quarter 2011.</p> <p>Customs officials are trained as part of their standard operating procedure in this area. Approximately 30 Customs</p>

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		<p>AML/CFT is not sufficient</p> <ul style="list-style-type: none"> • Unable to assess whether systems for reporting cross-border transactions are subject to strict safeguards. • Unable to assess effective of disclosure system due to insufficient statistics 	<p>systems to analyse behaviour, appearance and communication style of potential currency carriers. In so doing baseline questions should be identified to identify red flags.</p> <ul style="list-style-type: none"> • Authorities should review legislation concerning the making of false disclosures/declarations to ensure that these are strict liability offences. • Penalties under the Customs Ordinance should be amended with the aim of making them dissuasive 	<p>Officers received training in passenger profiling during 2010. Please note that the relevant sections of Customs Department now have the responsibility to record in detail all breaches of the Customs Act since implementing the recommended measures.</p> <p>During 2011 a cross-section of Customs officers continue to receive training in AML/CFT.</p> <p>2 officers - Intelligence Gathering – Jamaica</p> <p>1 officer - Early Warning Systems</p> <p>Wide Cross-section of staff – Institutional Strengthening - Fraud Detection and Control - PriceWaterHouseCoopers</p> <p>One officer is scheduled to attend a Maritime Intellectual Conference in St. Lucia from 2nd-4th October, 2012, organized by SOCA.</p> <p>We have been advised that making false declaration/disclosures, strict liability offences may be unconstitutional and therefore the customs department is not pursuing that recommendation at this time.</p> <p>This recommendation has been adopted and implemented in the draft Customs Bill 2010 which is submitted to the Attorney General’s Office and should be passed during the first quarter of 2011.</p> <p>Training has been provided to customs officials in this area by the Royal Grenada Police Force, and additional training will</p>
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			<ul style="list-style-type: none"> • Consideration should be given for the provision of training in counterfeit currency identification to Customs Personnel, especially those working the ports. • Customs should consider fostering closer relationships with the FIU, the RGPF and ODPP • There is a need for increased participation by the Customs Department in combating money laundering and terrorist financing. • Customs Authorities should also give consideration to reporting all incidences of currency interdictions where untrue disclosures/declarations are made to the FIU, whether or not administrative or criminal proceedings are being considered. 	<p>soon be provided by the FIU during the first quarter of 2011 in Counterfeit Currency Identification.</p> <p>These organizations have a close working relationship and do meet from time to time. Two Customs Officers are presently assigned to the FIU. The customs are also presently involved in joint investigations with the FIU.</p> <p>Customs officials receive ongoing training in this area.</p> <p>The Enforcement Unit of the Customs Department has the responsibility for record keeping and reporting on a case by case basis.</p> <p>It must be noted that in 2010 the Customs has been included as a member of the National Security Committee.</p>
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