

Commonwealth Regulatory Workshop  
Caribbean Countries and Global Financial  
Regulation

A Practitioner's Forum

Port of Spain, Trinidad and Tobago

Friday 26<sup>th</sup> August 2011

# AML/CFT, International Co-operation, Transparency and Exchange of Information

ANTI MONEY LAUNDERING/FINANCING OF TERRORISM  
INTERNATIONAL CO- OPERATION,TRANSPARENCY AND  
EXCHANGE OF INFORMATION

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# AML/CFT, International Co-operation, Transparency and Exchange of Information

## ■ INTRODUCTION

- Since 1992 the CFATF signed up to partnership with the international community to protect the global financial system from criminal and those who finance terrorism
- After three rounds of assessments over the past sixteen years or so the current levels of compliance with the FATF 40 and 9 Recommendations attained by CFATF Members should be higher than the average of approximately 40% particularly after the salutary experiences of the FATF NCCT process between 2000-2006.

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- Centers of Excellence -Cayman Islands, Virgin Islands, Anguilla  
Examples of Best Practice to be emulated **BUT**
- 15 out of 29 CFATF Members meet the criteria for review as a jurisdictions with AML/CFT regimes which have strategic deficiencies that pose risks to the international financial system.

## **WHY? –POSSIBLE ANSWERS**

- Lack of political commitment to expedite the necessary reforms,
- Lack of awareness as to the consequences of non compliance
- Indifference to their international obligations and oblivious to the considerable dangers that lurk on the horizon.

- **IS THIS ACCEPTABLE –PERHAPS NOT**
- **CARIBBEAN BASIN REGION HAS TO BE GALVANISED INTO URGENT ACTION FOR CHANGE**

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- CARIBBEAN FINANCIAL ACTION TASK FORCE
- ARUBA 1990
- KINGSTON DECLARATION NOV 1992
- TWENTY NINE COUNTRIES IN THE CARIBBEAN BASIN REGION
- FOUR LANGUAGE GROUPINGS ENGLISH, SPANISH, DUTCH AND FRENCH
- CFATF 20 YEAR ANNIVERSARY 2012

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- FIRST FATF STYLE REGIONAL BODY
- ASSOCIATE MEMBER OF THE FATF
- **PROTECTION OF THE INTERNATIONAL FINANCIAL SYSTEM FROM TRANSNATIONAL ORGANISED CRIME AND THE FINANCING OF TERRORISM**
- CFATF 20 YEAR ANNIVERSARY 2012

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- **CFATF/FATF** –LONG STANDING RELATIONSHIP OF CO-OPERATION AND SUPPORT
- FATF MEMBERS ARE PART OF THE CFATF GROUP OF COOPERATING AND SUPPORTING NATIONS
- FATF MEMBERS ARE PART OF THE CFATF STEERING GROUP
- FATF/CFATF MEMBERS ATTEND THE PLENARY/WORKING GROUP MEETINGS OF BOTH ORGANISATIONS
- FATF MEMBERS PROVIDE FINANCIAL AND EXPERT SUPPORT TO CFATF ACTIVITIES

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- FATF PRESIDENT AND CFATF CHAIRMAN ENGAGE IN ONGOING DIALOGUE
- FATF TRAINERS AT CFATF MUTUAL EVALUATION EXAMINERS TRAINING WORKSHOPS
- PARTICIPATE IN MUTUAL EVALUATION MISSIONS
- JOINT TYPOLOGY EXERCISE CAYMAN ISLANDS NOVEMBER 2009
- PLANS ARE ON THE TABLE FOR JOINT FATF/CFATF PLENARY MEETING

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- **FATF/FSRBS-GLOBAL AML/CFT NETWORK**
- **NTER- GOVERNMENTAL COOPERATION IN THE FIGHT AGAINST MONEY LAUNDERING AND THE FINANCING OF TERRORISM**
- **THE GLOBAL AML/CFT NETWORK CONSISTING OF THE FINANCIAL ACTION TASK FORCE AND THE EIGHT FATF STYLE REGIONAL BODIES**
- **180 COUNTRIES AND TERRITORIES AND TWO REGIONAL ORGANISATIONS**

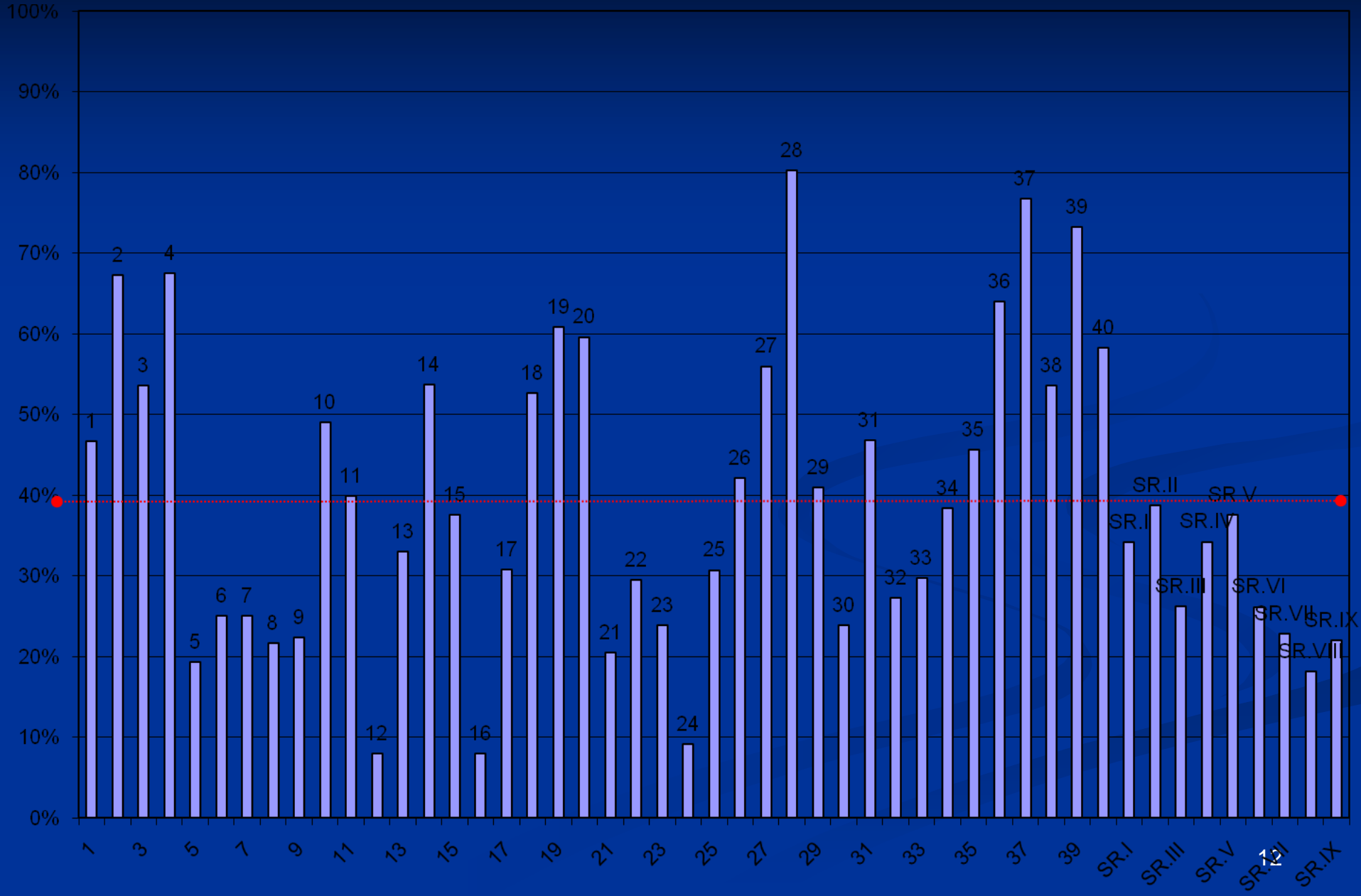
# AML/CFT, International Co-operation, Transparency and Exchange of Information

- PRINCIPAL FUNCTION OF THE CFATF - TO MONITOR ADHERENCE TO THE INTERNATIONAL AML/CFT STANDARDS – FATF 40 AND 9 RECOMMENDATIONS BY OUR MEMBERS AND
- TO ASSIST IN THE FORMULATION OF GLOBAL AML/CFT POLICY BY BRINGING THE REGIONAL PERSPECTIVE TO THE INTERNATIONAL DIALOGUE

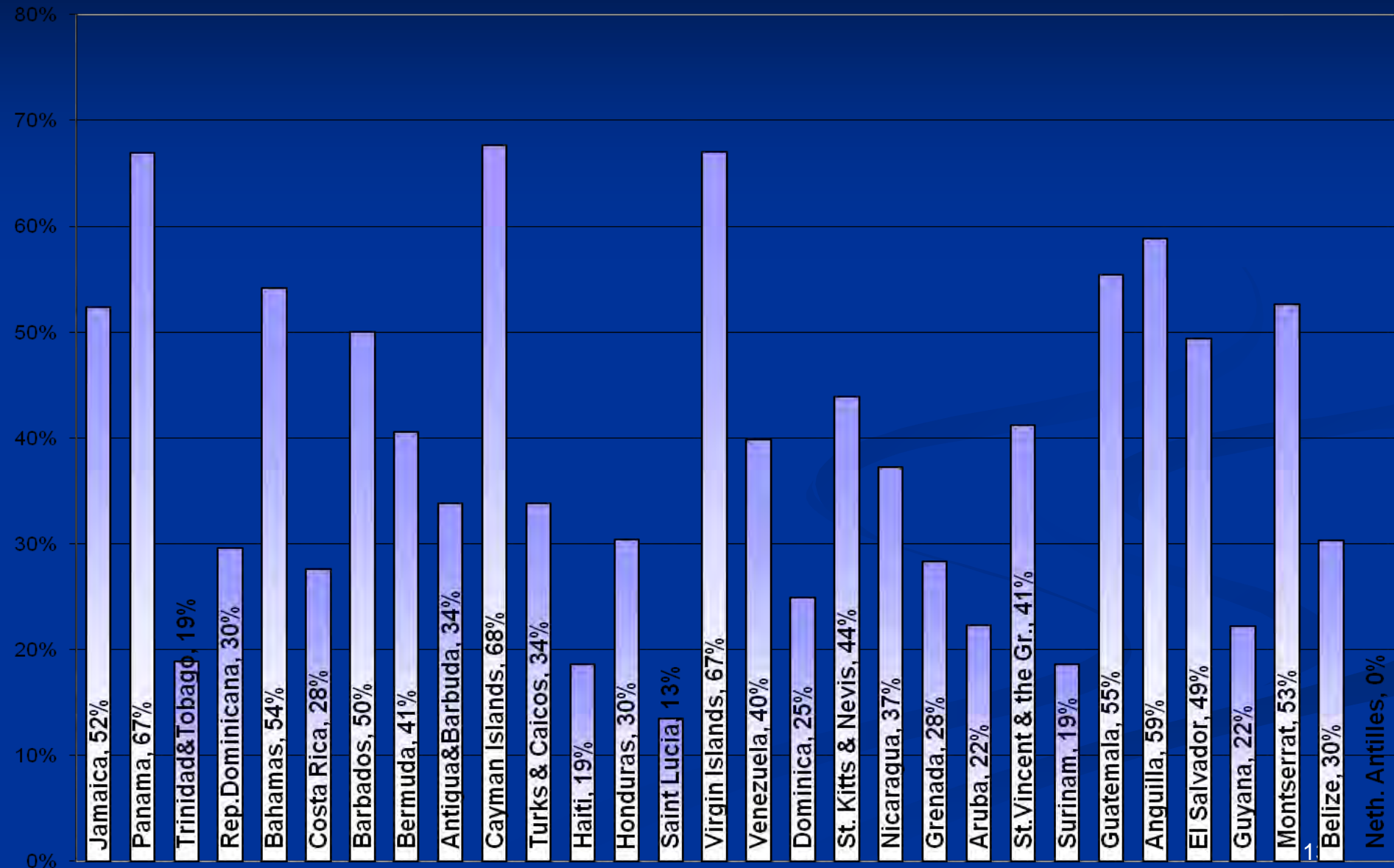
# AML/CFT, International Co-operation, Transparency and Exchange of Information

- THROUGH THE PEER REVIEW SYSTEM OF THE MUTUAL EVALUATION PROGRAMME
- MUTUAL EVALUATION REPORTS ON A COUNTRY'S AML/CFT ARCHITECTURE
- RATINGS ARE ASSIGNED AGAINST THE FATF 40 AND 9 SPECIAL RECOMMENDATIONS

# AML/CFT, International Co-operation, Transparency and Exchange of Information



# AML/CFT, International Co-operation, Transparency and Exchange of Information



# AML/CFT, International Co-operation, Transparency and Exchange of Information

- THROUGH THE CFATF FOLLOW UP PROCESS
- MONITOR THE RECTIFICATION OF THE DEFICIENCIES IDENTIFIED IN THE MUTUAL EVALUATION REPORTS
- EXPLORE A SERIES OF STEPS WHERE THE REFORM PROCESS IS NOT UNDERTAKEN SUFFICIENTLY EXPEDITIOUSLY
- LETTER FROM THE CFATF CHAIR
- HIGH LEVEL MISSION
- APPLICATION OF RECOMMENDATION 21 – FORMAL CFATF STATEMENT THAT THE MEMBER IS INSUFFICIENTLY IN COMPLIANCE WITH A RECOMMENDATION FOR APPROPRIATE ACTION OR COUNTER MEASURES
- SUSPENSION OR EVENTUAL TERMINATION OF MEMBERSHIP

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- FATF INTERNATIONAL COOPERATION REVIEW GROUP INITIATIVE
- KEY TRIGGER FOR CONCERN IS THE LEVEL OF COMPLIANCE WITH THE 16 CORE AND KEY RECOMMENDATIONS
- 10 OR MORE NON COMPLIANT OR PARTIALLY COMPLIANT RATINGS
- SCRUTINY OF THE FATF INTERNATIONAL REVIEW GROUP INITIATIVE

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- ACTING IN CONCERT THE GLOBAL NETWORK COULD ISSUE ADVISORIES TO FINANCIAL INSTITUTIONS OPERATING IN THEIR JURISDICTIONS
- TO CONSIDER THE RISKS ASSOCIATED WITH COUNTRIES WHICH HAVE WEAK AML/CFT SYSTEMS AND NON COOPERATIVE IN THE FIGHT AGAINST TRANS NATIONAL ORGANISED CRIME AND THE FINANCING OF TERRORISM
- AND

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- COUNTRIES WITH STRATEGIC AML/CFT DEFICIENCIES
- WHICH POSE A THREAT TO THE INTERNATIONAL FINANCIAL SYSTEM
- COUNTERMEASURES ARE NECESSARY

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- **CORE RECOMMENDATIONS 1,5,10 13 AND SR II AND IV**
- REC 1, CRIMINALIZATION OF MONEY LAUNDERING
- REC 5,10 -CUSTOMER IDENTIFICATION AND RECORD KEEPING
- REC 13, SR IV-SUSPICIOUS TRANSACTION REPORTING
- Special Recommendations on Terrorist Financing
- SR 11- CRIMINALIZATION OF TERRORIST FINANCING
- SR IV-SUSPICIOUS TRANSACTION REPORTING

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- **KEY RECOMMENDATIONS -35,36,40,SRI, SRIII AND SRV**
- REC 35,36,40, INTERNATIONAL COOPERATION AND MUTUAL LEGAL ASISTANCE
- REC3 FREEZING AND CONFISCATION
- REC4-FINANCIAL SECRECY LAWS DO NOT PRESENT A SERIOUS AML/CFT RISK
- REC23-ADEQUATE REGULATION AND SUPERVISION
- REC26- FUNCTIONAL FIU
- AND SRIII-FREEZING AND CONFISCATION
- SRI AND SRV-INTERNATIONAL COOPERATION AND MUTUAL LEGAL ASISTANCE

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- UNDER FATF SCRUTINY
- ANTIGUA AND BARBUDA, TRINIDAD AND TOBAGO,  
NICARAGUA, HONDURAS AND VENEZUELA
- ARUBA, BELIZE, DOMINICA, GRENADA, GUYANA,  
HAITI, ST. LUCIA, ST. KITTS AND NEVIS, SURINAME,  
TURKS AND CAICOS ISLANDS
- FIFTEEN OUT OF THE TWENTY NINE  
CFTAF MEMBERS

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- BETWEEN 2000-2006 Eight CFATF Members were black listed.
- 
- The Bahamas
- Cayman Islands
- Panama
- St. Kitts and Nevis
- St. Vincent and the Grenadines
- Dominica
- Grenada
- Guatemala
- Some of these countries were also on the lists of shame prepared by the OECD and Financial Stability Forum initiatives which created lists of their own.

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- SEVERE ECONOMIC CONSEQUENCES
  - Countries lost business which fled to non-listed jurisdictions
  - Investments were halted until the affected countries were de-listed
  - Jobs were being lost and reduced spending power was harming economic growth

## AML/CFT, International Co-operation, Transparency and Exchange of Information

- The cost of conducting international transactions in one jurisdiction rose by twenty five percent with an extremely serious effect on economic activity
- In one small jurisdiction civil servants were not being paid on time for a few months
- Key public sector officials who were central to the jurisdiction's responses to the blacklisting left government for the private sector

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- THIS BLACKLISTING PROCESS SHOULD NOT PASS THE REGION AGAIN
- FUNDING FROM THE INTER AMERICAN DEVELOPMENT BANK TO DEVELOP COUNTRY REPORTS WHICH WILL BE UPDATED ANNUALLY AS DEFICIENCIES WERE RECTIFIED WITH CLOSE MONITORING
- COUNTRIES DID NOT COOPERATE
- THE PROMISE OF THE INITIATIVE NEVER MATERIALISED
- SO HERE WE ARE AGAIN

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- Given these dire implications
- **CFATF ICRG WORKING GROUP WAS FORMED IN NOVEMBER 2010**
- Recognition that the FATF ICRG process has serious implications for individual jurisdictions and the CFATF as a whole
- CFATF Members must adopt a serious approach to reforming their AML/CFT regimes in keeping with the FATF 40 plus 9 Recommendations.
- Serious consideration should be given to compliance with the FATF Core and Key recommendations.

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- Review all CFATF Third Round Mutual Evaluation Reports
- Monitor rectification of the identified deficiencies
- Assist with the development of Action Plans to correct the deficiencies identified in the mutual evaluation reports;
- Identify which CFATF Members meet the FATF ICRG criteria for review, namely, 10 or more ratings of non-compliant (NC) or partially compliant (PC);
- Encourage the submission of information on their technical assistance and training needs

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- Engage the donor community to provide relevant resources to assist countries with their AML/CFT reform programs including the Strategic Implementation Planning (SIP) Framework training seminars
- Monitoring the progress of jurisdictions under FATF ICRG review and making appropriate recommendations to the FATF ICRG where adequate steps have been taken to address the deficiencies identified.
- Inform and update the CFATF Plenary on the work of the CFATF ICRG.

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- CFATF ICRG HIGH LEVEL MISSION TO TRINIDAD  
FEBRUARY 2011
- Objective-
- Engage in dialogue with the Trinidad and Tobago authorities
- Encourage urgent and immediate action to implement the Action Plan that was developed to address the strategic deficiencies in its AML/CFT regime and
- Encourage a greater sense of urgency with the reform process.

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- **URGE EXPEDITIOUS IMPLEMENTATION OF OUTSTANDING ISSUES IN THEIR ACTION PLANS BY**
- ANTIGUA AND BARBUDA, TRINIDAD AND TOBAGO, NICARAGUA, HONDURAS AND VENEZUELA
- **ENCOURAGE**  
ARUBA, BELIZE, DOMINICA, GRENADA, GUYANA, HAITI, ST. LUCIA, ST. KITTS AND NEVIS, SURINAME, TURKS AND CAICOS ISLANDS
- **TO USE THE NEXT SIX-NINE MONTHS TO THEIR ADVANTAGE AND AVOID FATF ICRG SCRUTINY**

## AML/CFT, International Co-operation, Transparency and Exchange of Information

- LOSS OF INTERNATIONAL REPUTATION THROUGH PUBLIC IDENTIFICATION AS A JURISDICTION WITH WEAK AML/CFT CONTROLS
- CONSIDERABLE ECONOMIC CONSEQUENCES DUE TO LOSS OF PRIVATE SECTOR INVESTMENT
- LOSS OF PUBLIC SECTOR DEVELOPMENTAL ASSISTANCE FROM THE EUROPEAN UNION AND THE INTER AMERICAN DEVELOPMENT BANK

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- **VERITABLE SUCCESS STORY FOR THE REGION**
- **THE HEADS OF CFATF FIUS FORUM**
- **OVER FOURTEEN MEETINGS SINCE 2003**  
**SIGNIFICANT NUMBER OF MOUs HAVE BEEN**  
**SIGNED BETWEEN REGIONAL FIUs THEMSELVES**
- **and BETWEEN REGIONAL AND INTERNATIONAL FIUs**  
**TO FACILITATE INFORMATION SHARING**
- **SHARE CASES FOR A COMPILATION OF REGIONAL**  
**ML/TF TYPOLOGIES**

## AML/CFT, International Co-operation, Transparency and Exchange of Information

- THE HEADS OF FIUS FORUM ALONG WITH UNITED KINGDOM, CARICOM IMPACS, EUROPEAN UNION ARE
- DESIGNING A COURSE FOR FINANCIAL INVESTIGATORS AND ANALYSTS WORKING AT FIUs FOR ROLL OUT IN 2012
- CAPACITY BUILDING TO TAKE THE PROFIT OUT OF CRIME
- INCREASE IN PROSECUTIONS FOR MONEY LAUNDERING AND CONFISCATION OF PROCEEDS

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- **ANOTHER REGIONAL SUCCESS STORY**
- DELIVERY OF TECHNICAL ASSISTANCE AND TRAINING TO ENHANCE REGIONAL AML/CFT CAPACITY
- MATRIX OF AML/CFT NEEDS FOR EACH COUNTRY BASED ON THE DEFICIENCIES IDENTIFIED IN THE THIRD ROUND MUTUAL EVALUATION REPORTS
- DONORS FORUM OF CFATF MEMBERS AND THE DONOR COMMUNITY TO MATCH AVAILABLE RESOURCES AND NEEDS
- GLOBAL ECONOMIC CRISIS RESOURCES ARE SCARCE

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- **ADVOCACY OF CURRENT CFATF CHAIR-CAYMAN ISLANDS**
- DEVELOP NATIONAL ANTI MONEY LAUNDERING COMMITTEES OF ALL NATIONAL AML/CFT STAKEHOLDERS/PRIVATE SECTOR AND GENERAL PUBLIC
- DEVELOP A NATIONAL CULTURE OF COMPLIANCE
- NATIONAL EXPERIENCES BEING FED INTO THE REGIONAL AND GLOBAL DIALOGUE
- **THE WAY AHEAD**

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- GREATER REGIONAL EXPOSURE FOR THE CFATF AND THE WORK THAT ITS UNDERTAKES
- REPORTS ON AML/CFT/CFATF ISSUES SHOULD BE PERMANENT ITEMS ON CARICOM HEADS OF GOVERNMENTS MEETINGS
- CARICOM SECRETARIAT, CARIBBEAN DEVELOPMENT BANK, EASTERN CARIBBEAN CENTRAL BANK AND ALL OTHER CENTRAL BANKS SHOULD BE MORE INVOLVED IN AML/CFT/CFATF ISSUES
- GREATER INVOLVEMENT OF THE REGIONAL PRIVATE SECTOR
- PROVISION OF MORE HUMAN AND FINANCIAL RESOURCES FOR THE OPERATIONS OF THE CFATF SECRETARIAT GIVEN THE INCREASING WORKLOAD

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- ENHANCED COORDINATION IN THE DELIVERY OF TECHNICAL ASSISTANCE AND TRAINING PROJECTS –TO SPECIFICALLY TARGET THE OUTSTANDING DEFICIENCIES
- SOUTH /SOUTH INTRA REGIONAL SELF HELP TECHNICAL ASSISTANCE AND TRAINING PROGRAMMES GIVEN THE GLOBAL ECONOMIC CRISIS AND THE REDUCTION IN RESOURCES FROM THE DONOR COMMUNITY
- MONITOR GLOBAL AML/CFT DEVELOPMENTS TO DETERMINE IMPACT ON ECONOMIC SECURITY AND ENSURE THAT NATIONAL /REGIONAL EXPERIENCES ARE FACTORED INTO THE GLOBAL STANDARD SETTING AGENDA AND THE PREPARTIONS FOR THE FOURTH ROUND OF ASSESSMENTS

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- THE WORK OF THE CFATF ICRG HAS TO BECOME MORE INTRUSIVE IN THE COUNTRIES TO SECURE HIGHER LEVELS OF COMPLIANCE
- PUBLICATION OF A CFATF LIST OF DELINQUENT COUNTRIES WHERE LOW COMPLIANCE PERSISTS
- GREATER AWARENESS AND COMMITMENT FOR REFORM AT THE HIGHEST POLITICAL LEVELS NATIONALLY

# AML/CFT, International Co-operation, Transparency and Exchange of Information

- **HIGH LEVELS OF AML/CFT COMPLIANCE IS VITAL TO REGIONAL ECONOMIC SECURITY**
- **GREATER REGIONAL PARTICIPATION IN THE GLOBAL STANDARD SETTING PROCESS**

# AML/CFT, International Co-operation, Transparency and Exchange of Information

■ THANK YOU FOR LISTENING