TURKS AND CAICOS ISLANDS GOVERNMENT

NATIONAL ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORIST STRATEGY

2018-2019

Fostering cooperation to maintain and strengthen an environment which prevents money laundering, terrorist financing and weapons proliferation.

THE ANTI-MONEY LAUNDERING COMMITTEE

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Foreword by the Premier

"The Government in implementing this Strategy will strengthen existing processes and develop additional measures that will safeguard the viability of the TCI's financial sector, while ensuring compliance with international AML/CFT standards."

We live in a global environment where criminals and those who profit from crime are becoming increasingly more inventive in finding mechanisms to prevent the detection of the proceeds of criminal activities. New and novel means are employed to finance terrorists and further weapons proliferation. The Turks and Caicos Islands stands firm in our commitment to prevent persons who may wish to do so, from laundering money and engaging in the financing of terrorism or weapons proliferation and other terrorist activities. The National Money Laundering and Terrorist Financing Risk Assessment reflects the commitment by the Government to uphold the highest international standards in protecting the jurisdiction against criminal abuse.

The 2017 National Money Laundering and Terrorist Financing Risk Assessment was the first of its kind completed by the Turks and Caicos Islands. Around fifty stakeholders and representatives from both the public and private sectors convened in workshops to assess the money laundering and terrorist financing risks in the country. This was followed by a closed half day workshop for my Government's most senior policy-makers.

National Money Laundering and Terrorist Financing Risk Assessment Report identified areas that may be vulnerable to abuse and that require strengthening. This Strategy will highlight the main objectives which will be undertaken by the Government in collaboration with other stakeholders in order to improve the TCI's AML/CFT regime.

Hon. Sharlene Cartwright Robinson
Premier
May 9, 2018

Introduction

Introduction

The Financial Action Task Force (FATF) is the global standard setter promoting effective implementation of legal, regulatory and operational measures for combating Money Laundering, Terrorist Financing and other related threats to the integrity of the international financial system. It has procedures requires that each country's money laundering and terrorist financing risks be assessed. The Caribbean Financial Action Task Force (CFATF) is the regional offshoot of the FATF and is responsible for monitoring and assessing member states against the FATF standards. The mutual evaluations process is the mechanism used to conduct assessments and the results are published in the form of a Mutual Evaluation Report (MER).

"In the context of our position as a small international financial services centre with first class electronic funds transfer and which uses the United States dollar, we cannot exclude ourselves from the responsibility of preventing, as far as possible, the use of the jurisdiction by criminals."

At the November 2008, Caribbean Financial Action Task Force Plenary held in St. Kitts, the Turks and Caicos Islands' Mutual Evaluation Report was adopted. At that time the Turks and Caicos Islands was found to be partially compliant or non-compliant with most of the Core and Key Recommendations of the FATF Recommendations. Over the next eight years, as set out in various Follow-up Reports, the country worked to address the outstanding deficiencies by implementing systems and processes and passing several key legislation including the Proceeds of Crime Ordinance, the Financial Intelligence Agency Ordinance and the Prevention of Terrorism Ordinance. In June 2016, the Turks and Caicos Islands, having met the criteria, was successfully able to exit the 3rd Round Follow-up process.

The Turks and Caicos Islands will undergo another assessment in September 2018. The 4th Round of assessment, although it includes a review of the technical structure, will focus on the effectiveness of the legislative and regulatory infrastructure of the Turks and Caicos Islands' financial services sector for combating Money Laundering and Terrorist Financing.

The Turks and Caicos has released its first Money Laundering and Terrorist Financing National Risk Assessment (NRA) in line with the FATF Recommendation 1, requiring countries to identify and assess the Money Laundering and Terrorist Financing risks for the country and thereafter to allocate resources and implement measures to prevent or mitigate those risks. The National

Introduction

"It is through both private and public-sector stakeholder's participation and collaboration along with national coordination that the TCI will be able to secure the financial sector from abuse by persons engaged in money laundering, terrorist financing and the financing of proliferation of weapons."

Risk Assessment tool developed and provided by the World Bank was utilised. The NRA forms the basis for this national strategy.

Looking Ahead – Strategic Implementation

The NRA will be used by private and public-sector stakeholders to understand the national risks to the financial sector and to implement effective measures, strengthen controls and supervisory oversight in each sector. It is hoped that it will be a catalyst for greater engagement among the private and public sector stakeholders as the TCI seek to ensure that its financial sector is not abused.

The NRA identified areas where further actions are necessary to improve the AML/CFT framework and reduce vulnerability to money laundering and terrorist financing. The required work has been put into action points and summarised in a National Action Plan. This Strategy sets out goals which embody the action points identified during the NRA process.

The actions within each goal are assigned to specific agencies to develop and implement with a lead agency being identified in each case. Progress will be monitored through the Anti-Money Laundering Committee (AMLC). There is already a mechanism for agencies to make reports to the Anti-Money Laundering Committee. This work will be given great scrutiny. Where needed amendments will be made to action items. Consequently, this Strategy will be a dynamic document reflecting the TCI's efforts to combat money laundering and the financing of terrorism risks identified and the progress in those endeavours.

The progress on the Goals and the effectiveness achieved will be closely monitored with annual reporting by the Anti-Money Laundering Committee to the Governor and the Cabinet.

Hon. Rhondalee Knowles
Attorney General
May 9, 2018

GOAL 1 – Improve Data Collection and Information Sharing

Key to assessing and understanding the threats and vulnerabilities which money laundering and the financing terrorism pose to the Islands is the accessibility and availability of data.

The National Risk Assessment highlighted that across departments and relevant regulated entities critical data is not always available or may be fragmented. Notably, there is no consolidated record of incoming requests for information across all competent authorities. Neither is there full data on cash flows in and out of the country. Where there is commonality of data which is captured by various agencies there are inconsistencies in the approach taken to capture the information and to what types of information is captured, which may lead to variations in addressing ML/TF risks which exists in the country.

The absence of data required to underpin the conclusions of the National Risk Assessment is of considerable concern to the Anti-Money Laundering Committee. Without meaningful data, the Anti-Money Laundering Committee, as the strategic and policymaking body, will not be able to make informed and prudent policy decisions aligned to the ML/TF risks faced by the country.

Strategy

A process for the collection of data relating to the work of law enforcement agencies should be established. Each agency will need to determine who will maintain the data and the way this data will be maintained. Where there is overlap in the activities of agencies they should work together to identify a mechanism for the capturing of the data on various activities among agencies, such as the use of a common recording template.

This information will need to be recorded in a form that is accessible so that whenever data is required it can be readily provided. However, accessibility does not mean that the information is not to be secured. Where the data contains sensitive information, protocols should be in place to ensure that such information is protected and secure. In such cases, agencies may need to consider release of sanitized versions of the data. One way to establish needed protocols to

GOAL 1 – Improve Data Collection and Information Sharing

ensure the protection of data released is to have this reflected in MoUs between various agencies. Creation of MoUs should improve the sharing of information among agencies.

Lead agency: Anti-Money Laundering Committee

Other agencies: Attorney General's Chambers, Customs Department, the Financial Services Commission; the Royal Turks and Caicos Islands Police Force; the Office of the Director of Public Prosecutions, the Financial Intelligence Agency, the Integrity Commission, the Immigration Department, Gaming Department and the Judiciary.

Actions

- Ensure that data capture and the approach to analysis is consistent among agencies.
- Develop key indicators that would allow for greater details and tracking of relevant predicate crimes.
- Create a common template for the collection of data in respect of law enforcement agencies, prosecutors and the courts.
- Ensure that data is maintained on the number of ML cases investigated, prosecuted, the number of convictions and sentences/sanctions made in ML cases
- Compile data on the number of civil recovery actions taken where there was no ML conviction.
- Ensure that statistics are kept regarding the amount and value of assets seized, restrained/frozen or confiscated.
- Establish a process for the collection of data relating to the work of law enforcement agencies that is accessible.
- Create centralized data sharing platforms.
- Implement information sharing arrangements among the various agencies to allow for easier access to information.
- Ensure that data storage and access is secure.

GOAL 2 – Regulate Gaming Industry

The TCI has a small Casino sector, with presently only one operational casino. The Casino Ordinance came into force in 1980 and despite amendments, AML/CFT compliance supervisory regime has not been incorporated into the law. Generally, the Casino Ordinance is outdated and do not reflect current international standards, neither are officials possessed of sufficient powers to effectively supervise the activities of Casinos.

Strategy

The Gaming Sector is in need of a new regulatory framework which takes account of the country's AML/CFT compliance regime and to be integrated as an active AML/CFT regulator. Work on a new gaming bill has been in the making for several years. The consultation for the Gaming Control Bill is now at an end. The consultation having been closed, steps are to be taken to finalize the Gaming Control Bill so that the bill is enacted by the end of the 2nd quarter of 2018.

The legislation will call for restructuring of the regulatory regime which means that the necessary resources need to be made available to ensure effective implementation, including training of existing gaming officials. Officials will also need to ensure that licensees and the public are aware of the new obligations and requirements that will be implemented.

Lead agencies: Gaming Department within the Ministry of Tourism, Environment, Culture, Heritage, Maritime and Gaming

Other agencies: Attorney General's Chambers, Cabinet.

GOAL 2 – Regulate Gaming Industry

Actions

- Finalize Gaming Control Bill and get the requisite Cabinet approval to present it to House of Assembly.

- Ensure that any needed personnel for implementation of the new regulatory framework are hired.

- Provide training to gaming inspectors and ensure that there is understanding of their role and legal authority in the implementation and oversight of the AML/CFT framework for the gaming industry.

- Implement information sharing arrangements with other agencies involved in AML/CFT to allow for access to information.

- Ensure that resources are available to implement security measures and proper data storage.

- Liaise with licensees, operators and others to bring awareness to the requirements of the new regime particularly as it relates to AML/CFT and how it is to be implemented within their business

- Conduct regular outreach and awareness activities to assist operators to comply with AML/CFT measures

GOAL 3 – Improve Investigations and Prosecutions

Detection of crime often starts with reporting of crime to the Police and information coming to the attention of the Police and other law enforcement agencies. There must be systems to prioritize which matters will be investigated and to determine what further information may be needed.

There has been no detection or investigation into any cases of terrorism and the financing of terrorism which affects prosecution of these offences. There is no data available to suggest that these activities are taking place in the TCI. However, systems should be put in place to ensure that nil detection and investigation truly reflects an absence of such activities. On the other hand, detection or investigation of predicate offences relating to theft, firearms and drugs is high, while investigation into human trafficking is low.

The RTCIPF and other law enforcement agencies are charged with investigating and developing ML/TF cases to lead to the prosecution of criminals before the court and to recover the proceeds of crime. However, it is not unusual for charges to be preferred only in respect of predicate crimes and not also for money laundering or as a standalone offence.

Processes need to be put in place to ensure all potential cases of money laundering, financing of terrorism and underlying predicate offences are identified and investigated, and where appropriate prosecuted and offenders convicted.

Strategy

The existing policies and procedures need to be reviewed to ascertain emerging patterns and determine why matters are not being taken forward for prosecution. ML/TF investigations should be embedded as priorities for the law enforcement agencies, with a view to ensuring that any needed resources to better detect such crimes are put in place. Having an effective communication framework will also assist in ensuring that the necessary national coordination is in place to ensure detection.

GOAL 3 – Improve Investigations and Prosecutions

A structured approach for determining when money laundering charges will be made should be created to ensure that all possible offences are before the Court and that ML or TF cases are not falling through the cracks due to lack of investigation. This approach should allow investigators and prosecutors to consider the evidence available to determine whether in addition to the elements of the predicate offence, the elements for ML/TF also exists and where they exist to ensure that those offences are also prosecuted.

This can be underpinned by ensuring that investigators are properly trained in the detection and investigation of ML and TF offences. Prosecutors, Magistrates and Judges must also be trained to properly handle ML/TF matters and to ensure that sentences imposed are proportionate and dissuasive. It is also important for Magistrates and Judges to recognize the importance of allowing prosecutions of ML/TF offences, either as standalone offences or in addition to the predicate offences.

Lead agencies: Royal Turks and Caicos Islands Police Force and Office of the Director of Public Prosecutions

Other agencies: the Customs Department, the Financial Intelligence Agency, the Integrity Commission, the Immigration Department, the Gaming Department, the Judiciary.

GOAL 3 – Improve Investigations and Prosecutions

Actions

- Conduct a review of existing policies and procedures within the RTCIPF to ascertain emerging patterns

- Ensure that the required resourcing is made available for the detection of serious crime and ML/TF offences

- Implement inter-agency procedures to allow for more effective communication and coordination in the detection of money laundering and terrorist financing

- Provide training to officers, to equip them to better gather evidence, conduct investigations and identify cases where ML offences may also be preferred, thereby ensuring that money laundering offences are also prosecuted when possible

- Arrange for TF training for officers to equip them with investigative techniques specific to the detection of TF offenders and so improve the TCI's ability to deprive terrorist organisations and terrorists of their assets

- Provide training to Prosecutors to allow them to better identify cases where ML offences may also be preferred and how matters should be progressed in the courts

- Provide training to Magistrates and Judges to ensure an understanding of the combatting of ML/TF processes, how to try ML/TF offences and what sentences may be imposed and how to deal with seized/restrained assets that may be liable to forfeiture; so that judicial decisions in such matters are dissuasive, proportionate, fair and timely

GOAL 4 – Correct Legislative Deficiencies

Since the Caribbean Financial Action Task Force Mutual Evaluation report in 2008, the Turks and Caicos Islands Government has progressively enhanced the legislative framework. The laws are not static and must keep abreast of various changes and developments in the international AML/CFT standards. Regular use of the laws related to AML/CFT has revealed deficiencies that exist in the laws and areas for improvement.

In the NRA areas for legislative change were identified. For example, Part V of the Non-Profit Organisation Regulations 2014 which provides for enforcement action has to be brought into force. The issues which delayed the coming into operation of Part V have now been resolved and the necessary steps can now be taken to bring Part V of the Regulations into operation. There may also be gaps with respect to tax crimes which need to be addressed. The need for new gaming regulatory legislation has been separately discussed in Goal 2.

Strategy

Ensure that laws and enforceable means meet the requirements of the FATF standards and allows for a robust AML/CFT system. This will call for all national agencies to review existing laws to identify areas where the laws fall short of the international standards. Where appropriate amendments will have to be made. It may also call for enactment of legislation to address new areas that are not covered by legislation. One such area may be the real estate sector. Consideration will have to be given to whether legislative provision needs to be made in respect of the business of the real estate sector as has been done in other countries.

Consideration will also have to be given to whether there is a need for the issuance of guidance to assist in understanding the application of the laws.

A prioritization system will be developed which will include first addressing measures which can be done relatively quickly.

GOAL 4 – Correct Legislative Deficiencies

Lead agency: Attorney General's Chambers

Other agencies: Anti-Money Laundering Committee, the Cabinet.

Actions

- All AMLC members to conduct review of the various AML/CFT laws related to their work to identify areas where deficiencies or gaps exists.

- Engage with the Principal Legislative Drafter to determine how to move forward and prioritize areas.

- Bring into operation Part V of the NPO Regulations.

- Prepare and issue revised Guidance to the Anti-Money Laundering and Prevention of Terrorist Financing Code along the lines of that issued in 2011.

- Consider whether there are areas of uncertainty requiring greater clarification and where needed, produce and issue guidance for the relevant sectors.

- Determine whether legislation is required for the real estate sector.

- Examine how and where tax crimes are captured in the TCI legislative structure and where necessary amend legislation to ensure that they are fully captured.

GOAL 5 – Effectively Supervise and Monitor Financial Institutions & NPOs

There is a range of financial business sectors in the Turks and Caicos Islands. Each of these sectors have their own money laundering and terrorist financing risks, all of which must be managed within the legislative framework based upon international standards. This can only be achieved if appropriate supervision and monitoring is performed by onsite and offsite examinations, the frequency of which is aligned to identified risks faced by each sector.

The NPO sector is subject to the supervision of the NPO Supervisor. The NRA revealed that it is unusual for funds to be used internationally, except as part of mandated annual remittances to parent organisations and where catastrophic events occur internationally to assist in charitable work being undertaken. However, ongoing monitoring is important to ensure that this position is maintained.

Strategy

Good supervision is a critical factor in determining the effectiveness of licensees in implementing their AML/CFT responsibilities. The Financial Services Commission as the supervisor/regulator of all financial sectors save for Gaming must ensure that it develops and implements a risk based supervisory approach incorporating both on-site and off-site supervision activity. The only way the ML/TF risks identified in the NRA will be effectively managed is by regular supervision and monitoring. Systems will need to be put in place to provide for the timing and frequency of onsite and offsite monitoring. Additionally, there should be sufficient personnel with the required skills to conduct the supervision.

Lead agency: Financial Services Commission

Other agencies: Attorney General's Chambers, Anti-Money Laundering Committee.

GOAL 5 – Effectively Supervise and Monitor Financial Institutions & NPOs

Actions

- Develop a suitable frequency of repeating examinations aligned to inherent sectoral risks to consist of a mix of full on-site examinations, thematic reviews by sector, and targeted examinations on high-risk activities.

- Where needed, undertake rounds of joint on-site examinations between the AML Supervision Department and the relevant regulator/supervisor to inform the overall levels of compliance.

- Develop a system to track the effectiveness of the mitigating controls.

- Conduct risk profiling of each financial business and thereafter develop and implement off-site monitoring regime based upon information gained.

- Ensure that resources are available to implement supervision and monitoring programs.

- Introduce and deliver a training program for all AML supervision staff and regulatory Department staff including management involved in AML supervision.

- Consider the revised interpretative note supporting FATF recommendation 8 to develop a streamlined and risk focused approach to supervision of NPOs.

- Conduct review of NPOs that remit funds outside of the jurisdiction to ensure that it is not be used for terrorist financing or proliferation financing.

GOAL 6 – Progress Registration & Supervision of DNFBPs

Designated Non-Financial Businesses and Professions (DNBPs) are supervised by the Financial Services Commission in accordance with the Proceeds of Crime Ordinance. The DNFBP Supervisor monitors the compliance of DNFBPs with their AML/CFT obligations. There has been some registration of the various DNFBPs but no other supervisory actions taken. Good supervision is a critical factor in determining the effectiveness of licensees in implementing their AML/CFT responsibilities.

Among the DNFBPs there are a few self-regulatory bodies such the Bar Council and the Turks and Caicos Islands Real Estate Association (TCREA). However, these bodies have expressed difficulties with persons operating outside of the memberships.

Strategy

The registration of DNFBPs must be continued to ensure that their activities are monitored. A detailed assessment must be conducted with a view to ensuring that all identified risks are managed. For example, consideration should be given to whether in the Turks and Caicos Islands context the cash threshold of $50,000 for high value dealers, other than jewellers, is too high and not meeting the objectives of identifying and reporting of suspicious activity by criminals wishing to purchase high value items.

Lead agency: Financial Services Commission

Other agencies: Attorney General's Chambers, the Anti-Money Laundering Committee.

GOAL 6 – Progress Registration & Supervision of DNFBPs

Actions

- Review progress of registration of DNFBPs.

- Conduct risk profiling of each DNFBP and thereafter develop and implement monitoring regime based on information gained.

- Develop a suitable program for undertaking monitoring aligned to inherent business risks to inform the overall levels of compliance.

- Ensure that resources are available to implement supervision and monitoring programs.

- Assess the risk impact of non-resident accountants operating on a temporary basis in the Turks and Caicos Islands auditing financial businesses.

- Assess the impact of non-TCREA real estate agents and assess the feasibility of legislation changes to capture all real estate agents within the supervisory coverage of TCREA.

- Assess the types of high value dealers to be included in registration requirements, and also re-assess the legislative threshold value of $50,000.

- Conduct assessment of the practical implementation of supervision of independent legal professionals caused by the conflict between confidentiality occasioned by legal privilege and the need for transparency of information for the supervisor.

GOAL 7 – Examine Suspicious Activity Reporting to the FIA

The Financial Intelligence Agency (FIA) serves as the unit to receive Suspicious Activity Reports made by Financial Businesses and DNFBPs. The FIA uses Suspicious Activity Reports/Suspicious Transaction Reports as a base for conducting enquiries and developing information that may be useful to other Financial Intelligence Units or law enforcement agencies (LEAs).

Analysis of Suspicious Activity Reports statistics indicate low numbers of Suspicious Activity Reports submitted to the Financial Intelligence Agency and that reporting of suspicious activity did not encompass all financial sectors. In respect of terrorist financing, no Suspicious Activity Reports have been submitted to the FIA. The cause of low reporting may be the absence of suspicion or less than rigorous transaction monitoring, but it does not necessarily follow that there is a weak reporting regime.

Strategy

To make a sound determination of the reasons for the seemingly low number of suspicious activity reports disclosed to the FIA, the FSC and the FIA should undertake an exercise to seek out the root cause and generally raise awareness. This may include engaging with the financial institutions and DNFBPs and if necessary conduct enhanced outreach and awareness. The engagements should allow for the FIA to establish whether there needs to be any further clarifications made to the guidance already issued on STRs/SARs.

The FIA will also liaise with LEAs to determine how intelligence from STRs/SARs is being used and whether they lead to criminal investigations and prosecutions.

Lead agency: Financial Intelligence Agency

Other agencies: Financial Services Commission, the Anti-Money Laundering Committee.

GOAL 7 – Examine Suspicious Activity Reporting to the FIA

Actions

- Assess the SARs/STRs to determine the types of activity been reported.

- Engage with FIs/sector representatives to seek out the root cause for low reporting

- Conduct more awareness raising programs to the industry on SAR/STR reporting.

- Review STR/SAR guidance to determine whether any further information should be provided.

- Evaluate the level of dissemination, investigations and prosecutions generated by SARs/STRs.

GOAL 8 – Increase Capabilities to Monitor Borders

Surrounded by a large water mass and having several uninhabited islands and cays, the archipelagic nature of the Turks and Caicos Islands makes it accessible by all types of watercraft, including small sail boats and power boats, which means that there is a potential for smuggling and moving bulk cash.

Monitoring of the marine areas is mainly done through the combined use of a coastal radar system in Providenciales and marine patrol. However, the radar does not cover the whole country and the lack of resources means that there is no continuous patrol of the coastline. Additionally, there have been a few occasions when the radar system and patrol boats have not been in operation.

Strategy

Examine how monitoring of all TCI Borders may be improved, including whether additional resources will be needed to properly monitor borders. Recently additional vessels have been procured by the RTCIPF but the impact this is having on the country's ability to patrol and monitor its borders has not yet been measured. An assessment will need to be done to determine whether additional patrol vessels will be required. A strategy is needed to enable better coordination between Border Control and the RTCIPF in monitoring the marine boarders.

Lead agency: Ministry of Border Control

Other agencies: Royal Turks and Caicos Islands Police Force, the Cabinet

GOAL 8 – Increase Capabilities to Monitor Borders

Actions

- Ensure the proper functioning of the radar system

- Consider whether there is a need for a radar system in other areas of the country

- Implement processes for better and more efficient coordination by the Coastal Radar Station with RTCIPF when there are detections of unauthorized vessels

- Develop a strategy for the better monitoring and surveillance of all TCI Borders

- Allocate additional resources to areas currently receiving low/no surveillance

GOAL 9 – Implement Measures to Enhance Controls by Border Control and Customs

The departments of Customs and Border Control/Immigration have important roles to play regarding protecting the Turks and Caicos Islands from abuse and infiltration by criminals by way of money laundering and terrorist financing.

Where arriving passengers are concerned, Border Control (Immigration) has been essential in identifying persons of interest or whom they suspect to need further scrutiny. Border Control can also provide useful data to collate and track arrivals and departures through the borders of the Turks and Caicos Islands.

In respect of Customs, while there is a declaration system for cash coming into the country, a system to track cash movements out of the country has recently been implemented along with targeted awareness sessions. While there is detection and investigation into suspicious activities, the Customs Department must collect, maintain and share data which reflects such activities. As a significant net importer of goods, the threat of the criminal movement of goods in and out of the country through the mispricing of invoices must be assessed (referred to as Trade Based Money Laundering.

Strategy

Border Control must enhance data collection systems to enable monitoring the movement of persons to and from the country which can assists in identifying external threats. It must also develop key indicators to enable them to track possible relevant predicate crimes and implement information sharing arrangements with members of the Anti-Money Laundering Committee.

The Customs Depart must continue its efforts to bring awareness to the recently implemented outbound cash declaration system and ensure that records are kept of all cash movements. A formal process must be put in place to share information with the Financial Intelligence Agency. An assessment of the level of trade-based money laundering will need to be conducted.

GOAL 9 – Implement Measures to Enhance Controls by Border Control and Customs

In both Border Control and the Customs Department strengthening of data collection, communication, feedback and collaboration will have to be undertaken.

Lead agencies: Ministry of Border Control and the Customs Department

Other agencies: Ministry of Finance, the Anti-Money Laundering Committee.

Actions

- Continue efforts to bring awareness to the recently implemented outbound cash declaration system

- Compile and maintain statistics of cash movement in and out of the country to determine the scale of activity and the reasonableness of these levels

- Assess the threat of criminal abuse through the avenue of Trade Based Money Laundering

- Develop key indicators to enable the tracking of possible relevant predicate crimes such of smuggling and human trafficking

- Implement information sharing arrangements with members of the Anti-Money Laundering Committee

- Ensure that statistical data in relation to cash seizures are compiled and maintained

GOAL 10 – Promote Training & Awareness Among all Stakeholder Agencies

As an international financial centre, it is essential that senior policy-makers and officials are versed in the issues, threats and the international standards which impact how resources are to be deployed to strengthen the TCI's AML/CFT regime.

The NRA revealed that money laundering in the TCI, both domestically and internationally is primarily connected with drugs and fraud. The Government, through the AMLC, recognises that it has a responsibility to ensure that the financial sector is protected from ML/TF threats. Ensuring that all public and private sector stakeholders are aware of these threats will contribute to the success of the country's AML/CFT efforts.

Engagement with the financial sector practitioners is also key. These practitioners must be aware of threats and risks that they may face in carrying out their activities and have in place mechanisms to prevent their services from being abused by those engaged in ML/TF. They must also be willing to work with the FSC and the Government to address identified gaps and vulnerabilities existing in the financial sector, such as the issue of de-risking.

Strategy

Implement awareness raising programs across government. This should ensure that policy-makers, officials and other public sector personnel are provided with the knowledge needed to direct and support the country's AML/CFT regime. This should enable better understanding of the way these measures impact upon departmental operations and procedures geared towards countering existing risks and threats. Existing human resources must be bolstered through training so that risks and threats are easily detected and tackled.

Engagement with financial sector practitioners to develop better collaboration and national coordination on AML/CFT issues is to be sustained. Measures must be put in place to ensure that the financial sector are acquainted with the requirements under TCI law regarding AML/CFT and are advised of concerns about weaknesses in the AML/CFT systems of other countries.

GOAL 10 – Promote Training & Awareness Among all Stakeholder Agencies

Change in the approach by the financial sector on the issue of de-risking must be fostered and strategies must be developed and monitored for impact.

Lead agency: Anti-Money Laundering Committee

Other agencies: Attorney General's Chambers, Customs Department, the Financial Services Commission; Royal Turks and Caicos Islands Police Force; Office of the Director of Public Prosecutions, the Financial Intelligence Agency, Integrity Commission, Immigration Department, Gaming Department, the Judiciary.

Actions

- Develop programs for awareness raising of the anti-money laundering and combatting the financing of terrorism among all public-sector stakeholders ensuring that there is buy-in from all policy-makers and senior officials

- Build upon previously provided training by providing practical guidance on how the international standards are to be implemented in the daily activities of the agencies

- Identify areas where training is needed including external training opportunities that exist for any stakeholder agency

- Conduct familiarization exercises with all public stakeholder agencies by having each agency make presentations on the work that they do; how it fits into the AML/CFT regime and what AML/CFT risks affect their respective tasks.

- Ensure awareness and knowledge is filtered to front line staff through training

- Monitor and report progress on training in financial crime matters including training for police officers, prosecutors and the Judiciary

- Regularly engage with financial businesses to increase AML/CFT awareness and understanding regarding the requirements of the AML/CFT laws.

GOAL 10 – Promote Training & Awareness Among all Stakeholder Agencies

- Foster dialogue between those adopting de-risking practices and those vulnerable to or affected by de-risking, to consider the challenges and concerns each faces and mechanisms for achieving access to legitimate financial channels

- Identify any required guidance, or amendments to guidance, relating to AML/CFT, to assist financial businesses

- Improve upon existing notification systems to ensure that financial businesses are kept up-to-date with AML/CFT issues including concerns about weaknesses in the AML/CFT systems of other countries

Conclusion

The ultimate goal of the Anti-Money Laundering Committee in producing this National Strategy is to provide a guide to our jurisdiction of actions required to be undertaken in order to advance the TCI as a secure and well-regulated international financial center which is effective in mitigating against money laundering, terrorist financing and the financing of weapons proliferation.

The Anti-Money Laundering Committee

"The ultimate goal of the Anti-Money Laundering Committee in producing this National Strategy is to provide a guide to our jurisdiction of actions required to be undertaken in order to advance the TCI as a secure and well-regulated international financial center which is effective in mitigating against money laundering, terrorist financing and the financing of weapons proliferation."

Section 115 of the Proceeds of Crime Ordinance provides the authority to establish a body known as The Anti-Money Laundering Committee (AMLC) under the Chairmanship of the Attorney General of the Turks and Caicos Islands.

Members of the AMLC are:

- The Attorney General, as Chairman;

- The Collector of Customs,

- The Managing Director of the Financial Services Commission;

- The Commissioner of Police;

- Director of the Financial Intelligence Agency;

- The Director of Public Prosecutions; and

- such other persons as the Committee shall agree, to assist it in the performance of its functions.

Section 116 of the Proceeds of Crime Ordinance provides for the functions of the AMLC which include:

- To advise the Governor in relation to the prevention of money laundering, terrorist financing and the financing of proliferation;

  o on the development of a national plan of action to include effective mechanisms to enable competent authorities in the Islands to co-ordinate with each other;

  o on participation of the Islands in the international effort;

  o on the development of policies;

- To issue any needed Code and Guidance;

- To advise for the authorisation of payment out of the National Forfeiture Fund; and

- Other functions as necessary for the purposes of the *Proceeds of Crime Ordinance.*

The AMLC is required to provide an annual report on its work to the Governor.

The Attorney General's Chambers

The Attorney General's Chambers is a Government of the Turks and Caicos entity, headed by the Attorney General. Section 41 of the Constitution states that the Attorney General "shall be the Legal Adviser to the Government and the House of Assembly." The Attorney General also advances and protects the interests of the Turks and Caicos Islands in the international arena and in international disputes. National coordination of the Turks and Caicos Islands' efforts for the prevention of money laundering, terrorist financing and the financing of proliferation is led by the Attorney General.

The Attorney General is responsible for the processing and handling of requests for assistance in accordance with Mutual Legal Assistance matters and applicable Conventions. External Requests and External Orders in accordance with Schedule 4 to Proceeds of Crime Ordinance are also processed by the Attorney General's Chambers.

The Attorney General is the Civil Recovery Authority under Part III of Proceeds of Crime Ordinance. Civil recovery allows recovery of the proceeds of unlawful conduct without the need for a conviction, through proceedings in the Supreme Court proved to a civil standard. Civil recovery proceedings are concerned with the property itself rather than (as in confiscation) the person responsible for the unlawful conduct. For property to be recoverable the unlawful conduct does not have to be proved but the property must be linked to the unlawful conduct.

The Turks and Caicos Islands Financial Services Commission

The Turks and Caicos Islands Financial Services Commission has a specific mandate under section 4(1)(d) of the Financial Services Commission Ordinance Cap 16.01*,* to monitor compliance by licensees with all laws, codes and guidance relating to money laundering or the financing of terrorism. This mandate is further reinforced in section 161(1) of the Proceeds of

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Crime Ordinance Cap 3.15 which states that the Financial Services Commission is the supervisory authority for regulated financial business.

Additionally, in accordance with section 161(2) of the Proceeds of Crime Ordinance Cap 3.15, the Governor, through regulation 23 of the Anti-Money Laundering and Prevention of Terrorist Financing Regulations 2010, has prescribed that the Financial Services Commission may be the supervisory authority for DNFBPs. Section 163(1) of the Proceeds of Crime Ordinance Cap 3.15, further provides that the function of the supervisory authority is to monitor compliance by financial businesses with AML/CFT obligations and take appropriate enforcement action for breaches of AML/CFT obligations.

The Financial Services Commission is the designated Supervisor of the Non-Profit sector which is done under the Non-Profit Regulations 2014.

The Director of Public Prosecutions

The Director of Public Prosecutions (DPP) is charged under section 100(2) of the Constitution with the power to institute and undertake criminal proceedings against any person before any court in respect of any offence against any law in force in the Islands. Criminal confiscation (post-conviction) provided for under Part II of the Proceeds of Crime Ordinance is conducted by the Director of Public Prosecutions. These proceedings seek to recover the financial benefit that a person has gained because of having committed a criminal offence. Confiscation orders are available following a criminal conviction.

Royal Turks and Caicos Islands Police Force

The core duties of the Royal Turks and Caicos Islands Police Force (RTCIPF) includes internal security by preventing and detecting crime, protection of life and property and maintaining the peace. The RTCIPF investigates and develops ML/TF cases to lead to the prosecution of criminals before the court and to recover the proceeds of crime. A senior officer of the RTCIPF may apply for Production Orders under Proceeds of Crime Ordinance in relation to criminal conduct, criminal recovery investigations and money laundering investigations.

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Customs Department

Collection of import and export duties on behalf of the Turks and Caicos Islands Government is performed by the Collector of Customs. Preventing and interdicting illegal drugs and other prohibited and restricted goods is one of the core functions of the Customs Department, in addition to facilitating legitimate trade and international travel.

The Financial Intelligence Agency

Established by the Financial Intelligence Agency Ordinance Cap 3.20, the Financial Intelligence Agency plays a central role in the Turks and Caicos Islands anti- money laundering regime and serves as the unit to receive Suspicious Activity Reports made by Financial Businesses and DNFBPs.

Upon receipt of Suspicious Activity Reports/Suspicious Transaction Reports the Financial Intelligence Agency conducts enquiries to develop the information. This information is also assessed for its relevance and usefulness to other Financial Intelligence Units or law enforcement agencies (LEAs). From these efforts, various products may be developed following the Agency's analysis and its findings. Some of these products include intelligence reports, spontaneous disseminations and financial profiles.

Glossary of Acronyms

ACRONYM	DEFINITION
AGC	Attorney General's Chambers
AML	Anti-Money Laundering
AMLC	Anti-Money Laundering Committee
AML/CFT	Anti-Money Laundering and Combatting the Financing of Terrorism
DNFBP	Designated Non-Financial Businesses and Professions
CFATF	Caribbean Financial Action Task Force
FATF	Financial Action Task Force
FIA	Financial Intelligence Agency
FSC	Financial Services Commission
LEA	Law Enforcement Agency
MER	Mutual Evaluation Report
ML	Money Laundering
ML/TF	Money Laundering/Terrorist Financing
NPO	Non Profit Organisations
NRA	Money Laundering and Terrorist Financing National Risk Assessment
RTCIPF	Royal Turks & Caicos Islands Police Force
SAR	Suspicious Activity Report
STR	Suspicious Transaction Report
TF	Terrorist Financing
TCI	Turks and Caicos Islands
TCREA	Turks and Caicos Islands Real Estate Association

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