PARLIAMENT
REPUBLIC OF TRINIDAD AND TOBAGO

Summary of Proceedings
Public Hearing
Held on **Friday November 22, 2024 from 10:32 a.m. to 1:04 p.m.**

Subject matter: An inquiry into the performance of the Financial Intelligence Unit of Trinidad and Tobago (FIUTT) in relation to improving AML/CFT compliance.

Venue: J. Hamilton Maurice Meeting Room, Parliamentary Complex, Cabildo Building, St. Vincent Street, Port of Spain.

Objectives of the Inquiry:

The objectives of the inquiry are as follows:

1. to determine the money laundering/terrorist financing (ML/FT) risks and trends in Trinidad and Tobago;
2. to determine the effectiveness of policy and legislation to treat with ML/FT; and
3. to assess the performance of the FIUTT with respect to its effectiveness in managing the country's anti-money laundering/ counter terrorist financing regime.

Committee Members

The following Committee Members were present:

- Mrs. Hazel Thompson-Ahye
- Mr. Symon de Nobriga, MP
- Mrs. Jayanti Lutchmedial-Ramdial
- Mr. Hassel Bacchus
- Mr. Laurence Hislop

The following Committee Members were excused:
- Mr. Marvin Gonzales, MP
- Mr. Keith Scotland, SC, MP
- Mr. Saddam Hosein, MP

<u>Witnesses who appeared</u>

The following officials from:

The Financial Intelligence Unit of Trinidad and Tobago (FIUTT)

- Mr. Nigel Stoddard, Director
- Ms. Mary Martinez-Campbell, Deputy Director
- Ms. Shivana Sharma, Legal Officer II
- Mr. Kevin Radix, Director, Compliance and Outreach Division
- Ms. Candice Thomas, Supervisor, Compliance and Outreach

The Central Bank of Trinidad and Tobago (CBTT)

- Mr. Patrick Solomon, Inspector of Financial Institutions
- Mrs. Michelle Francis-Pantor, Deputy Inspector of Financial Institutions
- Ms. Nadira Rahamatula, Manager, Anti-Money Laundering (AML) Unit

The Trinidad and Tobago Securities and Exchange Commission (TTSEC)

- Mr. Kester Guy, Chief Executive Officer (CEO)
- Ms. Rosalind King, Director, Compliance and Inspections

The Office of the Attorney General and Ministry of Legal Affairs – Anti-Terrorism Unit (ATU)

- Ms. Casandra Seetahal, Senior Legal Counsel
- Ms. Meilan Choo-Ching Donawa, Legal Counsel I
- Mr. Kevon Persad, Legal Counsel I

<u>Key Issues Discussed</u>

The following are the main issues highlighted during discussions with the **FIUTT**:

i. The FIUTT was established pursuant to Recommendation 29 of the Financial Action Task Force (FATF) as the national centre for the receipt and analysis of Suspicious Transaction Reports (STRs) and other information related to anti-money laundering (AML), counter financing of terrorism (CFT) and proliferation financing.

ii. The regulatory framework in which the FIUTT operates requires that reporting entities, such as banks, have transaction monitoring systems to detect suspicious transactions. These are then transmitted to the FIUTT for further investigation.

iii. An example of this role by reporting entities relates to cash-based businesses, indicated by the FIUTT to be a vehicle through which money laundering may take place. The FIUTT indicated that, for cash transactions, the onus is on the reporting entity to obtain information from the customer in order to determine whether an STR should be filed or not, in a risk approach. The same applies for cash-based events, where the reporting entity may confirm the legitimacy of the funds being deposited based on receipts and other documentation.

iv. The FIUTT also spoke to the sale or purchase foreign currency role without the authorisation from the CBTT, in breach of the Exchange and Control Act. In this regard, the FIUTT acknowledged that that Act is clear and that the legality of retail outlets selling currency falls under another authority's remit. However, the FIUTT did note that cultural practices had allowed persons to trade foreign currency with relatives since such persons are not officially in the business of buying and selling foreign exchange.

v. The FIUTT informed that it does receive risk assessments from financial institutions and listed businesses as required under Regulation 7(2) of the Financial Obligations Regulations 2010. The CBTT informed that it monitors compliance under this requirement and that there is a good level of compliance on the part of financial institutions and listed businesses.

vi. In respect of non-profit organisations (NPOs), the FIUTT apprised that the FATF had recently revised its approach regarding NPOs from one of regulation to one of oversight. The reason given was the stifling effect that regulation had on the NPO sector. Accordingly, the FIUTT had commenced a stand-alone risk assessment of the NPO sector separate from the wider financial services sector. The FIUTT noted that progress had been made regarding revised FATF recommendation 8. The result was that Trinidad and Tobago received a partially compliant rating since the 4^{th} Mutual Evaluation Review where Trinidad and Tobago had been rated as non-compliant.

vii. The FIUTT advised that FATF Recommendation 29 also allows for FIUs to have access to such as currency transaction reporting/threshold reporting, as well as wire transfer reporting. The FIUTT advised that while most FIUs have access to this type of information, the FIUTT does not. The FIUTT informed that a policy document has been formulated to introduce this type of reporting in Trinidad and Tobago and that this document will be considered at the next meeting of the National Anti-Money Laundering Committee (NAMLC), of which the FIUTT, CBTT, TTSEC and ATU are members.

viii. The FIUTT indicated that there is a cross border aspect to organised crime in Trinidad and Tobago, in respect of the movement of funds and commodities. The FIUTT underscored its recognition of the importance of cooperation with entities such as the Board of Inland Revenue, the Customs and Excise Division and the Immigration Division in protecting the financial system.

ix. The FIUTT also spoke to its cooperation with FIUs in other countries through the Egmont Group of FIUs, of which 177 countries are members. The FIUTT indicated that, where cooperation had taken place with other FIUs, the predicate offenses had included suspected drug trafficking, money laundering and tax evasion.

The following are the main issues highlighted during discussions with the **CBTT**:

x. The FIU, the Central Bank, and the Trinidad and Tobago Securities and Exchange Commission are all members of the NAMLC. The CBTT underscored that there is frequent collaboration between all three agencies which includes sharing of information and the development of policies, guidelines and legislation, to ensure the resilience of the financial sector in the face of evolving financial threats.

xi. Regarding the trade in foreign currency, the CBTT informed that it publishes a list of authorised dealers of foreign currency on an annual basis. The CBTT advised that legal opinion was sought regarding the illicit trade in foreign currency and it was opined that the relevant legislation should be amended to include the specific offence of advertising.

xii. In the interim, where whistleblowing takes place, contact is made with the Trinidad and Tobago Police Service (TTPS) which investigates and thereafter, the Director of Public Prosecutions (DPP) is engaged to determine whether there is a case to be made. The CBTT did note that it is seeking to have the Exchange and Control Act amended to include thresholds such as currency thresholds.

xiii. CBTT is obligated during their AML/CFT risk assessments/examinations of financial institutions and listed businesses to verify that there is documentation relative to the risk approach being conducted by the entities on their customers. CBTT has a specific unit which engages in risk-based supervision of these entities.

xiv. In terms of monitoring for ongoing compliance, CBTT does this through onsite examinations and places reliance on offsite monitoring on external AML audits that are required to be conducted by every financial institution and listed businesses to ensure compliance with the requirements. There is generally a good level of compliance with the requirement in terms of conducting assessments on a periodic basis.

xv. The CBTT has observed a decline in counterfeit currency since the introduction of polymer notes.

xvi. The CBTT spoke with the moneylending sector which is currently governed by the Moneylenders Act of 1932. In this regard, the CBTT indicated that a stand-alone risk assessment was being conducted into the moneylending sector and that the outcome of that assessment will inform future regulatory reform.

xvii. Regarding digital signatures and digital identity, the CBTT, as part of the NAMLAC and the Supervisory Working Group, is looking into the Electronic Transactions Act (ETA) and the Data Protection Act (DPA), and into virtual assets and virtual asset providers. The

CBTT also drew linkages between commitments made internationally and the need to amend domestic legislation to grant powers to enforce such commitments, based on risks identified in the various sectors.

xviii. There is currently no regulatory framework to treat with virtual assets and virtual asset service providers. A risk assessment is currently being done to understand the level of activity and the number of players in the market to determine the level of exposure posed to the country.

The following are the main issues highlighted during discussions with the **TTSEC**:

xix. The TTSEC affirmed its responsibility for protecting investors within the securities space. The organisation also contributes significantly to ensuring that market integrity is maintained and partners with other stakeholders to ensure that overall financial stability is also achieved.

xx. The TTSEC is aiming to achieve full compliance among entities in the security sector. Compliance reviews are conducted to ensure that entities are keeping within the regulations and guidelines. When gaps are identified, timeframes are provided to the entities to rectify same and where there are breaches, the TTSEC defers to higher enforcement action.

xxi. The TTSEC also spoke to its active programme of market surveillance to ascertain possible breaches of the Securities Act.

The following are the main issues highlighted during discussions with the **ATU:**

xxii. The ATU affirmed its role as assisting in fulfilling the obligations and functions of the Honourable Attorney General as stipulated under the Anti-Terrorism Act, including the implementation of relevant domestic and international commitments.

xxiii. The ATU takes a whole of country approach to AML and CFT and to ensuring that the country's reporting obligations are met and implemented without delay. Some of the delays were addressed through one-on-one interactions with the Judiciary and the creation of standard operating procedures and by way of technical assistance from other bodies such as the United Nations Office of Drugs and Crime (UNODC).

xxiv. The ATU noted the significant reduction of STRs related to terrorist financing. The ATU informed that the implementation of the technical compliance framework which saw Trinidad and Tobago being removed from the FATF grey list.

xxv. In respect of the risks associated with nationals returning from terrorist zones, the ATU informed that a draft Returnees Bill was currently before the Law Review Commission. The ATU informed that there had been significant consultation undertaken in drafting the

Bill, moreso as aspects of its eventual implementation rest with other state entities such as the Ministry of National Security.

This public hearing can be viewed on demand via our YouTube Channel.

https://www.youtube.com/watch?v=desPrNA8Z0Q

Contact the Committee's Secretary

jscfla@ttparliament.org or 624-7275 Ext. 2283/2284/2277

Committees Unit

January 16, 2025.