



REPUBLIC OF TRINIDAD AND TOBAGO  
MINISTRY OF NATIONAL SECURITY

**NATIONAL POLICY  
TO DEVELOP, MONITOR AND PROMOTE  
A COUNTER MONEY LAUNDERING AND  
TERRORIST FINANCING FRAMEWORK**

# **I**NTRODUCTION

Definition:

Money laundering is a term usually used to describe the ways in which criminals process money derived from the proceeds of any illegal activity through a succession of transfers and deals until the source of the illegally acquired funds is obscured and the money takes on the semblance of legitimate or 'clean' funds or assets.

There are three (3) internationally recognized phases in money laundering: placement, layering and integration.

Placement occurs when the cash generated from a crime is placed into the financial system or used to purchase goods and/or services. This is the point at which the proceeds of crime are most apparent and therefore most at risk of detection.

Layering occurs when money that is illicitly derived passes through a series of transactions in order to conceal or distort its origins. These transactions may involve different entities and multiple jurisdictions. Integration which is the final phase of the laundering process occurs when the original source of funds has already been obscured and the money reappears as legitimate funds or assets.

Money Laundering has become a serious global issue. Analysts estimate that worldwide the illicit proceeds derived from money laundering range from \$590 Billion (US) to \$1.5 trillion (US), which amount to 2% to 5% of global gross domestic product.

# **S**TRATEGY:

The 2008 Anti-Money Laundering Strategy for Trinidad & Tobago identifies areas in which Government will continue to work to review, revise and update the existing institutional and legislative framework. The Strategy breaks new ground by including enhancements made to the international assessment criteria by the Financial Action Task Force and similarly styled regional bodies.

Trinidad and Tobago's Anti-Money Laundering Strategy has four (4) main objectives:

- I. Public Outreach
- II. Strengthening Trinidad and Tobago's legal and institutional framework to ensure conformity with the Financial Action Task Force 40+9 Recommendations
- III. Strengthening enforcement capabilities
- IV. Adoption of risk based approach

## **I. PUBLIC OUTREACH**

Recognizing that the effective engagement of all international and national stakeholders is paramount to the success of an anti-money laundering programme the Government of Trinidad and Tobago has assumed primary responsibility for public awareness. A Public Outreach Programme would include the application of a wide range of

media extended to:

- international partners
- the national public
- the regulated sectors

Trinidad and Tobago is host to the Secretariat's Offices of the Caribbean Financial Action Task Force, pursuant to the Agreement between the Caribbean Financial Action Task Force and the Government of the Republic of Trinidad and Tobago on the Headquarters of the Caribbean Financial Action Task Force and its Privileges and Immunities of 1999.

## **II. STRENGTHENING TRINIDAD AND TOBAGO'S LEGAL AND INSTITUTIONAL FRAMEWORK**

The attainment of an effective Anti-money Laundering and Combating the Financing of Terrorism Framework in Trinidad and Tobago requires strong legislation and institutional alignments that promote collaboration and efficiency. Throughout 2008 and continuing legislative enhancements would be introduced in tranches. The first tranche would consist of amendments and enactments aimed at satisfying Financial Action Task Force Recommendations: 1, 5, 10 and 13. Once these criteria have been satisfied Trinidad and Tobago would have in place a legislative framework with clearly defined procedures that compel the reporting of suspicious transactions, the institution of systems of record keeping within the regulated sector and facilitate the exchange of financial information among authorized bodies.

The second tranche of legislative activity would involve enactments geared towards satisfying Financial Action Task Force Special

# **N**ATIONAL POLICY

As a premier financial centre within the southern Caribbean archipelago Trinidad and Tobago continues to enjoy sustained economic expansion in the context of an increasingly open economy with a buoyant foreign exchange market, consistent balance of payments surpluses, a healthy build up of financial reserves, prudent fiscal management and sustainable debt servicing. Plans are well-advanced to establish Trinidad and Tobago as a capital market for regional governments and corporate firms and to function as the dominant regional stock exchange and possibly home to the Regional Credit Rating Agency.

A robust legislative and institutional framework and strong partnerships with stakeholder communities would ensure the existence of highest levels of control against the corrosive effects of the laundering of money. Government therefore continues to accord highest priority to adhering to benchmarks set by international and regional trendsetters – namely the Financial Action Task Force and Caribbean Financial Task Force – and partnering in the global effort to combat the laundering of money and financing of terrorism.

The supporting pillars of Government's effort would be:

- Strengthening partnerships with the international community
- Engagement of the national community stakeholders
- Capacity building that would ensure a robust institutional framework, expeditious enforcement of laws and institutional alignments that promote collaboration, coordination and efficiency
- Generating a culture of compliance at all levels of society including the regulated sectors

of terrorism continue to be raised, Trinidad and Tobago would be responding with corresponding alacrity. Actions now being pursued by this Government would involve the widest range of consultations.

Senator the Honourable  
Martin R. Joseph  
Minister of National Security  
Prime Contact of Caribbean  
Financial Action Task Force

Recommendations II and IV. Relevant provisions relate to the criminalization of financing of terrorism and the reporting of suspicious transactions related to terrorism. These initiatives would result in a substantial improvement to this country's current ratings reflected in this country's most recent Mutual Evaluation Report adopted in Costa Rica on the occasion of the Caribbean Financial Action Task Force Plenary XXVI and Council of Ministers in 2007.

### **III. STRENGTHENING ENFORCEMENT CAPABILITIES**

Critical to the success of an Anti-Money Laundering Strategy is the ability to enforce the relevant laws. This ability would be assured by having in place adequate manpower, by ensuring that enforcement officials are adequately trained and equipped to gather evidence and conduct investigations and by having in place a court system that guarantees the fairness and timeliness of judicial decisions.

The National Committee Established to Develop Monitor and Promote a Counter Money Laundering and Terrorist Financing Framework has given highest priority in its 2008 Programme of Work to access training and technical assistance for law enforcement and other sectors engaged in combating the laundering of money as well as for judicial officers and other personnel within the criminal justice process.

### **IV. ADOPTION OF RISK-BASED APPROACH**

The rationale for the adoption of a risk-based approach is to determine the means through which criminals launder money by exploiting weaknesses in the system. By this means a regime of measures could be introduced proportionate to the risk posed.

Currently the Trinidad and Tobago Anti Money Laundering/Combating the Financing of Terrorism framework is not based on a comprehensive risk assessment in the manner conceived by Financial Action Task Force 40+9 Recommendations. The risk-based approach towards securing Trinidad and Tobago financial framework entails the identification of the major money laundering risks in the economy, a sector or an individual institution and targeting controls and resources accordingly.

Government is aware that an important consideration underlying the Financial Action Task Force 40+9 Recommendations is the degree of risk of money laundering and terrorist financing for particular types of financial institutions, customers, products or transactions and that it (government) has the prerogative of limiting the application of certain recommendations provided that specific conditions are met. In adopting a risk-based approach Government would ensure that controls are put in place that are not only relevant to Trinidad and Tobago's needs but would seek to minimize any consequences that would result in diminished commercial and economic efficiency.

**Role of Cabinet Appointed National Committee Established to Develop, Monitor and Promote a Counter Money Laundering and Terrorist Financing Framework Minute #650, dated March 23, 2006**

In compliance with the above the National Anti-Money Laundering Committee would be a key vehicle in implementing the political will in relation to Government's anti-money laundering strategy. The Committee's high level membership, comprising individuals of major governmental bodies in law, law enforcement, banking and finance would be expected to be impartial in its assessment of national vulnerabilities, trends and objectives. The Committee would support

In 2000, the international move to have the predicate offences to money laundering expand beyond drug trafficking to include all serious offences was encapsulated in the United Nations Convention against Transnational Organized Crime, 2000. The Convention goes beyond the criminalization of money laundering and reinforces provisions on confiscation of assets and bank secrecy. Trinidad and Tobago is in the process of ratifying the Palermo Convention which it signed on 20 September, 2001 along with its three Supplemental Protocols.

Government has assumed primary responsibility for raising the level of public awareness in relation to measures being taken to combat the laundering of money. Furthermore the raft of measures proposed by this Government involves a shift in emphasis by making the pursuit of criminal property a principal imperative of its crime reduction policy driven centrally by the National Committee Established to Develop Monitor and Promote a Counter Money Laundering and Terrorist Financing Framework.

The proposed measures which are reflected in the revised 40+9 Recommendations of the Financial Action Task Force would place further emphasis on criminal justice reform, recovering the proceeds of crime and underpinning a core message from Government that crime does not pay.

As Trinidad and Tobago's Prime Contact to the Caribbean Financial Action Task Force my ultimate responsibility is to ensure that political will translates into national commitment. The regulated sector has already been making a significant contribution to the effectiveness of the AML/CFT regime.

This partnership with Government would be further strengthened. As global benchmarks to combat money laundering and the financing

# F OREWORD

The fight against money laundering is an essential component of this Government's crime fighting policy objectives. As a founding member of the Caribbean Financial Task Force, Trinidad and Tobago is signatory to the Kingston Declaration. The Declaration requires full implementation of countermeasures aimed at combating money laundering through adherence to specific recommendations that were then relevant to the Caribbean region. These Recommendations were complementary to those formulated by the Financial Action Task Force (FATF) in 1990. This initial compliance regime was in effect reinforced by Article 3 of the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances 1988.

In 1996, the Government of Trinidad and Tobago signed the Caribbean Financial Action Task Force Memorandum of Understanding thereby re-affirming its commitment to:

- Implementing the 1988 Vienna Convention
- Endorsing and implementing the 40 Recommendations of the Financial Action Task Force
- Fulfilling the obligations expressed in the Kingston Declaration; and where applicable the Plan of Action of the Summit of the Americas
- Adopting and implementing any other measures for the prevention and control of the laundering of the proceeds of all serious crimes as defined by each Member

the national evaluation process administered by the Caribbean Financial Action Task Force, make a preliminary assessment on Trinidad and Tobago's implementation of the Recommendations and proffer methods to advance the implementation of outstanding obligations through legislative, regulatory and policy enhancements.

The Committee would also establish a cooperation and partnership approach with key sectors, including law enforcement, the financial sector, and non-financial businesses and professions and give guidance and support to the development of sector-specific legislative, financial and enforcement policies. Alongside the Caribbean Financial Action Task Force the Committee would develop cooperative solutions, having regard to the fact that the political, economic and social interests of countries are affected by and related to the global neighborhood in which the country is located.

The primary focus of the Committee's work for the rest of the Third Round of Caribbean Financial Action Task Force Multilateral Evaluation would be setting obligations that are enforceable for professions and other non-designated businesses, promoting full ratification of relevant conventions on money laundering, building national capacity against the financing of terrorism and promoting public awareness within the regulated sectors and the wider national community.

# **C**ONCLUSION

The ultimate goal of the National Anti-Money Laundering Strategy would be for Trinidad and Tobago to attain the status of a fully compliant member of the Caribbean Financial Action Task Force. This can only be possible in the context of a robust legislative and regulatory framework, an ethic of compliance at all levels and strong collaborative relationships with national and international stakeholders.

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