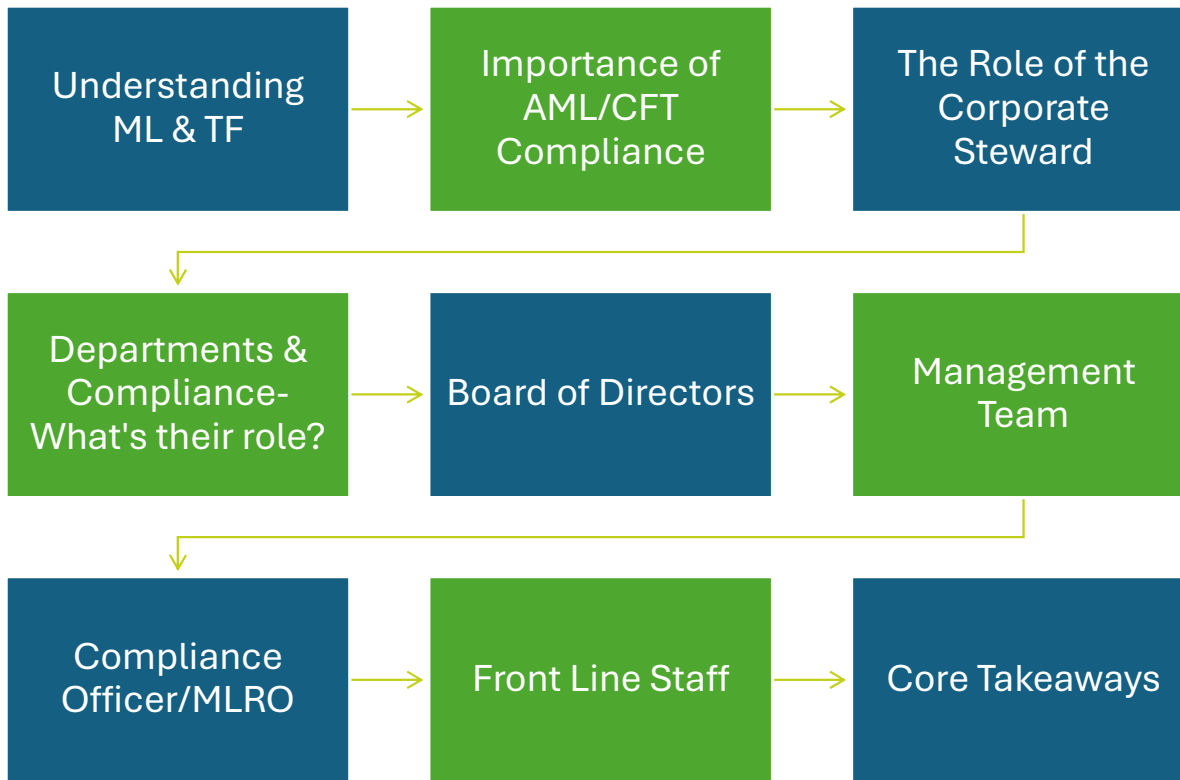


AML/CFT Compliance:
The Role of Corporate
Stewards in Managing
ML/TF Risks

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AGENDA



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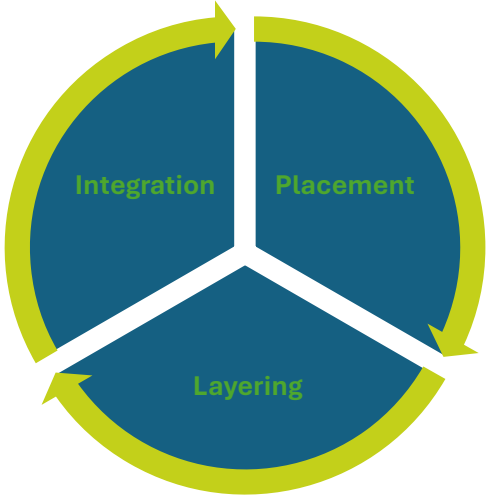
UNDERSTANDING MONEY LAUNDERING & TERRORIST FINANCING (ML/TF)



Money Laundering (ML)

ML is the process of making illegally obtained funds appear legitimate by hiding their true origin and integrating them into the legitimate financial system. Money laundering typically involves three stages:

The impact of money laundering (ML) is multifaceted and extends far beyond financial institutions and regulatory bodies; it affects societies, economies, and governments worldwide in various ways. Addressing ML effectively requires coordinated efforts. Common impact markers include:



- Facilitates corruption & other illicit activity
- Compromises integrity of legitimate financial systems
- Destabilising economies (national, regional international)
- Blacklisting by International Organisations
- Deterring National Investments
- Undermining the Rule of Law



UNDERSTANDING MONEY LAUNDERING & TERRORIST FINANCING (ML/TF)

Terrorist Financing (TF)

- TF is the process of providing funds or financial support to individuals or groups involved in terrorist activities. TF enables terrorists to carry out attacks, recruit members, procure weapons, and sustain their operations. Like ML, TF involves disguising the origins of funds and making illicit transactions appear legitimate to evade detection by authorities. TF funding can also come from legitimate sources.
- Efforts to combat TF include implementing robust AML/CFT measures, effective legal and regulatory frameworks, international cooperation, intelligence sharing, community engagement, and counterterrorism measures. By disrupting the flow of funds to terrorist organizations and their supporters, authorities can mitigate the impact of TF, enhance security, and protect societies from the threat of terrorism.

The impact of TF is profound and extends across various aspects of society, security, and global stability:



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IMPORTANCE OF AML/CFT COMPLIANCE

AML/CFT compliance is crucial for several reasons:

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Preventing Criminal Activities:

AML/CFT regulations aim to prevent ML & TF. By implementing AML/CFT measures, financial institutions and businesses can deter criminals from using their services to launder money or finance terrorism.

Protecting Financial Systems:

ML & TF can undermine the integrity and stability of financial systems. AML/CFT compliance helps safeguard the integrity of financial markets, protecting them from exploitation by criminal elements.

Maintaining Regulatory Compliance:

Compliance with AML/CFT regulations is often mandatory by law. Failing to comply can result in significant penalties, including fines and reputational damage, for financial institutions and businesses.

Preserving Reputation:

Being associated with ML/TF can severely damage a company's reputation. Compliance with AML/CFT regulations demonstrates a commitment to ethical business practices and helps maintain trust with customers, investors, and regulators.

International Cooperation:

ML&TF are global issues that require international cooperation to combat effectively. AML/CFT compliance facilitates cooperation between countries and regulatory authorities, enabling them to share information and coordinate efforts to combat financial crime.

Risk Management:

Implementing AML/CFT measures allows financial institutions and businesses to identify, assess, and mitigate ML/TF risks. It ensures their compliance with FATF Immediate Outcome 1 and feeds into the institution's risk-based approach which is vital to the allocation of resources and the overall protection and stability of the institution.



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THE ROLE OF THE CORPORATE STEWARD

A corporate steward is an individual or entity within a corporation who takes responsibility for ensuring that the company operates in a socially responsible and sustainable manner. They are tasked with considering the interests of various stakeholders and acts as a guardian of the company's reputation and values, striving to balance profit-making objectives with broader societal concerns and long-term sustainability. They play a crucial role in shaping the corporate culture and guiding the organization toward responsible and ethical behaviour.

They also play a significant role in managing ML/TF risks within a corporation. Their responsibilities in this area include→



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DEPARTMENTS & COMPLIANCE

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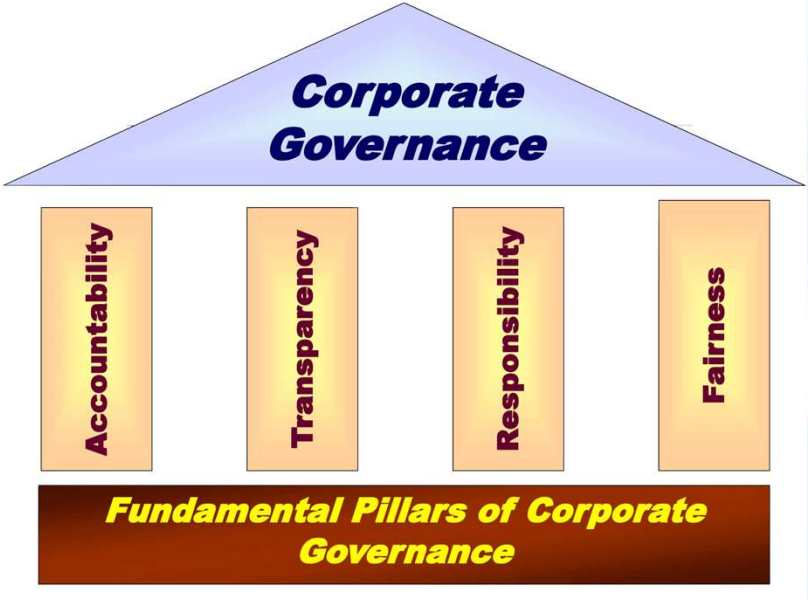


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THE BOARD OF DIRECTORS

The Service Provider's Board has the ultimate responsibility for:

- Identifying and managing ML/TF risks faced
- Ensuring that adequate resources are devoted to AML/CFT efforts; and
- Ensuring compliance with its AML/CFT obligations
- Ensuring that risk assessments are performed
- Policies are established, documented and implemented to prevent ML/TF in line with risks identified
- Assessing the effectiveness of and compliance with policies, procedures, systems and controls established and promptly take actions necessary to remedy any deficiency identified.



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THE MANAGEMENT TEAM

Management plays a critical role in ensuring compliance with laws, regulations, and internal policies within an organization. Their responsibilities in compliance management include:



THE COMPLIANCE OFFICER

Receive & Consider
Internal SARs

File External SARs with
the FIU

Point of Contact for all
Regulators & LEAs

Revise AML/CFT
Policies & Procedures

Ensure all staff are
appropriately trained
in AML/CFT
Obligations, Policies
Procedures

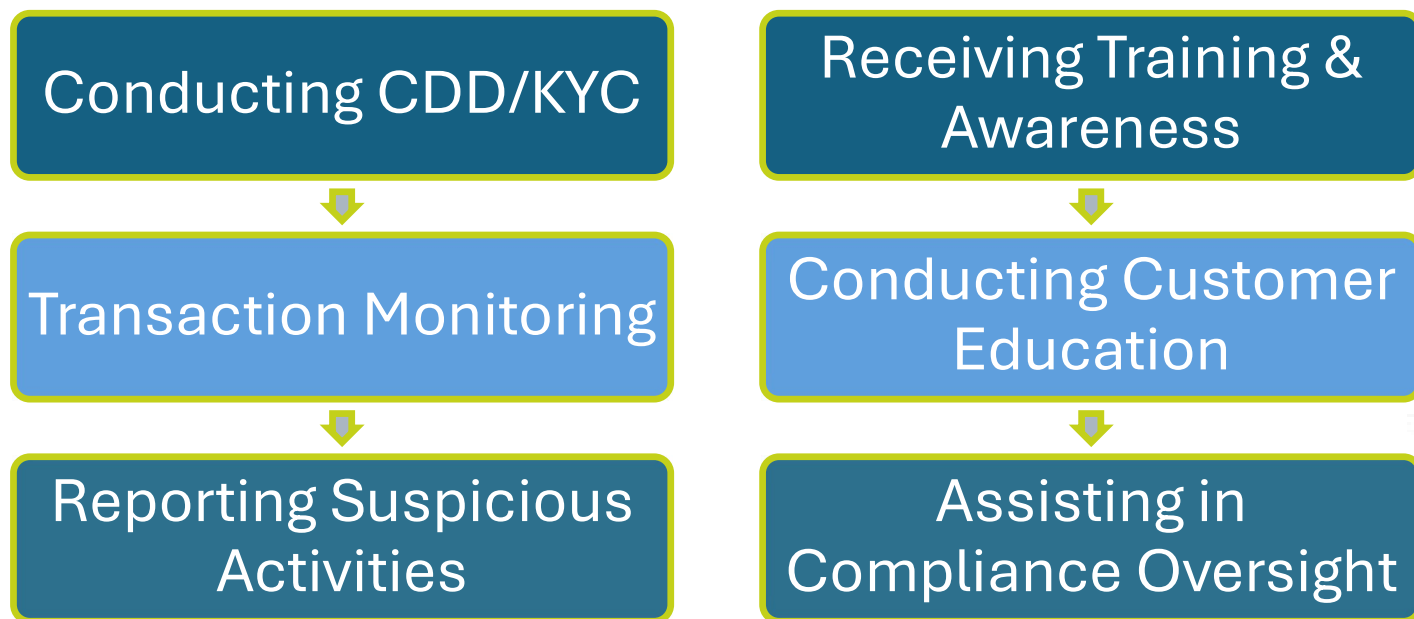
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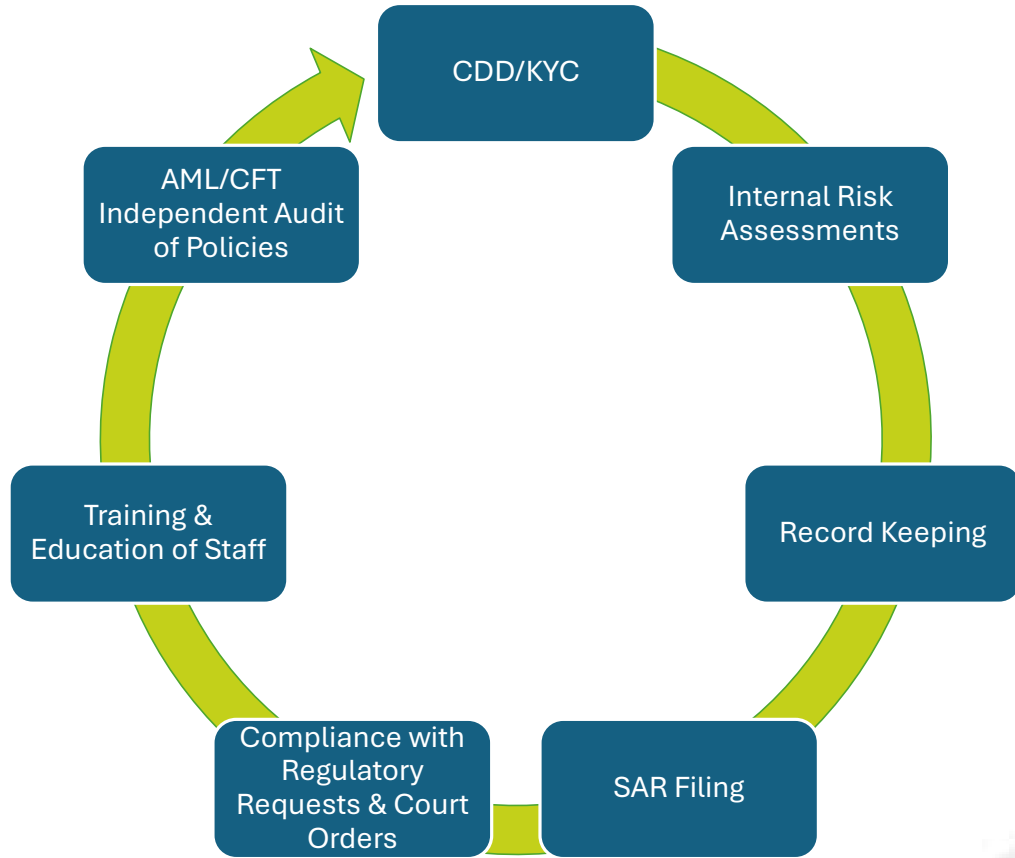
ROLE OF FRONTLINE STAFF

Front-line staff play a crucial role in AML/CFT compliance as they are often the first point of contact with customers and are in a prime position to identify and report suspicious activities. Their role includes:



CORE OBLIGATIONS

Every institution should ensure that their policies and procedures adequately capture these core hallmarks of AML/CFT compliance:



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CORE TAKEAWAYS (BEST PRACTICES)

- 1) Regardless of the structure of an institution, all members of staff (The Board, Management, Compliance Officers, Frontline staff) play a critical role in achieving compliance by collectively:
 - (a) managing ML/TF risks by establishing robust compliance frameworks;
 - (b) fostering a culture of integrity, awareness and vigilance;
 - (c) collaborating with stakeholders to mitigate risks effectively;
 - (d) ensuring that the organization operates in accordance with applicable laws, regulations, and ethical standards.

2) When establishing reporting procedures the following principles should be ensured:

- (a) Filing A SAR where the customer fails to supply adequate CDD information, including the identity of beneficial owners.
- (b) Reporting attempted transactions and business that has been refused regardless of the amount or value of attempted/refused transaction once there is knowledge or suspicion of ML/TF.
- (c) Employees are to make an internal report to the CO in writing containing all relevant information as soon as reasonably practicable.
- (d) SARs should include all possible information grounding the knowledge or suspicion of ML/TF and full details of the customer.
- (e) Service provider should establish internal reporting procedures that require:
 - SAR should NOT be filtered out by supervisory staff or management so that they do not reach the Compliance Officer.
 - SAR should be acknowledged by the Compliance Officer.



спасибо 谢谢
GRACIAS 谢谢
THANK YOU
ありがとうございました MERCI
DANKE धन्यवाद
شُكْرًا OBRIGADO

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