

Anti-Money Laundering Training Seminar for Prosecutors, Public Legal Sector, Judges, Magistrates and Registries

**PRESENTATION BY THE HON ATTORNEY GENERAL**

May I first of all extend my thanks to the National Anti-Money Laundering Committee for this kind invitation to open this judicial training seminar on its first day.

One of my very first tasks on assuming the Office of Attorney General in April 2001 was to deal with outstanding correspondence on the Attorney General's desk. It was there I discovered a letter written by Mr Fitzroy Drayton, the Legal/Judicial Adviser at the Caribbean Anti-Money Laundering Programme in Trinidad, offering to host a training seminar.

How delighted I am to see that this offer has finally borne fruit. On behalf of the Ministry of Legal Affairs, may I extend my sincerest thanks to Mr. Drayton and Mr. Andrew Mitchell. Q.C. for their kind assistance in this respect.

Why is training so very critical in this exercise today?

Money Laundering crime is the continuation of the felonies such as drug trafficking, smuggling, fraud, embezzlement, bribe-taking and illegal arms trafficking, and it destroys the financial administrative order, leads to corruption and severely jeopardizes economic interests of the State.

Money Laundering has an enormous impact on the basic values of a society because to the extent it is allowed to continue, it is a clear signal that crime does indeed pay - Saint Vincent and the Grenadines performance in combating money laundering will continue to impact on its relations with the United States, other FATF members and developing nations within organizations such as the Organisation of American States.

Criminals operate through network structures and it is relatively easy to extend a network into legal business and financial institutions. Embedded networks are difficult to identify and to expel. Regulators think in terms of know-the-customer, due diligence and so on; criminals think in terms of know-the-banker, become-the-banker, marry-the-banker, or own-the-bank. If the criminal knows the banker, is married to the banker, or owns the bank then there is a strong probability that banking norms will be ignored, violated or transcended.

You will recall that early in November 2001 the Proceeds of Crime and Money Laundering (Prevention) Bill and the Financial Intelligence Unit Bill were passed with unanimous consent in Parliament. The Proceeds of Crime and Money-Laundering (Prevention) Act extends the definition of Money Laundering beyond the realm of drug trafficking to include all indictable offences. It has extensive forfeiture and seizure provisions. Its aim is to defeat the money launderers by targeting them where it hurts most, in their pockets. The Act establishes a special fund where all the proceeds of confiscated criminal assets will be placed. This fund will be used to finance the Money Laundering (Prevention) Programme as well as the drug education and re-habilitation, the Offshore Finance Authority, the Financial Intelligence Unit and any other purpose which Parliament may from time to time determine.

The Act also places a duty on financial institutions or persons engaged in relevant business activities to report suspicious transactions to the Financial Intelligence Unit. The Act also provides for money laundering to be included as one of the offences extraditable under the Fugitive Offenders Act and it enables the extradition of fugitives to countries even with which we do not have extradition treaties.

The Government of Saint Vincent and the Grenadines has acceded to relevant international treaties including the International Convention for the Suppression of the Financing of Terrorism, 1999 in order to strengthen international co-operation and combat against money laundering.

The real issue is one of implementation. All the laws and regulations in the world are of little use unless there are systematic efforts to implement them. This is the real test. I am happy today because of the establishment of our Financial Intelligence Unit. It is presently comprised of a Director, a Consultant, Attorney-at-law, a Public Accountant and a number of specially trained police and customs officers as well as the Chairman of the Offshore Finance Authority whose duty it is to investigate suspicious activity reports made pursuant to the Proceeds of Crime and Money Laundering (Prevention) Act. The Financial Intelligence Unit is also charged with initiating investigations based on request from foreign financial intelligence units. The Unit is also a facility for sharing information related to the investigation of money laundering with the Commissioner of Police, foreign financial intelligence units and other law enforcement authorities. The Financial Intelligence Unit has powers to require information from persons for the purpose of pursuing money laundering investigations.

It is important that staff of the Financial Intelligence Unit, money laundering investigators and financial regulators liaise closely. The investigators can provide information on the most common money laundering methods. The regulators and Financial Intelligence Unit can then focus on ensuring institutional compliance with anti-money laundering guidelines, and encourage increased reporting, in areas most exposed to these methods.

I am proud to say that this organization and the Offshore Finance Authority are in the hands of capable bright young women.

If the 19<sup>th</sup> century was the age of Industrialization, the 20<sup>th</sup> century will be remembered as the birth of the age of the rapid delivery of information and ideas, and the 21<sup>st</sup> century will be the exponential proliferation of the World Wide Web. From three hundred (300) users at its inception in 1983 to an estimated 200 million users in 2000, the internet has created a global infrastructure of information and idea exchange which is merely cognizable even to the most informed users. Make no mistake the concept of 'cyberspace' and the technology it employs has and will continue to change especially in the area of delivery of information and transparency of governments.

The web lifestyle is upon us. The real challenge in this new techno - legal environment is how to apply the old laws and the proliferation of new laws so as not to trample the Constitution. From my perspective, the emergence of new technologies is significant and indeed exhilarating. E-commerce techniques are dramatically altering the way citizen and government alike do business. I recognize however that the development of e-commerce, e-money and e-banking offer major new opportunities for money-laundering just as it offers opportunities for cyber-fraud.

#### What do we need to do?

1. In attacking money laundering, we need to develop a more coherent broad strategy which integrates efforts against money laundering, against transnational organized crime, and against corruption. These three phenomenon are inter-related to a greater extent than we often acknowledge. For example, corruption is treated as a condition, when it might better be understood as an instrument. From the latter perspective, the issue becomes who is corrupting whom for what purposes using

what means. Once this set of questions is asked it becomes clear that while not all corruption is related to organized crime, some of the more significant forms of corruption occur when organized crime is trying to neutralize and capture portions of the State apparatus.

Saint Vincent and the Grenadines signed the Inter-American Convention against Corruption on June 04, 2001. This Convention sets out a roadmap for a comprehensive attack on corruption. It commits the Member-States of the OAS to: criminalize a wide range of Corruption acts; step up enforcement; enhance legal and judicial co-operations; and strengthen preventive measures, such as codes of conduct for public officials, disclosure of assets, and whistleblower protection. It is now necessary for us to take legislative and administrative measures to implement the said Convention. Accordingly, draft Bills in respect of corruption and integrity will be presented to Parliament in due course.

2. Develop real measures of success
  - What is the effect in terms of facilitating detection of money laundering?
  - What is the effect in terms of prosecution and convictions?
  - What is the effect in terms of increasing the cost of doing business to the criminals?
  - What is the effect in terms of removing the profits from criminal activities?
  - What is the effect in terms of deterrence?
3. Develop a more pro-active approach rather than simply reacting. Reacting to the latest money laundering trends and the newest money laundering techniques is not itself a strategy. It yields the initiative to the criminals. Consequently, it is essential to go beyond the reactive. We have to do more than plug holes. We need better forecasting in this area which would provide a basis for a more comprehensive and pro-active strategy against money laundering.

I have perused your agenda for the next two days during which time you will probably discuss these and other issues in a more detailed fashion. I hope that your discussions are fruitful and stimulating, and I have much pleasure in declaring the seminar open.

**Hon. Judith Jones-Morgan**

Attorney General

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