

Caribbean Governance, Regulation and Financial Crime Prevention Forum Conference

ADDRESS

BY

THE MINISTER IN THE MINISTRY OF NATIONAL SECURITY
SENATOR THE HONOURABLE SUBHAS PANDAY

Ladies and Gentleman

On behalf of the Prime Minister of Trinidad and Tobago, the Honourable Kamla Persad Bissessar, the Government and people of our twin-island state, please permit me to formally welcome all of you present here, to today's launch of the Caribbean and Americas Forum on Governance, Regulation and Financial Crime Prevention. The Prime Minister sends her best wishes to all concerned for the success of this Forum.

I know that this important conference and five-day workshop comprises not just local stakeholders involved in the financial sector but also their counterparts from the region and further afield. I therefore wish to extend a special welcome to our visitors, with the invitation to extend your social agenda while you are here, to other areas of interest, offered by the beauty and culture residing in our country.

Ladies and Gentlemen the Government of Trinidad and Tobago remains cognizant of the fact that the integrity of the banking and financial services industry, is crucial to achieving our vision of national and personal security. This Government is acutely aware that the future of Trinidad and Tobago will not be secured unless law and order and the security of persons and financial institutions are addressed.

Our Government has already signaled its intention to address the issues of criminal behavior, including white colour crime and corrupt activities. Accordingly, it is imperative that we engage the necessary measures to address all vulnerabilities that may tend to destabilize this aspiration.

We are ever cognizant that financial crimes represent a critical challenge to national economies and threaten the financial stability of many countries. These crimes deposit devastating effects on the social and political aspects of a nation. Financial felonies include acts such as insider trading, tax violations, kickbacks, embezzlement, identity theft, cyber attacks, money laundering, and Securities fraud. Additionally, fraudulent activity involves a variety of forms including phishing, skimming, carousel fraud and advance fee fraud.

Money laundering in particular, has become one of the most prominent of financial crimes in recent times. Today money laundering is a term used to describe the manner in which criminals process money derived from the proceeds of any illegal activity (such as drug trafficking, bribery, extortion, embezzlement, theft or other criminal 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.

Analysts estimate that worldwide, the illicit proceeds derived from money laundering range from \$590 Billion (US) to 1.5 Trillion (US), which amounts to 2% to 5% of the global gross domestic product.

Though the margin between these estimated figures is huge, the base line alerts us to the severity of the challenge.

The vulnerability for money laundering in Trinidad and Tobago exists primarily as a result of its geographic location between illicit drug producing countries in the South and illicit drug consuming markets in the North. It is imperative therefore that we sustain our efforts to diminish this vulnerability.

The financing of terrorism has been identified as the life blood of terrorist activities. The methods and practices of terrorism in all its forms and manifestations are aimed at the destruction of human rights, fundamental freedoms and democracy.

Terrorist financing operations can lead to serious repercussions such as the intimidation of citizens and the jeopardizing of the national security of targeted states. The risks emanating from such criminal activity not only negatively affect those targeted states, but extend to other nations, making them transnational crimes or cross border crimes.

You may recall the attempted bombing of a Northwestern Airlines plane bound for Detroit on Christmas Day 2009. As the news resounded throughout the world, this attempted bombing served as a chilling reminder of that now infamous day of September 11, 2001 where a group of 19 men stepped onto four airplanes intending to terrorize the United States of America, and by extension, the world. Nearly 3,000 persons died on that horrible day in New York City, in Arlington, Virginia and Shanksville, Pennsylvania. Trinidad and Tobago mourned with the rest of the world on September 11, 2001 as we too lost cherished nationals in that tragedy.

As we experienced that atrocity, on that fateful day, the world collectively recorded it as a harsh and permanent reminder of what must become one of the world's greatest goals; the need to protect our citizens from these horrors and to underscore terrorism as offensive and unacceptable to all nations everywhere and for all time.

This goal, Ladies and Gentlemen, is a responsibility that we, the Government of Trinidad and Tobago like our counterparts of the Caribbean and the Americas in this room take very seriously.

Even prior to 2001, the international community had begun its fight against terrorism. Between 1963 and 1999, 12 international conventions, which sought to confront the increasing phenomena of terrorism, were embraced by nations of the world. Today, Trinidad and Tobago is party to all 12 conventions and has thereby signaled to the international community that we are dedicated and steadfast in our commitment to joining others at making terrorism and the financing of terrorism unsustainable anywhere in the world.

One such international initiative is the United Nations Convention Against Transnational Organised Crime, to which this Country became a signatory on 26th September 2001.

Specific reference is made to Article 7 of this Convention, which calls upon States to:

“institute a comprehensive domestic regulatory and supervisory regime for banks and non-bank financial institutions and, where appropriate, other bodies particularly susceptible to money-laundering, within its competence, in order to deter and detect all forms of money laundering.”

Another such international initiative is found in the operations of the Financial Action Task Force (FATF). In 1990, the FATF developed 40 recommendations as an initiative to combat the misuse of financial systems by persons laundering drug money, and these were revised for the first time in 1996. In October

2001, the FATF expanded its mandate to deal with the issue of the financing of terrorism and took the important step of creating Special Recommendations on Terrorist Financing.

The FATF recommendations are now known as the 40 +9 recommendations. These Recommendations cover all the measures that national systems should have in place within their criminal justice and regulatory systems, the preventive measures to be taken by financial institutions and certain other businesses and professions, and measures to ensure international co-operation.

The FATF 40 + 9 Special Recommendations have been recognised by the International Monetary Fund and the World Bank, as the international standards for combating money laundering and the financing of terrorism.

Regionally, the FATF's process is translated through the operations of the Caribbean Financial Action Task Force (CFATF). Although Trinidad and Tobago is not a member of FATF we are nevertheless required to implement the 40 +9 recommendations by virtue of our membership in CFATF. CFATF is an associate member of FATF and is an organization in which thirty states and territories of the Caribbean share membership.

Trinidad and Tobago has made successful strides in our attempts to become compliant with these international standards and our intention is to generate a culture of compliance at all levels of society thereby creating a robust institutional framework. This will no doubt help strengthen partnerships with the international community as we confront these global criminal activities.

To evidence our commitment, within the last year, Trinidad and Tobago has made substantial progress in its legislation to assist the international, regional and local assault against money laundering and terrorist financing. Recently, four (4) pieces of legislative counter-measures were enacted to enhance our national regime.

To further carry out our commitment to combat all financial crimes we have established an institutional framework to deal with such matters professionally and effectively. Our established Financial Investigations Branch (FIB) is an integral part of this framework and is mandated with investigating crimes of National Significance which include money laundering and terrorist financing. The FIB, established in November 2009, has been aggressively pursuing investigations under the Proceeds of Crime Act (POCA) and was instrumental in conducting this country's first cash seizure under POCA on 29 June 2010.

Activities since that time include:

- Thirty-five (35) matters authorized for investigation;
- Twenty-one (21) applications made and granted for Court orders;
- \$112,391.63 worth of property subject to restraint orders;
- \$86,700 subject to cash detention orders; and
- Providing assistance to foreign jurisdictions through the Mutual Legal Assistance Treaty (MILAT) for two matters.

As the Prime Contact to CFATF, I embrace this opportunity to impart that the Government of Trinidad and Tobago recognizes, that critical to the success of this robust legislative framework, is the effective engagement of all stakeholders. As a consequence, we are pleased, through this symposium, to re-affirm this Government's commitment to stimulating public awareness and strengthening partnerships with key stakeholders. This, we are convinced will ensure a strong institutional framework to combat

money laundering, terrorist financing and all other financial crimes that may destabilize our country, our region and indeed the international community.

Today, we give our ongoing commitment to ensuring that financial institutions, law enforcement and regulatory authorities remain capable and competent in the fight against all financial crimes.

To meet this commitment, our Government is striving to create a more secure financial and economic framework for investors locally, regionally and internationally.

Distinguished Forum, participants, ladies and gentlemen I wish you every success in your activities and deliberations over the next five days, and may God shower his richest blessings upon us all as we strive to rid our world of international criminal activity, particularly in the realm of financial crime and terrorism.

I thank you