

MONEY LAUNDERING / TERRORIST FINANCING

NATIONAL RISK ASSESMENT FOR GUYANA

APRIL 2017

**GUYANA’S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

CONTENTS

SECTION ONE: OVERVIEW OF THE NATIONAL RISK ASSESSMENT	9
1.1 Introduction	9
1.2. Purpose and Scope	9
1.3 Methodology	10
1.4 Limitations/Challenges	12
SECTION TWO: NATIONAL RISK ASSESSMENT FINDINGS	14
2.1 Overall Assessment of Money Laundering Risk	14
2.2 Money Laundering Threat Analysis	14
2.3 Terrorist Financing	18
2.4 National Vulnerability to Money Laundering	21
2.5 The Banking Sector Vulnerability	45
2.6 Securities Sector Vulnerability	54
2.7 Insurance Sector Vulnerability	59
2.8 Other Financial Institutions Vulnerability	65
2.9 Vulnerability of Designated Non-Financial Businesses or Professions (DNFBPs)	74
2.10 Financial Inclusions Product Vulnerability Assessment	108
APPENDIX 1	118
APPENDIX II	119
APPENDIX III	120
REFERENCES	122

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

LIST OF ACRONYMS

ACCA	- Association of Chartered Certified Accountants
AF	- Asset Forfeiture
AG	- Attorney General
AML	- Anti-Money Laundering
AML/CFT	- Anti-Money Laundering/Countering the Financing of Terrorism
BCP	- Basel Core Principles
BNI	- Bearer Negotiable Instrument
BOG	- Bank of Guyana
CAA	- Civil Aviation Authority
CANU	- Customs Anti-Narcotics Unit
CAP	- Chapter
CBN	- Canadian Bank Note
CCARP	- Caribbean Criminal Assets Recovery Program (UK Funded Project within the Caribbean)
CCDO	- Chief Co-operative Development Officer
CCLEC	- Caribbean Customs Law Enforcement Council
CD	- Central Depository
CDD	- Customer Due Diligence
CFATF	- Caribbean Financial Action Task Force
CIAT	- Inter American Centre for Tax and Customs
CJIA	- Cheddi Jagan International Airport
CPI	- Corruption Perception Index
CU	- Credit Union
DITC	- Declaration of International Transportation of Currency
DNFBPs	- Designated Non-Financial Businesses and Professionals
DPP	- Director of Public Prosecutions
EDD	- Enhance Due Diligence
FATF	- Financial Action Task Force
FBI	- Federal Bureau of Investigation
FIA	- Financial Institutions Act
FIU	- Financial Intelligence Unit
GAAS	- Generally Accepted Auditing Standards
GDP	- Gross Domestic Products
GECOM	- Guyana Election Commission
GGB	- Guyana Gold Board
GGDMA	- Guyana Gold and Diamond Miners Association
GGMC	- Guyana Geology & Mines Commission
GMA	- Guyana Manufacturers' Association
GPF	- Guyana Police Force

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

GRA	- Guyana Revenue Authority
GSC	- Guyana Securities Council
GWMA	- Guyana Women Miners Organisation
ICAC	- Institute of Chartered Accountants of the Caribbean
ICAG	- Institute of Chartered Accountants of Guyana
ICT	- Information Communication Technology
ID	- Identification
IFAC	- International Federation of Accountants
IFRS	- International Financial Reporting Standards
IM	- Investment Management
INCSR	- International Narcotic Control Strategy Report
INTOSAI	- International Organization of Supreme Audit Institution
IPED	- Institute of Private Enterprise Development
ISA	- International Standards on Auditing
KP	- Kimberly Process
KYC	- Know Your Customer
LCTR	- Large Cash Threshold Report
LEA	- Law Enforcement Agency
LEC	- Legal Education Certificate
LFI	- Licensed Financial Institutions
LLB	- Bachelor of Laws
ML	- Money Laundering
ML/TF	- Money Laundering/Terrorist Financing
MMG	- Mobile Money Guyana
MoB	- Ministry of Business
MOU	- Memorandum of Understanding
MTA	- Money Transfer Agency
NCB	- Non-Conviction Based
NPO	- Non-Profit Organisation
NRA	- National Risk Assessment
OECD	- Organisation for Economic Cooperation and Development
PDS	- Personal Declaration Sheet
PEP	- Politically Exposed Person
PSC	- Private Sector Commission
SA	- Supervisory Authority
SARU	- State Asset Recovery Unit
SEC	- Securities Exchange Commission
SG	- Supervisory Guideline
SME's	- Small and Medium Size Enterprises
SOCU	- Special Organised Crime Unit

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

SOPs	- Standard Operating Procedures
StAR	- Stolen Asset Recovery Initiative
STR	- Suspicious Transaction Report
T&CSP	- Trust and Company Service Providers
TBML	- Trade Based Money Laundering
TF	- Terrorist Financing
TI	- Transparency Institute
TIN	- Taxpayer Identification Number
TPR	- Terrorist Property Report
TR	- Threshold Report
TTRS	- Threshold Transaction Reports
UN	- United Nations
UNCAC	- United Nations Convention against Corruption
UNODC	- United Nations Office on Drugs and Crime
US	- United States of America
USAID	- United States Agency for International Development
USCBP	- United States Customs and Border Protection
WG	- Working Group

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

This National Risk Assessment was conducted by public and private sector officials of Guyana. The role of the World Bank team was limited to the delivery of the National Risk Assessment (NRA) Tool, provision of training & guidance on its use, conducting technical reviews of draft reports, and providing feedback to support the correct use of the NRA Tool. All data was inputted into the NRA templates by Guyana authorities. All findings, interpretations, and judgments under the scope of the National Money Laundering/ Terrorist Financing (ML/TF) National Risk Assessment process belong to Guyana authorities and do not reflect the views of The World Bank, its Board of Executive Directors or the governments they represent. Nothing herein shall constitute or be considered a limitation upon or waiver of the privileges and immunities of The World Bank, all of which are specifically reserved.

EXECUTIVE SUMMARY

Money laundering¹ and terrorist financing² (MT/TF) have been topics of intense discussion recently. The surge in interest stems from, inter alia, the widely acceptable view that a weak and ineffective anti- money laundering financing of terrorism regime makes a country vulnerable to abuse by financial criminal activities. These activities pose severe threats to a country's economic and financial stability and its national security.

Accordingly, at the global level there has been increasing focus on adopting appropriate combating measures to prevent and disrupt these illicit activities. Taking the lead in this regard is the Financial Action Task Force (FATF), an organization established in 1989 to assist countries in developing effective anti-money laundering/ countering the financing regime by formulating a set of global combating standards, that are supported by multilateral development agencies such as the International Monetary Fund (IMF), the World Bank and the United Nations.

¹ Income generated from illicit sources such as drug trafficking, trafficking in person, smuggling, and corruption that is disguised of its origin and entered into the formal domestic financial system. Money laundering activities are generally broken down into three stages, namely, placement that allows the proceeds of crime to enter a country financial system, layering, that allows the origin of the funds to be concealed and integration which allows the perpetrator to have access to the illicit fund without detecting its origin.

² The collection or provision of financial resources from legal and illicit sources within and outside of Guyana to facilitate terrorist activities or to support terrorist groups.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

To adequately address new and emerging ML/TF threats and vulnerabilities, the FATF adopted its revised forty (40) recommendations at its plenary session in February 2012, and included a new requirement, (Recommendation 1), which states that countries must identify, assess and understand their ML/TF risks, and apply combating measures using a risk-based approach³. The revised recommendations also address forestalling the proliferation of weapons of mass destruction. Guidelines related to ML/TF and financial inclusion products and instruments were also issued in 2013.

To comply with FATF's Recommendation 1,⁴ the Government of the Cooperative Republic of Guyana secured assistance from the World Bank and Inter-American Development Bank (IADB) to conduct the country's first ML/TF National Risk Assessment (NRA), which commenced in February 2016.

This NRA Report will form the basis for the implementation of a ML/TF National Action Plan to guide the direction taken by the Government of the Cooperative Republic of Guyana to strengthen the current AML/CFT regime. More importantly, Guyana exited the FATF's International Cooperation Review Group (ICRG) Process, CFATF follow-up process and CFATF- ICRG process in 2016, after being referred to this process in 2011, because of deficiencies identified during the CFATF's 3rd round mutual evaluation. The country's 4th Round CFATF Mutual Evaluation is scheduled for 2022, and a National Risk Assessment, a comprehensive Action Plan and the implementation of the elements of the Action Plan are prerequisites for successful completion of this exercise.

By Guyana's commitments as a member of CFATF this NRA report will be periodically reviewed and amended to reflect new and emerging threats and vulnerabilities to the country's financial system and the economy as a whole.

SUMMARY OF THE NATIONAL RISK ASSESSMENT FINDINGS

- **Overall National Risk Assessment**

The assessment revealed that the overall ML Risk for Guyana is **High**. This outturn stems from the high rate assigned to the overall national treat and the overall national vulnerability, which was rated Medium/High. Regarding the terrorist financing risk, the threat level is Medium as there is legislative framework in place to identify, report and investigate terrorist financing. To date there has only been one reported case of terrorist financing in Guyana, which is currently under investigation.

³ A methodology that facilitates prioritization of risks based on the results of an analysis relevant to data and information

⁴ Guyana is a member of the Caribbean Financial Action Task Force (CFATF), a regional organization that is affiliated to the Financial Action Task Force (FATF). By virtue of its membership to this organization, the country is required to implement (FATF)'s Revised Recommendations.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

- **National Threat**

The assessment revealed that the overall ML Risk for Guyana is **High**. This outturn stems from the high rate assigned to the overall national threat and the overall national vulnerability, which was rated Medium High. Regarding the terrorist financing risk, the threat level is Medium as there is legislative framework in place to identify report and investigate terrorist financing and to date there has only been three reported cases of terrorist financing in Guyana, which are currently under investigation.

- **National vulnerability**

The national vulnerability to ML is rated **Medium High** that stems from a high overall sectoral vulnerability and Medium Low national combating ability. The sectors that are most vulnerable are the DNFBPs followed by the banking sector. **Please refer to Appendices I and II.**

The national combating ability is assessed as **Medium Low** owing to a lack of capacity to investigate and prosecute financial crimes and the cash-based nature and large informal economy in Guyana, combined with the absence of a National Strategy/Policy to combat ML/TF.

- **Banking Sector Vulnerability**

The overall vulnerability for the Banking sector is **Medium High**. The most vulnerable products are: current accounts, savings accounts, wire transfers and prepaid debit/credit cards all with vulnerability ratings of High. The least vulnerable product is pension schemes with a vulnerability rating of Medium Low. All other products fall within the Medium-to-Medium High categories. *Please refer to Appendices I and II.*

- **Insurance Sector Vulnerability**

The overall ML vulnerability for this sector is **Medium**. Some of the products offered by insurance companies have inherent ML vulnerabilities, with long-term life insurance products more vulnerable to ML risks than general insurance products. Single premium life insurance products are relatively less vulnerability with the lowest product vulnerability rating. *Please refer to Appendices I and II.*

- **Securities Sector Vulnerability**

The overall ML vulnerability for the Securities Sector is **Low**. This is due to this sector's market size being relatively small, which leads to low trading volumes. *Please refer to Appendices I and II.*

- **Other financial institutions Vulnerability**

The other financial institutions examined under this component comprised of Money Transfer Agencies, Cambios and Credit Unions. The overall vulnerability for all three sectors is Medium

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

High. This is due to the significant number of cash transactions by walk-in customers whose source of funds and occupation cannot be independently verified. *Please refer to Appendices I and II.*

- **DNFBPs Vulnerability**

Under this component, the assessment established that the Attorneys-at-law, Accountants, Trust or Company Service Providers, House/Real Estate Agents, Used Car/Spare Parts Dealers and Friendly Societies/Registered Charities have **Very High** ML vulnerability ratings. These are followed by Dealers in Precious Metals (gold), Cooperatives and Dealers in Precious and Semi-Precious Stones which have Medium High vulnerability ratings. The least vulnerable sectors being, Betting Shops/Internet Gambling Casinos, Lotteries, Pawnbrokers, which were all rated Medium and Notaries which was rated Medium Low. *Please refer to Appendices I and II.*

- **Financial Inclusion**

Financial inclusion products and services that target the financially excluded and underserved groups in Guyana include savings, credit, payment services, remittances, currency exchange, cheque and money order cashing, insurance and issuance of stored value products. These products and services are offered by institutions such as Banks, Credit Union, Micro Finance Institutions, Mobile Money Operators, Money Transfer Agencies, Postal Services, Cambios and Insurance Companies.

The ML/TF vulnerability for these financial inclusion products and services varied depending on the institutions offering the services. When these products and services are offered by institutions already regulated under the AML/CFT regime, they are less vulnerable than when offered by non-regulated institutions.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

SECTION ONE: OVERVIEW OF THE NATIONAL RISK ASSESSMENT

1.1 Introduction

Guyana is a small open economy that is actively involved in international trade in goods services and various financial transactions. The country is richly endowed with natural resources such as gold, rice, sugar and more recently the discovery of large deposits of oil. The country is however a net importer, depending heavily on the importation of consumption, intermediate and capital goods and financial services. These factors coupled with the large Diaspora population that stem from a surge in migration during the late 1970 and the change in the country's financial landscape due to advancement in technology makes Guyana exposed as a target to launder proceeds of criminal activities.

Moreover, Guyana has large open unguarded borders and is situated next to Suriname and Venezuela, the latter often being politically unstable and known globally by enforcement agencies as a transshipment point for illicit drugs. Additionally, Guyana's close proximity to Trinidad and Tobago (55 minutes flying time) and the current report from Trinidad's FIU office that a significant number of its nationals are suspected of being involved in terrorism and the financing of terrorism, increases the country's risk exposure to ML/TF activities.

This NRA will improve the understanding of all relevant public and private sector stakeholders on the nature and consequences of ML/TF in Guyana, and identify the sectors and other related elements and products that have potentially high ML/TF risks. The Report will also form the basis for the preparation and implementation of a ML/TF National Action Plan.

1.2. Purpose and Scope

The purpose of the National Risk Assessment is to provide a broad assessment of Guyana's ML/TF risks to enhance the understanding of them and to develop effective strategies to address them. This assessment is intended to assist the country, its law enforcement authorities, competent authorities, and the public to better understand Guyana's ML/TF risks, so that they can allocate resources and prioritize activities in a proportionate and risk-based manner. Conducting a National Risk Assessment is a key recommendation of the FATF and is the crucial basis for developing and prioritising AML/CFT policies and activities. The key findings of this NRA will inform the future development of Guyana's AML/CFT regime.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

1.3 Methodology

The World Bank Money Laundering/ Terrorist Financing National Risk Assessment Tool, which comprises several Excel- based spreadsheets and nine (9) interrelated modules⁵ that gives an indication of the driver of ML/TF risks in a country. Qualitative and quantitative information for the period 2011- 2015 was used to populate the World Bank excel spreadsheets.

This exercise was coordinated by the Financial Intelligence Unit with support from a Coordinator, an Assistant Coordinator and a Working Group (WG) consisting of approximately seventy-four (74) persons from twenty-one (21) public sector agencies and seventeen (17) Private Sector agencies. *Please refer to Appendix III.*

The WG was divided into eight teams, with each team focusing on the assessment of a dedicated area based on their area of expertise. The areas assessed are as follows:

(i) ML/TF Threat Assessment and Terrorism Financing

This group analysed the ML/TF threats in Guyana, by identifying and compiling data on the criminal offences that generate proceeds of crime which can then be laundered. The group also considered the level of ML/TF external threats from neighbouring countries and beyond.

(ii) National Vulnerability

This group analysed the national vulnerability to ML and TF, by considering how well law enforcement agencies are equipped to tackle this problem. This included assessing the levels of training, integrity and resources in these institutions as well how these institutions cooperate with one another and other institutions outside Guyana.

(iii) Banking Sector Vulnerability

This group assessed the vulnerability arising from the banking sector by looking at the AML general controls and the product specific variables which included volume, average transaction size, client profile, other vulnerable features and the controls specific to the products.

(iv) Securities Sector Vulnerability

This group assessed the overall vulnerability of the securities sector by examining the AML general controls and the product specific variables which included volume, average transaction size, client profile, other vulnerable features and the controls specific to the products.

(v) Insurance Sector Vulnerability

⁵ The basis of the modules is specified input variables that represent factors related to ML/TF threats and vulnerabilities.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

This group assessed the overall vulnerability of the insurance sector by also examining the AML general controls and the product specific variables which included volume, average transaction size, client profile, other vulnerable features and the controls specific to the products.

(vi) Other Financial Institutions' Vulnerability

This group assessed the vulnerability that arises from other financial institutions that are not part of the banking sector, namely money transfer agencies, cambios and credit unions. This included an analysis of the control measures that are in place in each of these sectors.

(vii) DNFBPs Vulnerability

This group analysed the vulnerability of DNFBPs which include dealers in precious metals, dealers in precious and semi-precious stones, attorneys, notaries, accountants/auditors, trust & company service providers, house /real estate agents, used car/car parts dealers, casinos, betting shops/internet gambling, lotteries, pawnbrokers/money lenders, friendly societies, cooperatives, and importers and exporters of valuable items.

(viii) Financial Inclusion Products Vulnerability

The aim here was to assess the ML/TF vulnerability arising from financial inclusion products in the country and to suggest changes to the existing laws to promote financial inclusion products if necessary.

The basis of the World Bank ML/TF Tool is, that a country's ML/TF risks stems from the impact of ML/TF threats and vulnerabilities. In this regard, ML/TF threats refers to the proceeds of crimes generated in a country or that came into the country from other countries, while ML/TF vulnerabilities are the weaknesses and gaps in a country's defense mechanism (example, laws, regulations, institutional framework, geographical factors, lack of awareness and other relevant infrastructure) against ML/TF activities.

The same process was used to assess money laundering and terrorist financing risks in Guyana, since there is no evidence to suggest that terrorist financing is a major challenge for Guyana. It must be noted however that because the terrorist financing risks assessment involves the identification of core characteristics of terrorist financing in specific sectors and entities there were slight variation in the information used to assess terrorist financing.

Data and information were gathered by; electronic questionnaires, relevant published and unpublished material, media reports, Internet material and telephone and in- person interviews. Brainstorming among working group members was also useful for this exercise.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

Three variables, namely, availability and access to beneficial ownership information, availability of reliable identification infrastructure and availability of independent information sources were used in the assessment of all the sectors but were assessed and discussed by the National Vulnerability group.

The National Risk Assessment followed the three-phase process as prescribed by the World Bank tool.

Phase 1 - Preparation

During the Preparation Phase Guyana received written guidance from the World Bank on how to set up the National Risk Assessment WG, collect pre-assessment data and information, and manage the logistics of the assessment process. Once the WG was established, the World Bank team and the NRA Coordinator, Assistant Coordinator and team leaders participated in a video conference to ensure that the preparatory phase was well organized. During this Phase also, the WG commenced the process of collecting data and information to be used to populate the excel spreadsheets.

Phase 2 - Assessment

The Assessment Phase commenced with a four-day workshop during the period, March 29 – April 1, 2016 for WG members. The purpose of this workshop was to introduce the participants to the World Bank National Risk Assessment Tool and to formally launch the process. During the workshop, the WG also constructed a roadmap for the completion of the exercise and collected missing data/information, to complete populating the excel spreadsheets. The WG members also analysed the data/information provided by stakeholders to identify the ML/TF threats and vulnerabilities in Guyana.

The World Bank and the Inter-American Development Bank provided guidance throughout this phase and reviewed the draft documents to ensure the accurate use of the assessment tool.

Phase 3 – Finalization

During this Phase, a final two-day Workshop would be held during the period April 12-13, 2017 to discuss the findings of the national risk assessment with the heads of participating agencies, and policymakers. The Workshop will focus on (i) a final review and discussion of the risk assessment results, (ii) the design of the risk-based Action Plan, and (iii) a discussion of implementation issues.

1.4 Limitations/Challenges

In conducting the NRA, the working group faced a number of limitations as are outlined below. The findings of the exercised must therefore be interpreted in this context, and measures should be put in place to address the issues identified before the next NRA exercise is conducted.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

- **Unavailability of Data** - In some instances, particularly among the DNFBPs data was not available from the targeted sources. In other cases, the data provided was inadequate to make a proper ML risk rating for certain areas. In these instances, the working group resorted to the use of anecdotal evidence of the particular sectors.

Data on investigation, prosecution and conviction of a number of predicate offences were not made available despite numerous requests. Additionally, there appear to be no centralized database from which information could easily be accessed by LEAs. Moreover, most LEAs are still handling data manually and this made data collection difficult.

Proceeds generated from criminal activities appear to be inflated and there is no mechanism in place for the verification of the information provided by LEAs.

- **Data available but not accessible** - In other instances, the data was available, but some institutions were not forthcoming with the information. This was the case for most private sector institutions which held back information for fear of repercussions for divulging information related to businesses. Information from some institutions are still not provided in spite of repeated request having been made.
- **Knowledge of AML/CFT** - ML and TF issues are relatively new in Guyana. Many persons, including law enforcement officers, do not appear to clearly understand the law on money laundering. This highlights the need for more public awareness and training on these issues
- **Time Constraints** - Some information is not included in the report because the time allocated was insufficient to generate all the data required and make a comprehensive analysis. Further, the assessment was undertaken by individuals from various institutions who had other pressing institutional assignments during the same period. This created problems with data collection and compilation of the report.
- **The absence of a designated mechanism to coordinate actions to assess risks** – While a Working Group consisting of seventy-four (74) persons representing government and private sector organisations was established to conduct the NRA, there was minimum or no participation from many of the WG members which left a strain on a few members (mainly the Coordinator, Assistant Coordinator and eight (8) team leaders) to complete the exercise in a timely manner.

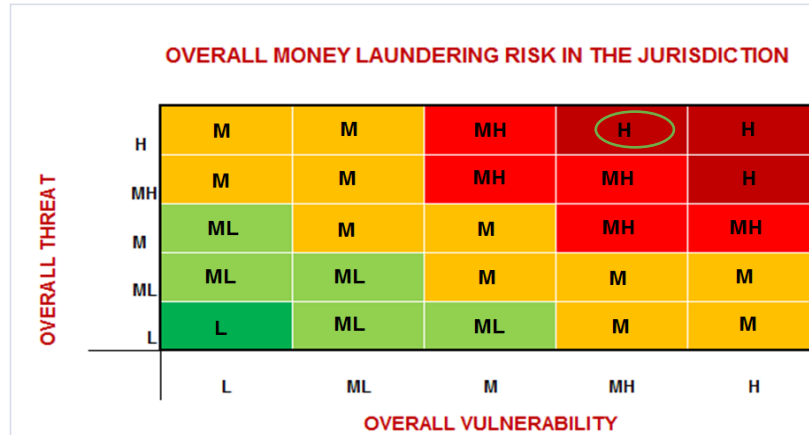
**GUYANA’S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

SECTION TWO: NATIONAL RISK ASSESSMENT FINDINGS

2.1 Overall Assessment of Money Laundering Risk

The overall ML risk for Guyana was assessed as **High**. This was informed by the overall threat which is rated High and the overall vulnerability which is rated Medium High.

Figure1 - Overall ML Risk



2.2 Money Laundering Threat Analysis

Overview

The overall level of ML threat in Guyana is **High**, due to the significant amount of proceeds of crime generated in the country and the lack of capacity among prosecutors and investigators that deal with cases related to ML/TF.

Other factors that contribute to Guyana’s high level of ML threats include, but are not limited to:

- (i) Guyana’s miles of open and unguarded border with Brazil, a country known for importing cocaine as well as being part of the international drug routes;
- (ii) The ineffective monitoring and reporting of suspicious activity by the banking sector which led to the issue of de-risking in Guyana in 2016, where the Bank of America took a decision to sever its relationship with one of Guyana’s local financial institutions;
- (iii) Guyana being fundamentally a cash-based society, the lack of robust funding, adequate training and sophisticated technology-based systems all increase Guyana’s ML risk; and

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

(iv) The fact that Guyana will soon be an oil producing nation. This was confirmed by the announcement of ExxonMobil and Hess that the successful drilling of a deep-water exploration well may soon confirm that the seafloor beneath Guyana's coastal waters contains one of the richest oil and natural gas discoveries in decades⁶. This reality could dramatically increase the threat of money laundering and terrorist financing in Guyana.

The main offences that reportedly generated significant amounts of proceeds of crimes in Guyana between 2012 and 2016 were: smuggling, including currency and gold smuggling (two hundred and sixteen investigations), fraud (one hundred and twenty nine investigations), money laundering (sixty-six investigations), illicit trafficking in narcotic drugs (fourteen investigations), tax evasion (one investigation), terrorist financing (three investigations), and participation in organized criminal group (no reported investigation).

For the same period over six hundred billion dollars (G\$600B) in proceeds of crime were identified for these offences combined. From this sum, LEAs were able to seize only G\$51.4 million and freeze approximately G\$42 million. However, only G\$1.6 million of that sum was confiscated.

Although there has never been any prosecution for money laundering/ terrorist financing in Guyana, between 2012 and 2016 there were approximately sixty-six (66) investigations related to money laundering that are still ongoing. In addition, a total of G\$135B was identified as proceeds from the crime of money laundering of which approximately G\$42M was frozen.

Additionally, information received from the GPF revealed that during the same period, approximately four hundred and twenty-six (426) cases related to serious offences were investigated with the highest number of investigations being related to smuggling. For the same period, there were eleven (11) prosecutions (ten for smuggling and one for fraud) but only one (1) conviction for gold smuggling.

With regards to financial crime investigations, in September 2014 the Special Organised Crime Unit (SOCU) (a department within the GPF) was established to investigate all financial and related crimes. The AML/CFT Act 2009 authorises the Financial Intelligence Unit to forward reports related ML, TF or proceeds of crime to SOCU for investigations and provide information requested by the agency for the purpose of investigations. Accordingly, SOCU made requests to the FIU for information on twenty-five (25) cases in 2014 and seventy-five (75) cases in 2015.

In 2014 SOCU investigated twenty-one (21) ML cases and one (1) TF case; in 2015 three hundred and eighteen (318) ML cases, one (1) TF case and one (1) Asset Forfeiture (AF) case; and in 2016 three (3) TF cases.

⁶ https://www.nytimes.com/2017/01/13/business/energy-environment/major-oil-find-guyana-exxon-mobile-hess.html?_r=0

**GUYANA’S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

However, there has not been any conviction for ML, TF or AF in Guyana, although the FIU has sent twenty-eight (28) files to SOCU for investigation between September 2014 and December 2016. SOCU is currently investigating a number of other cases that involve significant amount of proceeds of crime.

The cases under investigation by SOCU as at the end of December 2016 are highlighted below.

Figure 2 - Cases under investigation by SOCU

Type of Investigations	No of Cases	No. of Individuals/ Companies	Remarks
Money Laundering	66	N/A	Including FIU Referrals
Terrorist Financing	3	N/A	
Smuggling including gold smuggling	N/A	189 Individuals 27 Companies	
Forensic Audits for the allegation of corruption and misappropriation of funds.		94 Companies and individuals	
TOTAL	69	310	

Source: Special Organized Crime Unit

Predicate offences which generate Large Proceeds of Crime

Tax evasion

Tax evasion is the wilful attempt to defeat or circumvent the tax law in order to illegally reduce one’s tax liability. Based on data collected it was concluded that tax evasion is extensive in Guyana. In December 2016, the Commissioner General of Guyana Revenue Authority (GRA) indicated that approximately 40% of taxes are not being paid. Proceeds of crime generated from this offence for 2012 to 2016 is G\$450B.

Fraud

Fraud is one of the most significant predicate crimes in Guyana as reported by the SOCU. Procurement fraud is prevalent in Government contracts. The Government of Guyana has undertaken forensic audits of over 20 entities. The results exhibited a “culture” of fraud permeating almost all of the audited entities. Proceeds of crime generated from this offence for 2012 to 2016 is G\$60B.

Smuggling/Trade based smuggling

Smuggling is ubiquitous in Guyana as the Guyana “Customs” appears to be in collusion with criminal gangs. Bribery is “normal”, drugs, gold, blood diamonds”, fuel, cigarettes, arms, birds, forestry products, trafficking in person, are all part of this category. It is also believed that smuggled goods and currency drive Guyana’s underground economy⁷, because of the country’s

⁷ Guyana’s underground economy is estimated by various analysts to range between 40 and 60 percent of GDP.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

cash-based nature. Many of the organised crime groups use their proceeds of crime to create businesses.

In the gold industry, for example, gold is bought and reported as “mined” gold so that legitimacy is conferred on the buyer and money is laundered through this process. In January 2016, the Minister of Natural Resources was quoted in the media as saying that it is estimated that some 15,000 ounces of gold is smuggled out of Guyana, monthly. This revelation came as a result of a high-level meeting between members of local Law Enforcement and the FBI and the US Department of Homeland Security. Proceeds of crime generated from this offence for 2012 to 2016 is estimated at G\$60B.

There is also the perception that the country's borders are roots for smuggling traded goods, people, drugs, arms, etc., including cash and precious metals. Reported cases of smuggling moved from 1 in 2014 to 7 in 2015, amounting to approximately US\$47,711 (equiv.) and US\$693,080 (equiv.), respectively. In the case of cash smuggling, there have been investigations, but no convictions for the past five (5) years.

Participation in organised criminal group

Guyana is and has been very “fertile ground” for organised crime. There are many illicit drugs and gold smuggling crime gangs in Guyana. Given the heavy concentration of wealth in a few small groups, the deep corruption that exists in the judiciary and law enforcement agencies and the involvement of the private sector, Guyana is perceived to be a criminalised State by some analysts. Corruption, especially in law enforcement and the judicial system, plays an important role in allowing gangs and organised crime elements to operate as it would be impossible for large quantities of narcotics to be trafficked through Guyana without significant institutionalised corruption⁸. Proceeds of crime generated from this offence for the period 2012-2016 is G\$40B.

Illicit trafficking in narcotic drugs and psychotropic substances

For many years, the International Narcotics Control Strategy Report (INCSR) published by the United States Bureau of International Narcotics and Law Enforcement Affairs reaffirms that.

“Guyana is a transit country for cocaine destined for the United States, Canada, the Caribbean, Europe, and West Africa. Cocaine originating in Colombia is smuggled to Venezuela and onward to Guyana by sea or air. Smugglers also transit land borders with Brazil, Venezuela, and Suriname. Cocaine is often concealed in legitimate commodities and smuggled via commercial maritime vessels, air transport, human couriers, or various postal methods. The influence of

⁸ “There is the existence of a cabal or coterie of persons comprised mainly, but not exclusively, of selective crime bosses, state officials, security personnel, elements of the criminal justice system and political bosses, advisors and other insiders. The combination is unique and derives from the particular historical antecedents as well as social, economic and political circumstances in Guyana. This group as identified wields enormous power as well as commands considerable economic wealth. As the ruling elite this group has placed itself above the reaches of domestic law while at the same time leading the political charge in Guyana for law, order, public safety and human security”. (Professor Clive Thomas, Guyana)

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

narcotics trafficking is evident in the country's political and criminal justice systems. Traffickers are attracted by the country's poorly monitored ports, remote airstrips, intricate river networks, porous land borders, and weak security sector capacity".

The drug trade has dominated illicit activities in Guyana, distorted the value of Guyana's GDP and corrupted many organs of government. Proceeds of crime generated from the offence of illicit trafficking in narcotics drugs for the period 2012-2016 is estimated at G\$30B.

Corruption

While corruption was not among the common predicate offences reported, anecdotal evidence suggests that the practice is widespread in Guyana. Some of the common offences are paying bribes to obtain licenses from the Guyana Revenue Authority (GRA); Police officers taking bribes to ignore offences or extorting motorists in the street; and senior public officers under the previous administration, involved in embezzlement of public funds and stolen state assets⁹.

Networks of corruption exist in many Government ministries and have distorted the procurement process. These networks of corruption and organized crime groups are also heavily involved in tax evasion and kickbacks. Money laundering is a norm in these groups because of the cash-intensive nature of the country society.

Although Guyana has acceded to the United Nations Anti-Corruption Convention, the country's rating based on the Transparency International Corruption Perception Index¹⁰ has been very low for the past decade. Its lowest score, 25 out of a total of 100 points was attained in 2006. In 2015, with an improved score of 29, and ranked 119 out of a total of 175 countries the country was still listed among the most corrupt countries.

Financial inflows and outflows

Because of Guyana's large Diaspora population and their connection to friends and family at home, the remittances sector is large and necessary for the survival of many families. This sector however poses severe ML/TF risks for Guyana, as flows derived from illicit activities can go unnoticed due to the high volume and frequency of these transactions and the deficiencies in the current regulatory infrastructure.

2.3 Terrorist Financing

Between 2011 and 2016 there were only three investigations related to terrorist financing. However, the proceeds of crime generated from this offence over this period amounted to an

⁹ To repossess some of these stolen public funds and assets, a State Asset Recovery Agency was recently established in Guyana. The department is in possession of cases for investigation and has commenced investigation of some of these cases. However, legislation to facilitate the prosecution of perpetrators has been drafted but not yet enacted.

¹⁰ A country or territory's score indicates the perceived level of public sector corruption on a scale of 0 (highly corrupt) to 100 (very clean).

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

estimated G\$100M. There appear to be political will to fight terrorism and terrorist financing in Guyana. This is evidenced by the comprehensive legal and supervisory framework in place.

The AML/CFT Act (2009), and its amendments in 2010, 2015 and 2016, the AML/CFT Regulations 4 of 2015 and Amendment Regulations No. 7 of 2015 as well as the Anti-Terrorism and Terrorist Related Activities Act No. 15 of 2015 together address the criminalization of terrorism and terrorist related activities and provide for the detection, prevention, prosecution, conviction and punishment for terrorism and terrorist related activities; identifying and designating of persons and entities financing or supporting terrorist activities; freezing and prohibiting dealing in funds or other assets of designated persons or entities; and de-listing, unfreezing and providing access to frozen funds or other assets in accordance with the United Nations Security Council Resolutions 1267 and 1373.

According to the US Department of State OSAC Bureau of Diplomatic Security website “There is no specific threat information concerning the presence of local, regional, and/or international terrorist groups in the country.” However, in 2010, two Guyanese were sentenced to life imprisonment in the USA for terrorist activities. There are no known indigenous terrorist organizations, and Guyana is not a known base of support or sympathy for terrorists.

Notwithstanding the above, Guyana is somewhat vulnerable to terrorism and terrorist financing since Guyana has large open unguarded borders and is situated next to Suriname, where it was reported that *Hezbollah* referred to as “the Party of God - a Shia Islamist political, military and social organisation that wields considerable power in Lebanon” has had connections with high ranking individuals in that jurisdiction and that Guyana’s gold is also reaching *Hezbollah*. Further, backtracking and illegal border trade is a well-known phenomenon between Guyana and Suriname (Guyana has approximately thirty thousand citizens living in Suriname).

In addition, Guyana is also neighbour with an unstable Venezuela known globally by enforcement agencies as a transshipment point for drugs and especially cocaine, and is within proximity to Trinidad and Tobago (a 55 minutes’ flight) whose FIU had reported in 2016 that 182 of its nationals are suspected of being involved in terrorism and in particular, 69 are suspected of financing terrorism with links to ISIS.

Considering the foregone, the overall threat on terrorist financing in Guyana is rated as **Medium**.

Recommendations

- Enact the State Assets Recovery (SAR) Bill so that non-conviction based civil recovery becomes a complementary tool in the fight against stolen state assets, money laundering, corruption and organized crime.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

- Develop protocols/MOUs for information sharing among the Agencies involved in the fight against money laundering and terrorist financing.
- Develop a Public Awareness Campaign that involves formal educational institutions.
- Expand the capacity of SARU to enable the unit to effectively carry out its mandate.
- Utilize forensic audits to identify weaknesses in the financial management system and reforms should be adopted.
- Strengthen collaboration between the Government and the Private Sector in the fight against corruption and money laundering.
- Make compilation and maintenance of relevant statistics on matters relevant to AML/CFT a priority.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

2.4 National Vulnerability to Money Laundering

In assessing the overall national vulnerability, the features of Guyana's economic, legal and geographic environment were reviewed to identify elements that make the country attractive to ML/TF activities. Accordingly, two factors impacted on the overall national vulnerability outcome, namely, the national combating ability and the overall sectoral vulnerability rating. The former identifies weaknesses and gaps in the country's ability to prevent and respond to ML/TF risks, and the latter identify features of any specific sector, any financial product and any service that made it possible for the proceeds of predicate crimes to enter the formal financial system without being detected.

The overall national vulnerability for Guyana was rated **Medium High**. The national combating ability was assigned a rating of **Medium Low**, which is considered weak and stemmed from, a lack of capacity to investigate and prosecute financial crimes and the cash- based nature and large informal economy in Guyana. The absence of an AML/CFT national policy strategy is also a contributing factor.

The overall sectoral vulnerability was rated as **High**. High priority risk areas needing urgent attention are the sectors with very high and medium high money laundering vulnerability.

The sectors with very high money laundering vulnerability are:

- Attorneys-at-law,
- Accountants,
- Trust or Company Service Providers,
- House/Real Estate Agents,
- Used Car/Spare Parts Dealers, and
- Friendly Societies/Registered Charities.

While the sectors with medium high money laundering vulnerability are:

- Dealers in Precious Metals (Gold Dealers),
- Dealers in Precious and Semi-Precious Stones (Diamond Dealers),
- Banking,
- Money Transfer Agencies,
- Cambios,
- Credit Unions, and
- Cooperatives.

National Combating Ability

Many factors contributed to the overall national combating ability of Guyana to money laundering and terrorist financing. Some factors had a direct impact, while others were indirect. In this context, two categories of variables were assessed by the National Vulnerability Group to

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

assess the country's national combating ability, namely, intermediate variables and the input variables.

Intermediate variables are broad and high-level factors that cannot be accessed directly. They were therefore disaggregated into their constituent parts in order to be assessed. Thirteen (13) intermediate variables were assessed and their ratings were determined automatically from the information put into the World Bank Tool. These variables are however important for the overall national vulnerability rating.

Input variables reflect factors that affect the quality of the general AML/CFT controls at a national level and determine the ability of the country to combat money laundering and terrorist financing. They are therefore referred to as general AML/CFT control variables. The following twenty-two (22) input variables were assessed for Guyana.

1. Effectiveness of Money Laundering Crime Definition

This variable was rate **Medium High** after considering pertinent sections of the AML/CFT legislation related to the definition of crime and penalties for committing ML offences.

Section 3 of the AML/CFT Act of 2009 as amended by the AML/CFT (Amendment) Act No. 1 of 2015 criminalizes ML based on the Vienna Convention and the Palermo Convention as required by FATF Recommendation 3. ML is also applied to all serious offenses committed in Guyana. Additionally, the penalties for the offence of ML for both individuals and legal persons are severe and could be considered dissuasive and proportionate since they far outweigh those prescribed for other serious offences. A natural person who commits the offence of money laundering is liable on summary conviction to a fine of not less than five million dollars or more than one hundred million dollars and to imprisonment for seven years. In the case of a body corporate the penalty prescribed is no less than two hundred million dollars or more than five hundred million dollars.

Sentencing tools for ML offence imposed by Judges, are of a limited range, but can be considered appropriate. They are mostly monetary, confiscatory and imprisonment. It should however be noted that there is no sentencing guidelines for judges except as prescribed in the legislation, the minimums and maximums. As such the penalties that can be handed down by Judges and Magistrates are largely discretionary, but within the range.

2. Quality of AML Policy and Strategy

This variable was rated **Medium Low** primarily because, there is currently no National Strategy/Policy for combating ML/TF in Guyana. However, Guyana has a comprehensive AML/CFT internationally compliant legislative framework in place in line with international best practice. Under this legislative framework, the Financial Intelligence Unit (FIU) and the Special Organised Crime Unit (SOCU) of the Guyana Police Force were established. The AML/CFT Authority, which is responsible for advising Law Makers on the country's national

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

policy and strategy on AML/CFT, is established in law¹¹ but not yet operational. A National Strategy for Combating Money Laundering and the Financing of Terrorism (2014 -2019) was however prepared in 2014 with assistance from a Canadian Consultant but was never implemented.

3. Quality of FIU Intelligence Gathering and Processing

This variable was rated **Medium High**. The legislative framework is in place for the autonomous functioning of the FIU and much progress has been made even in the face of resource and capacity deficiencies.

The FIU is an administrative type FIU that was established under the AML/CFT Act of 2009 and is a subvention agency under the Ministry of Finance. Its financial resources to be allocated through budgetary allowances from the appropriations account as approved by Parliament. The allocations to the FIU has increased from G\$49.8 million in 2011 to G\$86.5 million in 2015, but the agency has been unable to fully these amounts for the past five (5) years. Prudent management of the financial resources of the FIU led to the reduced costs over the years, and the physical expansion of the unit's office is moving very slow.

As required under Section 110 of the AML/CFT Act of 2009, the FIU prepared and published Annual Reports on its operations for the years 2011-2014, including Financial Statements audited by the Auditor General of Guyana for each financial year.

The FIU is not subordinate to any agency. However, the AML/CFT (Amendment) Act No. 1 of 2015 paved the way for the establishment of an AML/CFT "Authority". The FIU will receive advice from the Authority of a general nature as to the policy to be followed in the exercise and performance of its functions. The Authority will be made up of ten (10) members to be known as the AML/CFT Authority as well as nine (9) ex officio members comprising of the heads of investigative, prosecution, supervisory and other competent authorities in Guyana. This AML/CFT Authority is to be established by the Parliamentary Committee of Appointments. Without compromising its independence, the FIU is required to furnish reports/information requested by the AML/CFT Authority and enable the verification of such reports/information by the AML/CFT Authority.

Senior Staff of the FIU, including the Director, Deputy Director, attorneys-at-law and accountants, are appointed by the National Assembly based on recommendations of the Bipartisan Parliamentary Committee on Appointments. The Director is the Chief Executive Officer and Head of the Unit. The employment contract of the previous Director, who was appointed at the establishment of the Unit, ended on December 31, 2015. A new Director and the first Deputy Director were appointed and took office in September 2016. The FIU office

¹¹ See Section 7A of the AML/CFT (Amendment) Act No. 1 of 2015.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

currently has eight (8) employees, which include the Director, Deputy Director, two (2) Legal Advisers, two (2) Financial Analysts, one (1) Database Administrator and one (1) Administrative Assistant. The appointment of an Accountant and Attorney-At-Law are pending.

The current staff at the FIU office is grossly inadequate, given the large number of STRs received annually. As a result, staff is required to perform multiple functions, often in disciplines other than what they were specifically recruited and trained to do. The two (2) Financial Analysts have been exposed to some amount of specialised training over the last 5 (five) years.

The FIU has a functioning "Committee of Management" which was established in accordance with section 6(3) of the AML/CFT (Amendment) Act No. 1 of 2015. The Committee of Management consists of the Director, Deputy Director, Senior Legal Adviser and Senior Financial Analyst who have overall charge of the direction of the operations of the Unit. The Director is authorised to appoint personnel trained in financial investigators or other employees as he considers necessary. All employees are required to undergo background checks prior to appointment.

There is currently no code of conduct for FIU employees, and, to date there has been no breaches of FIU held intelligence. FIU staff is contractually obligated to maintain confidentiality unless ordered by a court of law. Dissuasive sanctions for FIU employees found guilty of breaching the AML/CFT legislation include significant pecuniary penalties and imprisonment of up to three (3) years.

Under Sections 9 (4) (n) and 13 of the AML/CFT Act of 2009 the Director of the FIU has powers to provide/share information with both local and foreign law enforcement agencies. The FIU has in place SOPs to deal with Suspicious Transaction Reports (STRs), which is also used to trigger requests for information and analysis and then dissemination of information.

There has been a significant reduction in the number of STRs received by the FIU since 2013, which is as a result of the FIU providing feedback to reporting entities on the quality of STRs received. Should there be further specialisation within the FIU; the work load per Financial Analyst would be about eighty (80) cases per year, a number that is significantly high given the intricacies involved in ML, TF and AF cases and the fact that on average it takes 2-3 months to gather information and analyse a case. Timely submission of requested information due to various storage methods utilized by Reporting Entities (REs) and the lack of basic Customer Due Diligence (CDD) information for relationships existing prior to the AML/CFT Act of 2009 is also a contributing factor to the lead time of assessing cases.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

Figure 3 - STRs received by FIU for the period 2011-2015:

Reporting Entities	2011	2012	2013	2014	2015
Licensed Financial Institutions (Banks)	14	7	73	61	25
Money Transfer Agencies	844	800	721	305	132
Cambio Dealers	-	-	84	13	-
Insurance Companies	-	-	-	-	2
Total	858	807	878	379	159

Source: Financial Intelligence Unit, Guyana

From the entities referred to in the table above, SAs are yet to be appointed for Trust or company service providers, Accountants, Notaries and Attorneys-at-law. While SAs have been appointed for the others these SAs have not commenced effective supervision in accordance with the AML/CFT legislation as such most of these entities have not commenced submitting suspicious transactions, threshold transactions or terrorist property reports to the FIU.

The FIU has the responsibility to create training requirements and provide such training for REs with respect to their obligations under the AML/CFT legislation. The FIU is also required to issue guidelines to reporting entities and provide guidance and feedback on the quality of STRs reported. Generally, REs rated the information, guidance, feedback and training received from the FIU as average. Of the eight (8) LFIs/Banks only one bank gave a rating of excellent, eight (8) of the eleven (11) Cambio Dealers gave a rating of excellent, four (4) of the five (5) Money Transfer Agencies gave a rating of average and one (1) other entity give a rating of poor.

Over the period 2011-2016 the FIU published five (5) typologies/trend analyses relating to Foreign Currency Cash Movements, Suspicious Transactions Reporting, Gold Jewellery Trade, Cash Couriers and the use of fictitious agreement of sale for non-existing precious mineral to support large cash transaction at a financial institution.

The FIU is not yet a member of the Egmont Group of FIUs. In November 2011, the FIU applied for membership however, the application process was delayed due to the large number of legislative deficiencies identified in Guyana's Third Round Mutual Evaluation Report which was published in July 2011. Even though these deficiencies have since been remedied resulting in Guyana's removal from the FATF's Watch List and the CFATF follow-up process, there has been no positive movement regarding Guyana's application.

4. Effectiveness of Domestic Cooperation

This variable was rated **Low** due to the lack of any successful ML, TF or AF case, which is a signal that the local authorities are not cooperating effectively. The formalization of the AML/CFT Authority is critical, as the nine (9) ex officio members are Heads of the key agencies that are required to cooperate and share information for AML/CFT investigations.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

There is a consensus that agencies are reluctant to share information and cooperate with the FIU in the fight against ML/TF in Guyana. However, there exist a MOU between the FIU and SOCU which provides guidelines that facilitates sharing of information between the two agencies, which is a step in the right direction and should be implemented across AML/CFT agencies. A further example of a mechanism for information sharing and inter-agency collaboration exists in the airport's SOPs for currency declarations.

5. Effectiveness of International Cooperation

Given that there is some level of information sharing between local and overseas Law Enforcement and Intelligence Agencies this variable was rated **Medium**.

International cooperation seems to have more formal arrangements than domestic cooperation. It reflects how international pressure has driven domestic efforts to combat money laundering. The threat of sanctions and the effects of de-risking appear to be the underlying rationale for legislation, investigations and national efforts to combat money laundering and terrorist financing.

The Central Authority, specifically the Minister of Public Security and the Minister of Foreign Affairs are empowered to share information with their international counterparts, as per Section 3 (2) of the Mutual Assistance in Criminal Matters Act 2009.

Section 22(2)(g) of AML/CFT Act of 2009 empowers the AML/CFT SAs to cooperate, request and exchange information with agencies performing similar functions in other countries, whilst Section 9(4) (m) and (n) of AML/CFT Act of 2009 empowers the FIU to share information with similar international entities¹²

Communications between international agencies are constrained by language barriers and the need for Mutual Legal Assistance requests to include the predicate offence committed in the country of origin. The average response time is between one (1) to three (3) weeks.

Guyana has not received many requests, which seems to suggest that Guyana may not be a significant place to hide the proceeds of crime among international players. In 2015, the GPF-SOCU handle three (3) requests received from two (2) different jurisdictions, and provided three (3) responses involving money laundering and asset forfeiture, which had a value of G\$20,000,000. In 2014, the GPF-SOCU made three (3) requests from three (3) jurisdictions. In

¹² As of December 2015, FIU-Guyana signed eight (8) MOUs on bilateral cooperation with its regional counterparts (FIU - Trinidad and Tobago, FIU - Belize, FIU - St. Maarten, FIU - Suriname, FIU - Curacao, FIU - Grenada, FIU - Dominica, and FIU - Antigua & Barbuda). Guyana is also a signatory to International and Regional Conventions.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

2015, they made three (3) requests and received three (3) responses on ML/AF cases. The information received was positive and helpful for prosecution purposes.

Guyana participates in Interpol, Federal Bureau of Investigation (FBI), U.S Customs and Border Protection (USCBP), Inter American Centre for Tax Administrations (CIAT), Caribbean Customs Law Enforcement Council (CCLEC) and occasionally in the International Association of Prosecutors in the Caribbean. These agencies provided technical assistance, training and information exchange.

Local LEAs have also indicated that information sharing with larger and more developed countries in North America and Europe is mostly one sided; in that while Guyana responds to requests from these countries, responses to Guyana's requests for information from these same countries are not always forthcoming.

6. Capacity and Resources for Financial Crime Investigations (including AF)

This variable was rated **Low**, primarily because it is believed that the agency responsible for investigating ML, TF and AF cases in Guyana is significantly understaffed and lacking the technical capacity and resources to successfully process cases.

In August 2014, SOCU made its first seizure of US\$45,630 and €740 from a Bulgarian National, who was passing through Guyana's main international airport, Cheddi Jagan International Airport (CJIA). The currency was seized on the suspicion of money laundering.

SOCU has a staff complement of six (6) individuals. The Head of SOCU holds the rank of Assistant Commissioner of Police. Other key staff in the employ of SOCU includes two (2) investigators and a Financial Analyst. Both Investigators are tasked with investigating ML, TF and AF cases, as well as tax evasion, gold and currency smuggling. These individuals have qualifications in auditing and financial investigations and other skills acquired from participating in professional developmental courses mandated under FATF guidelines.

In 2014 and 2015 SOCU staff benefited from ML investigation theory and practice training, and training on ML/TF/AF investigation and preparation of files for prosecutions.

7. Integrity and Independence of Financial Crime Investigators (including AF)

This variable was rated **Low**. Drawn from the findings, there seem to be a lack of independence, resulting in the infringement on the integrity of financial crime investigators. This low rating stemmed from an assessment of the operation of SOCU investigators coupled with the general public's perception of GPF being an inefficient and ineffective organisation.

SOCU is the main agency in Guyana tasked with investigating financial crimes. This Unit has a low public confidence rating.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

The 2016 USAID Report on Guyana stated the GPF is the institution Guyanese least trust. It noted that negative perceptions of the Force are informed by police brutality, ineffective crime fighting strategies, extra judicial killings, misplacement of court jackets, high rates of unsuccessful prosecutions in courts, bribery, the perpetual demand for “top up” and hostile community interaction.

There was no clear indication as to whether there were laws in place to preserve the integrity of financial crime investigators; however, vetting and polygraph testing is being practiced by the force.

The recent publications in the local print and television media of sensitive financial data in SOCU's possession for on-going investigations highlighted the lack of confidentiality. Additionally, the methodology used by SOCU to undertake investigations has come into question by a wide cross section of the Guyanese populace since there is the perception that there is political interference in the Unit's operations.

8. *Capacity and Resources of Financial Crime Prosecutions (including AF)*

In consideration of the significant capacity and resource issues facing the office of the Director of Public Prosecutions (DPP), this variable was rated **Low (0.3)**.

The Office of the DPP is empowered by law to:

- a) Institute and undertake criminal proceedings against any person before any court, that that a court-martial, in respect of any offence against the law of Guyana.
- b) Take over and continue any such criminal proceedings that may have been instituted by any other person or authority;
- c) Discontinue at any state before judgment is delivered any such criminal proceedings instituted or undertaken by him or any other person or authority.

There are fifteen (15) state prosecutors¹³ together with four (4) Police Prosecutors who handle all the public prosecution cases in Guyana. There is no specialised unit, agency, department or prosecutor to handle ML, TF or AF cases. Any State Prosecutor can be called at any time to prosecute or appeal a ML, TF or AF case. These individuals have benefitted immensely from specialized training through workshops and conferences over the past five years.

¹³ State Prosecutors are qualified lawyers who are not required to have any financial background and qualification. On the job training is the main method of enhancing their competence in prosecuting financial crimes.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

There is a significant backlog of cases awaiting trial in the high court. Prosecutors are not specialised and are required to handle any case assigned to them. There has never been any successfully prosecuted ML, TF or AF case in Guyana.

9. Integrity and Independence of Financial Crime Prosecutors (including AF)

This variable was rated **Low**, in view of the fact that there are currently no specialised Financial Crime Prosecutors and the lack of data on integrity breaches by Prosecutors.

It is not possible to make a fair assessment on their integrity and independence of financial crime prosecutors, since there are no specialized financial crimes prosecutors nor have there been any ML, TF and AF cases concluded in the courts. However, the prosecution of a high-profile financial crimes case involving an ex-minister of government is currently engaging the attention of the courts.

10. Capacity and Resources for Judicial Processes (including AF)

The notable lack of training for Magistrates and Judges in the area of financial crimes, and the current back log of cases in the judicial system have resulted in this variable being rated **Low**.

As at March 15, 2017 there was a total of 21 (twenty-one) Magistrates and 17 (seventeen) Judges in the judicial system. The use of Information Communication Technology in the courts is limited, but it was recently reported that Skype is being used for witnesses out of the jurisdiction.

The complement of sitting Judges and Magistrates is far below the needs of the court system. A news article dated May 2016 quoted a member of the Judiciary as saying “it is impossible for a Judge to complete thirty (30) civil matters in one session more so, when Attorneys-at-Law are given adjournments too often. It is the hope of the administration that given time and space at the High Court, twenty (20) judges will be able to deal with the backlog of cases positively.”

Measures implemented over the past years to tackle the issue of lengthy delays in the processing of civil and criminal cases through the court system include night (late afternoon) courts, appointment of temporary Magistrates, encouraging the use of mediation, etc. But it is too early to determine if the backlog cases have been erased or even significantly reduced.

Over the last five (5) years only one (1) asset forfeiture case has been brought before the courts, this case is a civil matter and is presently on appeal in the Court of Appeal.

11. Integrity and Independence of Judges (including AF)

This variable was rated **Medium** since it is believed that the system of appointing Judges and Magistrates is free from political interference. However, it is the general public perception that the integrity and independence of sitting Judges and Magistrates are tainted.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

The Judicial Service Commission (JSC) of Guyana is the constitutional body that is responsible for the appointment and discipline of Magistrates and Judges. Through a network of provisions, doctrines and mechanisms, and the Constitution of Guyana, the independence of the Judiciary against every form of influence, especially from the Executive branch of Government, is guaranteed. The process of appointing Judges and Magistrates appear to be free of political interference, but the perception is that protocols are not always followed.

The Supreme Court's Code of Conduct for Judicial Officers has been in place for over twenty-five (25) years. There is only one (1) occasion in which a sitting Judge/Magistrate complained of being pressured/intimidated to give a favourable ruling in a case. Also, in November 2004, the JSC instituted disciplinary charges against a Magistrate following allegations of misconduct which stemmed from allegations that the Magistrate in question threatened not to resume sittings in a matter and used offensive language in the courtroom. Another complaint was made against the same Magistrate alleging that the Magistrate interfered with a court decision. The Magistrate eventually resigned in 2008 after being absent from the bench since November 2004.

In February 2015, two sitting Magistrates were dismissed by the JSC after being found guilty of several infractions. One of the Magistrates was accused of being unable to deliver nineteen (19) decisions, leaving the country without approval, being absent from a Magistrate's Association meeting, failure to report her absence from work, failure to respond to queries from the Chief Magistrate, submitting a medical certificate from a doctor not within the same district as her residence and allowing her husband to appear as an Attorney-At-Law in matters before her in a Court of Law. The other Senior Magistrate was accused of tampering with documents relating to a dangerous driving charge brought against him. While these issues are not prevalent in Guyana the WG felt that these isolated incidents warrant highlighting.

In March 2015, a Magistrate was reinstated to the bench after serving a three (3) months suspension, instituted by the JSC, for allegations of inappropriate verbal behaviour in his court which was directed to a businesswoman who had a pending matter before him.

Currently there are private criminal charges pending against a Supreme Court Judge for the use of threatening language, whereby a breach of peace may have occurred, he wilfully exciting or attempted to excite hostility and he caused his motor vehicle to remain in the center of the street obstructing the free flow of traffic during a traffic incident in April 2016.

It should be noted that there is no process in identifying Judges or Magistrates who will preside over financial and asset forfeiture cases. This can be problematic as there are no considerations of the knowledge base of the individuals in relation to the ML Crimes.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

It is believed that existing sanctions for inappropriate behaviour by Magistrates and Judges are relatively dissuasive, given that they can be removed from the bench. Security of tenure for Judges is covered under article 197(2) of the Constitution of Guyana.

12. Comprehensiveness of Asset Forfeiture Laws

This variable was rated **Very High**, mainly because the AML/CFT Act of 2009, as amended, is compliant with the FATF's International Standards on combating money laundering and the financing of terrorism.

Asset forfeiture laws in Guyana are comprehensive and give law enforcement agencies wide ranging authority to detain, seize, freeze and forfeit proceeds of crimes. The laws give wide ranging powers to SOCU, the Director of Public Prosecutions (DPP) and the Attorney General (AG) to act as is necessary, not only for prosecutions but also for securing evidences, etc.

Forfeiture tools available under the AML/CFT legislation include criminal forfeiture, non-conviction-based (NCB) forfeiture, enforcement of foreign non-conviction-based (NCB) forfeiture and administrative forfeiture. The legislation also protects the rights of bona fide third parties to assets. Additionally, the State Assets Recovery Bill No. 2 of 2017, which is still to be enacted, will also provide a wide range of civil recovery tools for the investigation, recovery and preservation of state property obtained through unlawful conduct. Such tools include customer information, production, account monitoring, restraint, ancillary and civil recovery orders and search and seize warrants.

13. Availability of Independent Audit

In light of the limited number of Audit Firms in Guyana, lack of rotation of Auditors and the deficiency of many companies in filing annual returns at the Commercial/Companies Registry, this variable was rated **Medium**.

As at December 31, 2015, there was a total of eleven (11) registered independent Audit Firms in Guyana, with four hundred and fifty-eight (458) Audit Staff.

Local Auditors and Audit firms comply with international auditing standards such as, Generally Accepted Auditing Standards (**GAAS**), International Standards on Auditing (**ISA**) and International Financial Reporting Standards (**IFRS**). Additionally, the Institute of Chartered Accountants of Guyana (**ICAG**) Association of Chartered Certified Accountants (**ACCA**), International Organization of Supreme Audit Institution (**INTOSAI**) and International Federation of Accountants (**IFAC**) are local and international organisations that are responsible for setting standards and regulating the Accounting and Auditing practices in Guyana

In June 2008, an MOU was formally signed by the Presidents of the Institutes of Chartered Accountants of Guyana, Trinidad & Tobago and Barbados as well as the President of the

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

Institute of Chartered Accountants of the Caribbean (ICAC) and the President of the Association of Chartered Certified Accountants (ACCA) of the United Kingdom.

The MOU saw the implementation of the audit practice monitoring programme within the Caribbean region, with the aimed of putting the regional auditing practice on par with the United Kingdom, the United States of America, Canada and many other countries that had already implemented similar monitoring programmes.

The practice monitoring programme is a regional initiative of the ICAC. Under the programme, practitioners and firms within the three Caribbean territories are monitored to ensure that audit reports and audit procedures are in compliance with international standards on auditing and other internationally recognised rules. Monitoring visits are carried out by ACCA which has experience and expertise in the monitoring of its members worldwide. The findings are reported to the three regional institutes, who retain full regulatory responsibility for practitioners and firms during the monitoring process.

The Accounting and Auditing practices are self-regulated professions. Over the last five (5) years there has been no disciplinary action taken against any Accountant or Auditor/Audit firm for integrity breaches, corrupt or fraudulent accounting/auditing practices. However, an area of concern is the lack of rotation of Audit Firms. For example, among the six commercial banks in Guyana, except for that changed its auditor in 2015, all the others have retained the same Audit Firm for the past five years.

Reporting Entities that employ the services of Independent Auditors have indicated that it is normal for them to review the work of their Auditors for quality assurance purposes and they also disclose all fees paid for Auditing Services in their Financial Statements.

Our survey disclosed that Audit Firms are only responsible for issuing an opinion on their client's financial statement after they have concluded their audit. In cases where clients do not comply with regulations the Audit Firms have the following options at their disposal:-

- a) Make recommendations to the client(s) and follow-up for corrective action
- b) Issue a qualified audit opinion based on issues highlighted during the audit, and
- c) In extreme cases resign as Auditor

The Bank of Guyana, in its capacity as supervisory authority for Licensed Financial Institutions (LFIs), (Insurance, Cambios and Money Transfer Agencies (MTAs)) has indicated that they hold regular meetings with the Auditors of REs to discuss a range of issues including regulatory compliance, at the time of examinations. However, SAs for the gambling sector, gold and

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

precious minerals dealers, pawnbrokers, betting shops, used car dealers and house/real estate agents are to commence collaboration with the Auditors of their respective REs.

14. Effectiveness of Tax Enforcement

This variable was rated **Medium** on the premise that there is a comprehensive legal framework in place, but effective enforcement and voluntary compliance remains a big challenge. Additionally, there is a consensus that many employees of the tax authority may be compromised and facilitate non-compliance.

The Tax Act of 1929 and its subsequent amendments along with the Guyana Revenue Authority Act of 1996 and amendments, specify the operations of the Guyana Revenue Authority (GRA), and include the obligations of Taxpayers and the penalties for non-compliance with tax laws.

Companies and businesses are required by law to declare to the Tax Authority all profits made, and taxes paid in every line of business activity regardless of the jurisdiction in which the business is located.

It is explicit in the law that employed and self-employed persons are required to remit taxes at a specified rate to the GRA, and to submit annual tax returns before April 30 of every calendar year. Although the law is very specific on these requirements, anecdotal evidence suggests that non-compliance is prevalent in Guyana; because, among other things, the provisions are not enforced, due to bureaucracy, corrupt practices, and other factors not limited to the lack of a wide tax base and insufficient financial and other resources of the tax authority. Additionally, sanctions imposed for non-compliance are inadequate.

Guyana is a part of the OECD Tax Transparency Initiative. The Guyana Revenue Authority (GRA) joined in February 2016. The GRA is currently in the process of completing a questionnaire and is expected to be part of the peer review process in 2020.

To promote voluntary compliance, the GRA's public relations unit conducts weekly, fortnightly and monthly Taxpayer education programs through radio, television, workshops and print media, to sensitize the public on tax laws and procedures. Taxpayer's can also make queries and raise concerns on the GRA's website or the agency's hotline. Based on information gathered, the general consensus is that these measures have been somewhat effective in increasing compliance.

The ability to structure and conduct tax audits in an efficient and effective manner is affected by inadequate human, financial and technical resources of the GRA. Currently one hundred and forty-five (145) officers are dedicated to all tax audits and inspections. These officials are qualified in accountancy at the Bachelor's Degree levels and have at least one (1) year's relevant

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

accounting and auditing experience. Though increasing over the last five (5) years, limited local and overseas training in relevant areas are provided for tax auditors.

The general perception is that tax audits are carried out ethically and professionally. However, the selection process for conducting a tax audit is largely unknown, whilst it is estimated that G\$7B is owed to businesses, for which audits are still to be executed.

There is the perception that tax officers do come under undue influence in the execution of their duties, although the tax agency is largely an autonomous institution/agency. Code of ethics and an oath taken at employment are the main methods of preserving the integrity of tax audit officials. Instances of sanctions for non-compliance are not significant by any standard considering the perception about the issue of tax avoidance and evasion in Guyana.

The ability to track off-shore or secret accounts outside of Guyana is limited to the provisions of the Foreign Accounts Tax Compliance Act (FACTA) between Guyana and the USA, which was signed in June 2014, and the Common Reporting Standards (CSRs), formally referred to as the Standard for Automatic Exchange of Financial Account Information as developed by the Organisation for Economic Co-operation and Development (OECD)

15. Availability and Access to Beneficial Ownership Information

This variable was rated as **low**, because beneficial ownership¹⁴ is within the law, and investigators have the power to request such information. However, there are no systems in place to actively collect and track beneficial ownership information. Agencies are not clear about their role with respect to obtaining beneficial ownership information and the quality of what is collected seems highly deficient.

Guyana's business sector is predominantly small. The Companies Act Cap 89:01, the Business Names Registration Act Cap 95:01, the AML/CFT Act of 2009 and subsequent amendments, the Friendly Societies Act Cap 36:04 and the Cooperatives Societies Act Cap 88:01 set out the informational requirements for registration of businesses, companies and organisations.

One of the most difficult schemes of ML for LEAs to unravel is the establishment of companies and legal arrangements by nominees of money launderers to obfuscate the proceeds of crime. The true owners (Beneficial Owner) of the funds placed into these entities are often times difficult or nearly impossible to identify. The release of the "Panama Papers" in 2015 highlighted

¹⁴ The AML/CFT (Amendment) Act No. 10 of 2015 defines Beneficial Ownership as "ownership by a natural person or persons who ultimately exercise individually or jointly voting rights representing at least 25% of the total shares, or otherwise have ownership rights of a legal entity; or ownership by a natural person or persons who ultimately owns or controls a customer or the person on whose behalf a transaction is being conducted and includes those persons who exercise ultimate effective control over a legal person or arrangement". The same legislation authorizes the disclosure of such information to Law Enforcement Agencies to prevent the hiding of the proceeds of ML and TF.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

over 200,000 offshore entities that were established by a single Law Firm (the nominee) to handle funds for clients from all around the world. While investigations are still on-going it is believed that this was a successful scheme used by money launderers to launder their illicit funds for over 4 (four) decades.

The AML/CFT (Amendment) Act No. 10 of 2015 amended section 470 of the Companies Act to authorise the Registrar of Companies to ascertain the beneficial ownership of any company and ensure that the information about beneficial ownership and the control of trusts or other legal arrangements in the Register is adequate, accurate and current. However, respondents' information suggests that Beneficial Ownership information is (not) being collected in accordance with the Friendly Societies Act Chapter 36:04 and the Cooperatives Societies Act Chapter 88:01 for Non-Profit Organisations.

Comprehensive information on the structure, management, control and beneficial ownership of corporations, trusts, and similar entities is not readily available and accessible to allow regulated institutions, businesses and professionals to conduct customer due diligence requirements, since the process of obtaining this information from the Business/Companies Registry usually involves a written or over the counter request at the registry. There is no database readily available with the required information. The registry personnel usually have to manually peruse mountains of documents in order to obtain the required information. After a delay of several days, information provided by the registry may not be current; at times the information is misplaced and/or misfiled and thus unavailable.

Licensed Financial Institutions have resorted to developing other methods of verification of structure, management, control and beneficial ownership, which include inter-bank communications, historical banking relationship records and own open source research, which has proven to be very limited. These gaps in the system provided opportunities for criminals to hide their beneficial ownership in corporations or similar structures registered in Guyana.

16. Availability of Reliable Identification Infrastructure

This variable was rated **Medium**, because there are not many reported cases of false identification documents or identity theft. However, there is a gap in the verification of the national identification database.

The two primary forms of identification that are accepted and widely use to conduct business in Guyana are the National Identification Card, issued by the Guyana Elections Commission (GECOM) and the Republic of Guyana Passport issued by the Central Immigration and Passport Office. Based on the track record of these two agencies they are considered to be reliable but there is a need for enhanced security against physical and cyber breaches. Driver licenses, issued by the GRA, are also accepted as a form of identification in some cases, but more often as a verification of an individual's address.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

Currently all identification documents include security features. In the case of the Driver's License, this includes holographic background, laser retrievable elements and soft colour holography. Unfortunately, there is no national identification database to facilitate the verification of Identification in Guyana. But, available statistics indicate a relatively low number of reported Identification forgeries, with a total of 13 cases documented in 2015.

The low number of reported Identification forgeries may be in light of the fact that the national identification database is not yet publicly accessible. If this was so, institutions regularly using customer identification for day-to-day transactions would use this system as a verification mechanism, which would increase the scrutiny of the database itself and thus noted anomalies may increase. For all intent and purposes the national identification database is relatively untested.

The Guyana National Passport is issued to all Guyanese requesting one, including citizens from remote areas. In fact, the Immigration Department has recently announced plans to decentralize the issuance of passport. Additionally, a new passport office was opened recently in Linden (Region 10) to facilitate the application and issuance of passports within that region.

Most of the main Cambios in Guyana have indicated that they request original Identification and proof of address from clients. More so, Government seals, signatures and photo comparison are checked to validate the legitimacy of the Identification presented. Also most of the Banks, Cambios as well as the Pawnshops have indicated satisfaction and confidence with the current Identification System in Guyana as most business is done on a face to face basis and client's identifications are validated on the same basis.

Plans are in train to modernize the National Identification Infrastructure to include machine-readable cards, with biometric features by 2019.

17. Availability of Independent Information Sources

This variable was rated **medium low** given the fact that the main source of publicly available financial information on companies, registration of businesses and assets is still in a relatively manual form. It also appears that the Companies Registry is unable to enforce the legal requirements relating to companies filing annual returns and financial statements.

- **Legislative**

The law requires that businesses collect and store relevant customer information for a stipulated period, usually seven (7) years. Information collected include pay slips, financial statements, ID and passport details, mineral claims and permits, transports for land and other real estate

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

information to name a few. When this information is matched with the credit given to customers, financial institutions obtain the transaction patterns and history of the clients they serve. The economic value of this information must be huge, although they have not been any studies in this area. Such studies would give an insight into the allocation of credit to economic activities. With the establishment of a Credit Bureau in Guyana in 2013, it is hoped that the country can benefit immensely from this type of analysis.

- **Level of Compliance**

Major credit providers who are custodians of Know Your Customer (KYC) and Customer Due Diligence (CDD) information reported that customers are often reluctantly to provide information required by law, resulting in the termination of relations in some instances. Invariable, the reluctance on the part of the customer stems from a lack of financial literacy.

While customers are sometimes resistant to requests for information, the attitude of some institutions in the face of hostility and non-cooperation from their clients and customers leaves much to be desired. Some institutions have also complained about the cost of collection and storage of information. These three factors seem to explain the 50% level of compliance. As the volume of information increases the cost of collection and storage is likely to rise unless there is investment in storage and processing. Financial actors are likely to pass on this cost to customers in the form of higher interest rates and fees. The cost of compliance will have to be addressed by policy initiative in the near future.

- **Usefulness of Information**

Customers are likely to cooperate when they see benefits to themselves. Financial actors are likely to collect when they see the benefits to their operations. Financial actors have stated that the KYC/CDD information is used to assess risks in granting credit and the categorization of customers' accounts. However, they have expressed concern about the quality of the information. They are of the opinion that customers are not always honest, and they have little means to verify the information submitted to them. They raise particular concern with the information given by unincorporated businesses because there is no legal obligation compelling them to do independent financial audits. It is possible that a clearing house mechanism might be useful. It is highly likely that the information may be available but poor in quality. The Credit Bureau may be playing this role, but it is too early to evaluate its effectiveness after only three (3) years of operations.

Licensed Financial Institutions are required to request a credit report from the Credit Bureau on each potential customer. The Banks have reported that in some instances information received from the Credit Bureau was flawed. In one case a blank credit report was received by a Bank on one of its existing customers who was seeking to increase his credit limit at the bank. On several

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

other occasions, blank credit reports were received by the Banks on potential clients, thus leaving the Banks at square one as it relates to verifying the information initially provided by their client.

Commercial banks, however, have a non-binding cooperation mechanism in place where they would request information on new clients from other financial institutions; however, due to competition and secrecy laws this mechanism has proven to be ineffective.

There were only three (3) cases of false documents being observed by Reporting Entities over the last five (5) years, in which a commercial bank and a money transfer agency were affected.

18. Level of Financial Integrity

This variable was rated **Medium Low** given the low level of tax compliance, public perception of the Tax Authority and the existence of legislation preventing the easy sharing of information between the Tax Authority and Law Enforcement Agencies.

Adequate laws exist to facilitate access to financial records by law enforcement agencies. However, according to Section 4 of the Income Tax Act and Section 23 of the Revenue Authority Act not all law enforcement agencies can readily access taxpayer's information, as the GRA is bound by its statutory confidentiality obligations in the non-disclosure of taxpayer's information. Confidentiality clauses are also included in the Financial Institutions Act of 1996 that guides the operations of licensed financial institutions. These institutions are also bound to adhere to good corporate governance.

Most of the Reporting Entities (LFIs, Money Transfer Agencies, Cambios, etc.) and Supervisory Authorities have in place systems to conduct risk and internal control assessments to ensure compliance with statutory requirements. These institutions have also established dedicated compliance units to adequately address ML/TF issues.

In government agencies, risk assessment and internal controls are contained in the Audit Office's Audit Procedure Manual. The Bank of Guyana publishes guidelines on risks and internal controls and the Guyana Gold Board uses AML compliance manuals and guides.

Codes of conduct, anti-fraud and anti-corruption rules as well as confidentiality policies are used to ensure proper conduct and integrity in financial institutions. Such codes, rules and policies are socially enforced as employees guilty of misconduct can be dismissed and face exclusion from practicing professionally. Accountants and Auditors are guided by the ACCA and ICAG professional ethics standards. Financial integrity can be enhanced if business organisations become more active in getting their members to behave more ethically as a criterion for membership.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

There are few cases of prosecution for integrity breaches in financial matters. Financial Institutions usually prefer to dismiss staff without charging them in order to protect their reputation. It should be noted that investigative skills and knowledge hinder the preparation of conclusive evidence in cases of breaches.

Tax compliance is perceived to be at a low level as the estimated rate of tax returns is significantly below expectations. Tax compliance in various geographical areas of the country is significantly higher than others. To further compound this situation the large unincorporated business sector is not required to audit their financial records. In the corporate sector, the practice of not rotating auditors can facilitate fraudulent accounting and false tax declarations. Additionally, there is a general consensus that information provided to the tax authority by a significant number of taxpayers (including businesses) are either incomplete or inaccurate, these information are at times difficult to validate due to poor record keeping systems.

Non-compliant organisations/ institutions are provided with training, group and individual sensitisation meetings to allow for a better understanding of their obligations and benefits of compliance with relevant statutes. As a last resort sanctions are available to Supervisors and Regulators.

Of the six (6) Supervisory Authorities and forty (40) Reporting Entities polled; 52% indicated that resistance from clientele was the main weakness for their inability to effectively address money laundering issues, whilst 43% indicated insufficient financial, technical and other resources. It should be noted that all six (6) responding Supervisory Authorities indicated they had issues with insufficient financial, technical and other resources. Whilst 24% of the total respondents indicated networking issues, 17% suggested that a lack of understanding of the AML/CFT legislation was hindering their ability to effectively address ML issues.

19. Formalization Level of Economy

This variable was rated **Low** because studies have shown that many businesses in Guyana operate outside of the formal economy. As a result, the informal economy is assumed to be large in terms of participation and its share of the country's GDP.

Informality is a salient feature of Guyana's economy. Professor Thomas (1989) estimated that the underground economy can be as large as the formal economy. A subsequent study conducted by Faal (2003) estimated the underground economy to be 35% of Gross Domestic Product (GDP), and, Thomas, Jourdain and Pasha (2009), using data from 2008 estimated Guyana's underground economy at 31.7% of GDP. The general perception is that the figure has increased over the last five (5) years.

The most prevalent categories of informal economic activities emanate from the wholesale and retail trade of goods and services, mining, agricultural, transportation, art & craft, manufacturing,

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

repairs and maintenance of vehicles, electrical and electronic items and the construction sectors. To a lesser extent barber shops, liquor stores, restaurants, real estate businesses and domestic and other services also operate in the informal mode.

Although no scientific study on Guyana was ever conducted, anecdotal evidence suggests that the informal sector is influenced by the heavy tax burden, the financial cost and time involved in transacting business officially, tax evasion and other corrupt practices. Many administrative and other hurdles.

To maintain invisibility, many of these businesses operate at the micro level or split their businesses into smaller ones. Some of these businesses are involved in activities prohibited by law, such as fuel, gold, alcohol and cigarette smuggling as well as trade in illicit drugs; while others are legal but informal and have a formal counterpart.

It is also important to note that registered businesses and incorporated companies, which can be classified as operating in the formal mode, are very often involved in some level of informal activities. Respondents have estimated that 25% of formal businesses and companies are at some level involved in informal/unregulated economic activities.

Further, Guyana is a cash-based economy, with approximately 50% - 60% of formal economic activities being conducted using cash. A large portion of the population is also excluded from the formal financial system due to, among other things, remoteness of location and education.

20. Quality of Border Controls

This variable is rated at **Medium Low** given that there are significant cross border smuggling and illegal crossing of persons occurring at Guyana's borders.

The vastness of Guyana's land and sea borders, especially the land borders, pose a huge challenge for the authorities, who find it extremely difficult to monitor the borders. The communication infrastructure/system between local and foreign customs and law enforcement agencies also pose challenges for effective border controls.

Due to the close proximity of land borders which are separated by shallow bodies of water, it is relatively easy for persons to cross the borders especially during the dry season when water levels in the rivers is extremely low or at times non-existent. Further, in some cases it takes mere minutes to cross unhindered into Guyana via speed boat, since the relevant authorities' presence is at a minimum or non-existent in some areas.

It is estimated that approximately 25% - 35% of the borders are effectively controlled and regulated by local authorities. This suggests that our border controls are weak, thus facilitating illegal border crossings. Methods of border controls currently include patrols by members of

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

Joint Service, Fixed Security outposts and training of Immigration Officers in the detection of false documents and contraband items.

21. Comprehensiveness of Customs Regime on Cash and Similar Instruments

In consideration of existing legal measures in place this variable was rated **High**.

The main legislation applicable to the detecting and deterring of unauthorized physical cross-border transportation of cash, bearer negotiable instruments and precious metals and stones are the AML/CFT Act of 2009 (Sections 36 and 37), and the Foreign Exchange (Miscellaneous) Provisions Act of 1996, Chap. 86:01 (Section 6) Section 6 (5) of the Foreign Exchange (Miscellaneous Provisions) Act Cap 86:01, established the penalty for failing to make a declaration or making a false declaration which is a fine of G\$250,000, six (6) months imprisonment and forfeiture of the undeclared currency.

While there is adequate signage at the Cheddi Jagan International Airport (CJIA), Timehri it is lacking at other ports of entry and exit such as Ogle Airport, Lethem and Molson Creek Crossings. At these ports travellers are generally informed about the need for declaration orally by Customs Officers.

22. Effectiveness of Customs Controls on Cash and Similar Instruments

This variable was rated **Medium** as a fair level of work is being done at the country's main port of entry and exit (the CJIA), which is highly focused on detecting illicit substances. Additionally, the relevant authorities are not adequately equipped and trained to deal with the detection of cash and similar instruments being smuggled by individuals and concealed in packages and other cargo traversing our borders.

Current systems in place to ensure screening for cash or similar instruments include the utilization of scanners to scan passengers, packages, vehicles and containers. However, there was some consensus that there is not adequate equipment, human and technical resources to scan passengers, vehicles and containers entering or exiting the country.

Over the last five (5) years approximately 30 Customs Officers have been training annually, in areas such as, advance valuation, advance classification, risk management, detection of narcotics, report writing, evidence gathering, customs compliance, auditing, intelligence gathering, rules of origin, green customs initiative, identifying ozone depleting substance, awareness of environmental issues and the illegal trade of products from endangered species, AML/CFT and intellectual property rights.

Analysis of information gathered indicates that the controls are not equally enforced for incoming and outgoing passengers, since more screening is done for passengers exiting than for

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

those entering the country. Information received indicates that there is a need for additional human resources to effectively screen both incoming and outgoing passengers and cargo.

The threshold limit is \$10,000 USD or its equivalent in any foreign currency before a cash declaration is required, which may be a contributing factor to the recorded low levels of currency imports and conversely will affect the true level of cash declared at the points of entry and exit.

There has been one (1) case in 2014 and seven (7) cases in 2015 involving the detection of illegal transportation of cash, bearer negotiable instruments and precious metals and stones since the establishment of SOCU. However, there have been no penalties applied or conviction to date.

Recommendations

- Urgently establish the AML/CFT Authority and employ the Accountant and Attorney-at-Law within the FIU as required by the AML/CFT of 2009 as amended by the AML/CFT (Amendment) Act No. 1 of 2015.
- Establish National Policy/Strategy for combating ML/TF.
- Sanctions should be put in place for failure to honour requests for information and intelligence for financial crime investigations.
- Expand the capacity of SOCU by appointing additional staff including a specialized legal officer.
- Expand the capacity of FIU by appointing the Attorney-at-Law and Accountant as well as additional financial analysts to deal with the increased number of STRs.
- Pursue the FIU's application for membership to Egmont Group of FIUs.
- Formulate specialised Standard Operation Procedures for investigators dealing with ML, TF and AF cases.
- Appoint specialised group of Prosecutors, who are well qualified and trained to prosecute financial crimes (ML, TF and AF) cases. These prosecutors should be provided with adequate resources and be sufficiently remunerated.
- Conduct needs assessment for the establishment of a special court for financial crimes.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

- Provide adequate financial, human, technical and other resources for the judiciary and conduct a study on the feasibility of a designated court to address financial crimes.
- Make rotation of audit firms as most firms mandatory, especially for large financial organisations.
- Strengthen collaboration between SAs and Audit Firms operating within major sectors.
- It should be mandatory for businesses, although not incorporated but have significant economic activities, to be audited annually by an Independent Auditor.
- There is a need for the strengthening of the Commercial/Companies Registry to ensure it satisfies its mandate of collecting and storing mandatory annual returns (including Audited Financial Statements) from incorporated businesses.
- Relevant and continuous training sessions should be held for staff members of the Tax Authority.
- Digitize the Deeds and Commercial Registries to enhance implementation efforts.
- Establish a national identification database for the verification of identification information.
- The relevant legislation preventing the Tax Authority from providing information to Law Enforcement Authorities should be amended to allow for easy access to information sharing in all ML, TF and AF cases.
- The Registrar of Companies should commence making reports to LEA against delinquent companies.
- Finalize critical legislation supporting e-business & the ease of doing business.
- Enhanced mechanisms should be put in place with neighbouring territories to facilitate joint control of borders. Utilize Information Communication Technologies (ICTs) for surveillance.
- There is a need for additional human and technical resources, not limited to advance screening and ICT equipment, sniffer dogs, etc., at all ports of entry and exit equally in place for both incoming and outgoing travellers and cargo.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

- Post sufficient signs in highly visible places at all ports of entry and border crossings, advising travellers of the obligation to declare/disclose and the consequences of a false declaration.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

2.5 The Banking Sector Vulnerability

The scope of the assessment involved six commercial banks in Guyana in addition to two Trust Companies and One Building Society. All of these financial institutions are licensed by the Bank of Guyana, in accordance with the Financial Institutions Act.

As at December 31, 2015, total assets for the banks (commercial) and non-banks (Trust Companies and Building Society) amounted to GY\$502,386M, 88% of GDP. Of this amount, the commercial banks accounted for 86% of total assets for the group with the non-banks accounting for the remaining 14%. Thus, the significance of these institutions to the growth and development of the Guyanese economy cannot be underscored. It is even more imperative now than ever before for the level of vulnerability to ML risk in the system to be fully assessed and the relevant measures be implemented to avoid money launderers from infecting the financial system.

The Banking Sector's Vulnerability was determined from the assessment of the General AML controls, Specific AML controls and the inherent vulnerability in the Banking Sector.

Based on the assessment of ten (10) input variables and twelve (12) significant products the overall vulnerability of the banking sector was rated **Medium High**.

Quality of General AML controls

The Quality of General AML controls was rated **Medium High**, and the assessment of the twelve (12) significant products ranged from **Medium Low** to **Medium High**.

1. Comprehensiveness of AML Legal Framework

This variable was given a rating of **Very High** premised on the fact that Guyana has a designated supervisory authority for the banking sector and the legislation is consistent with international best practice. The Bank of Guyana (BOG) is the SA for the banking sector as designated under the Bank of Act (1998) the Financial Institutions Act (1995) and the AML/CFT Act of 2009. Judged by international standards, it was assumed that these pieces of legislation are comprehensive and in line with the FATF Recommendations. Additionally, the BOG has also conducted a self-assessment to determine its compliance with the revised Basel Core Principles in 2014. This review determined that the BOG was '**largely compliant**' with all the principles set out in the assessment criteria.

2. Effectiveness of Supervision Procedures and Practices

This variable was rated as **High** in view of the fact that the BOG is the SA that is clearly defined in the laws and has adequate powers to carry out its mandate. BOG has also adopted a risk-based approach to the supervision of Licensed Financial Institutions (LFIs) and has conducted dedicated AML/CFT on-site inspections of all LFIs. The first round of examinations was conducted in 2013 and continued onwards on average on an 18-month cycle.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

With technical assistance from the US Department of Treasury, a Risk Based Inspection Procedural Manual was prepared. In addition to the procedural manual examiners are guided by the provisions outlined in AML/CFT Act of 2009, Regulations and Guidelines. The BOG commenced AML/CFT examinations in the second quarter of 2013 and as at November 2016 has completed the second round of AML/CFT examinations of all LFIs. A Report of the findings of the examination is submitted to the Chief Executive Officer and Board of Directors of the respective institution as well as the FIU. Institutions found to be non-compliant with AML/CFT Laws, Regulations and Guidelines are given a time frame in which to become compliant. Through exercising moral suasion approach, Institutions have complied and implemented the recommendations of the BOG. The BOG has noted major improvements by all LFIs on AML compliance since the first round of examinations. The Bank Supervision Department of the BOG is resourced with twenty-seven (27) staff inclusive of eight (8) examiners. The minimum level of entry requirement to this Division is a First Degree. Staff in the Bank Supervision department is exposed to local AML/CFT training and some staff also attended overseas training in AML/CFT compliance. The BOG has an appointed AML/CFT Compliance Officer.

Bank Examiners receive adequate local and overseas training in AML/CFT compliance issues. Training was conducted by the CFATF, Office of the Superintendent of Financial Institutions (OSFI), SOCU, US Department of Treasury, Compliance Aid (BSA), and Internal Compliance Officer.

3. Availability and Enforcement of Administrative Sanctions

This variable was rated **Very High** since the administrative sanctions in place for non-compliance with AML obligations were proportionate and dissuasive to positively influence the Banking Sector.

It was concluded that Guyana's AML/ CFT legislation has appropriate administrative sanctions for non-compliance with AML obligations, and sufficient to positively impact of the stability and safety of the Banking Sector. It should be noted however that the BOG did not have cause to enforce any administrative sanctions against any LFI, as no serious breaches were found. However, the BOG has issued directives to LFI where minor deficiencies were observed and the LFIs have since corrected these.

4. Availability and Effectiveness of Criminal Sanctions

This variable was rated **Very High** because the AML/CFT legislation, Regulation and Guidelines make provision for criminal sanctions to be brought against persons or entities who commit the offence of money laundering. A consensus has also emerged among the seven (7) compliance officers who represented seven (7) of the eight (8) LFIs, that criminal sanctions outlined in the AML/CFT legislation were sufficiently dissuasive to influence compliance by the banking sector.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

A natural person who commits the offence of money laundering is liable on summary conviction to a fine of not less than five million dollars nor more than one hundred million dollars and imprisonment for seven years. While in the case of a body corporate, the fine is not less than two hundred million nor more than five hundred million dollars. In addition, the AML/CFT legislation provides that a reporting entity or in the case of a body corporate, any of its directors, managers, officers or employees that breaches its obligations under the AML/CFT Act where not penalty is provided, commits an offence shall be liable on summary conviction to a fine of not less than five million dollars nor more than fifteen million dollars and to imprisonment for a term not exceeding three years, and in the case of a body corporate to a fine of not less than fifteen million dollars nor more than forty million dollars.

To date however, there have been no criminal sanctions instituted against any financial institution or their staff. Through interviews conducted with Compliance Officers from all the Financial Institutions, there was a consensus that criminal sanctions outlined in the Law was sufficiently dissuasive to influence the banking sector from non-compliance with AML/CFT laws and regulations.

5. Availability of Effective Entry Controls

This variable was rated as **High** since the BOG is clearly identified as the licensing authority for LFIs under the Financial Institutions Act (FIA) 1995, and the Institution conducts its licensing and entry control duties in accordance with the Law and Guidelines issued on Licensing and AML/CFT requirements which are up to par with the FATF Recommendations.

The BOG's entry controls were found to be effective since under the FIA (1995). The BOG is clearly identified as the licensing Authority and defines licensing requirements. In addition, BOG, in May 1996, issued a Supervision Guideline (No.2- Licensing of Financial Institutions). This Guideline lays out the criterion that is considered when evaluating an application to conduct banking and financial business in Guyana. The procedure for evaluating an application undergoes various levels of review by staff of the Policy Division of the Bank Supervision Department and the BOG's Legal Counsel. Up to the time of the writing of this report no application has even been refused for lack of proper AML/CFT requirements.

The framework for the licensing and registration requirements as prescribed in the law follows:

- a) A fit and proper test must be conducted to prevent criminals or their associates from being granted a banking license, or having a significant controlling interest in a bank, or holding a significant managerial position. As part of the screening procedure, a Personal Declaration Sheet (PDS) has to be submitted to the BOG that has the bio data of the applicant, its directors and senior officers. The BOG also evaluates appropriate educational and professional certifications, but it does not specify any qualification level for directors and senior officers.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

- b) A Director's Handbook was issued by the BOG which serves as a standard and quick reference for directors of financial institutions and their management staff on the responsibilities, monitoring and evaluating tools and methodologies that are critical in performing their tasks.
- c) In evaluating AML/CFT compliance by applicants, Section 16 and 19 (1) of the AML/CFT Act 2009 speaks to the obligations of the reporting entities, which include the appointment of a competent compliance officer.
- d) Supervision Guideline No. 13, which was issued in June 2013 requires applicants to, implement a robust compliance program to prevent money laundering and terrorist financing, implement a robust compliance program to prevent money laundering and terrorist financing and appoint well qualified staff and training of staff.

6. Integrity of Banks' Staff

This variable was rated **High** since commercial banks have policies and procedures to encourage staff integrity, and there are no recorded cases of integrity failure regarding money laundering. Staff members are also protected from negative consequences from filing STRs. There have been a few cases of frauds reported. At the time of this Report, few frauds were perpetrated in recent years. In all fraud cases, the perpetrating employees' services are terminated

All banks have policies in place to address the integrity of their staff. These policies include, but are not limited to, Anti-Corruption Policies; Human Resources Manuals; and Guidelines for Business Conduct. At induction on these policies are provided to staff members and the consequences of breaches are explained to staff members. However, while banks have a policy, which encourages integrity of staff members, it cannot be certain that all staff members are free from corrupt practices.

Commercial banks have thus far recorded no incidence of integrity failure associated with money laundering. Most compliance officers represented that STRs are filled as required by internal policies. However, some compliance officers felt that there were incidences of underreporting at their institution. It was the opinion of some compliance officers that underreporting resulted from the high dependence on the compliance department for instructions to file STRs.

To ensure that staff members are protected from negative consequences of filing STRs, staff members have the option to submit these reports directly to the compliance officer. This is the standard operating procedure at the main offices of all institutions. However, at bank branches, staff members can either submit these reports to the branch manager or directly to the investigation unit. Branch managers have the option to add a comment to a STR prior to submission to the investigation unit. The investigation unit is then responsible for submitting

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

theses suspicious reports to the compliance unit which is responsible for submitting STR to the FIU.

7. AML Knowledge of Banks' Staff

This variable was rated **High** since all commercial banks had updated AML training programs and have been making these training materials and other relevant AML compliance materials available to their staff. Further, all levels of staff are required to be trained and where there are weaknesses in application of training knowledge, institutions have devised a remedy to encourage use of knowledge.

All commercial banks provide AML training to all staff, albeit at varying extremes. Training at some of these institutions is done annually while others have more frequent training sessions. It is a requirement that all levels of staff be trained in AML compliance. Training across institutions is done in various forms, from Power Point presentations to active workshops with a post training tests. These presentations and other AML compliance materials are made available to the participants either in hard copy or electronically via emails. One institution noted that its training materials and all updates to AML compliance policies are always available on their internal website and can be accessed anytime by staff members. Unfortunately, only one institution has its AML training and other relevant compliance materials available to staff in real time.

It is interesting to note however, that, despite being extensively trained, compliance officers do not always apply the knowledge garnered from the training. As a means to curb this behaviour, these staff members are penalized in the form of a lower performance appraisal.

8. Effectiveness of Compliance Function (Organisation)

This variable was rated **Medium High** on the premise that all compliance officers were independent and had a risk-based compliance program. Additionally, compliance officers had an AML compliance policy that addressed disciplinary actions for non-compliance and had both internal and external audits on their AML compliance program. However, deficiencies existed in resources to the compliance unit and the comprehensiveness of the audits.

All seven (7) compliance officers represented that they are employed at a senior management level; their compliance programs are risk based, audited internally and externally; and all felt that they were independent. The BOG in their onsite examination of the respective institutions confirmed that all compliance officers were employed at a senior management level and were indeed independent.

Commercial banks' internal policies provide for disciplinary action against their staff members who breach compliance policies but to date there has been no need for any disciplinary action with regards to breach of compliance policy.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

Notwithstanding the aforementioned, some compliance officers felt that the compliance units were not sufficiently resourced. More so, all felt that external audits were not comprehensive.

9. Effectiveness of Suspicious Activity Monitoring and Reporting

This variable was rated **Medium High** since all banks had mechanisms in place to enable and facilitate the monitoring of client's transactions against their profile, Politically Exposed Persons (PEPs) against their PEP list, captures all complex and unusual large transactions and identifies and reports suspicious transactions.

It was found that although all banks have systems in place, which enables and facilitates the monitoring of transactions of clients against their profile, not all these systems are automated. Most banks have hybrid systems, which facilitate AML screening and monitoring, and only one bank had a fully automated system. All compliance officers indicated that their system allowed for screening PEPs identify and record complex and unusual large transactions and report suspicious transactions, albeit in varying degrees.

Notwithstanding, it was felt that for banks with manual monitoring systems, transactions at the different branches might not be monitor in a timely manner. Further the effectiveness of suspicious activity monitoring and reporting can be enhanced if there is special policy on PEPs, which includes a national database of PEPs.

10. Level of Market pressure to meet AML Standards

This variable was rated **Very High** since the level of market pressure to meet international AML standards was great as experienced in the recent threat of de-risking by some correspondent banks.

The pressures from overseas correspondent banks have caused local banks to adopt international AML compliance functions prior to amendments to Guyana's legislation. This pressure was amplified in the recent de-risking by major US banks. Despite having a high standard of AML compliance function, some banks were still affected by the de-risking.

All compliance officers felt that banks' management are sensitive to international and national AML related reputational risk. However, it was the consensus that banks' management need to be more proactive as it relates to AML compliance functions by enhancing support to compliance unit.

Product / Service Vulnerability

Twelve (12) products/services were identified as significant to the banking sector. Guyana is a small open economy with a traditional banking sector. Complex, sophisticated products such as derivatives are not offered, as banks seem content to offer services of savings and loans.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

Banks offer standard current account (Demand Deposit accounts), Savings and Time deposits while granting loans. The lone mortgage bank offers standard homeowner financing up to G\$12 million, while the two trust companies engage in investments and pension scheme management.

A total of 25 products were initially listed and institutions were required to select the products they deem significant. Eight (8) products were common across banks while four were for the trust companies. Consequently, the WG selected the twelve (12) most significant products/services across all institutions.

Total Size/ Value of the Product

To determine the size/value of the product, the balance at the end December 2015 was measured against the total assets of the industry. The WG found that 'Wires'¹⁵ was the most significant product offered by the banking sector while its traditional products – saving accounts and loans (inclusive of mortgages) – were the second and third most significant products.

Some products could not be measured against total assets since the value of these products were not available. Hence for pre-paid / credit cards and safety deposit box, the number of these products either in circulation or being used respectively were used. Regarding products offered by the trust companies, their significance relative to the trust companies were ascertained from the interview with the compliance officers of these companies¹⁶.

Average transaction Size of the Product

Data on the modal value of the transaction size of the significant products were not available. The WG therefore devised an alternative method to determine the average transaction size of the twelve (12) significant products. The average transaction size was estimated by finding the change in balances of the significant product over the FY 2014/2015 was measured against the number of public sector employees. Public sector employees were used as a common base since as a unit they constitute the largest group of participants in the financial system. The higher the ratio the higher the transaction size. The assessment of average transaction size for Wires, Prepaid Debit and Credit cards, Shares, Safety Deposit Boxes, IM Accounts and Pension Schemes were assessed using the expert opinion of the WG based on their average size to total banking sector assets.

Client base profile of the product

Investment Management, Wires, Other loans and Savings accounts were assessed as being “**Very High Risk**” while the other significant products were assessed as being “**High Risk**”.

Existence of investment/deposit feature for the product

The interview with the seven (7) compliance officers revealed that the investment/deposit feature was available and prominent in all the significant products, except for foreign currency accounts. This was so because foreign currency accounts have additional restrictions, which limit its use.

¹⁵ Wires were measured as total outflows for the year.

¹⁶ Shares, Investment Management Accounts and Pension Schemes were specific to only trust companies.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

Level of cash activity associated with the product

Guyana is a cash-based economy. Our advance to cash-less transactions has been stymied by an underdeveloped payment system infrastructure and financial illiteracy. As a consequence, of the twelve (12) significant products nine (9) were considered to have a “**High**” due to the restrictions on the establishment of foreign currency accounts, level of cash activity associated with this product was rated “*Medium High*”.

Pension schemes were assessed as having a “*Low*” level of cash activity. Pension schemes are usually established on behalf corporations for their employees and are financed through deductions from employees’ salaries. This significantly reduces the ML risk associated with pension schemes.

Safety Deposit Boxes were “*Not analyzed*” against the level of cash activity. Financial institutions policy regarding the use of this product prohibits the storage of cash within. However, the content in these boxes can never be known since by nature, the content is the property of the user and cannot be opened by financial institutions. In this light, illegal funds can be stored in these boxes; however, integrating in the system still requires some amount of placement by the launderer.

Frequency of International Transactions involving the Product

Four of the twelve significant products were assessed as “**High**” frequency of international transactions. Current & Savings accounts, Wires and Pre-Paid/Debit cards all allow their users to execute international transactions frequently. Foreign currency accounts are usually held for transactional purposes and are also frequently used for international transactions. However, given the limitations associated with foreign currency accounts, the frequency of international transactions was assessed as “*Medium High*”. The assessment of the other significant variables can be viewed in the summary assessment depicted in Table 3 below.

Other vulnerability factors of the product.

The key findings for each of the ‘other variable factors’ are stated below:

- *Anonymous/Omnibus use of the product* – This feature was not available to any of the significant products.
- *Existence of ML typologies on the abuse of the product* – Nine (9) of the twelve (12) significant products has “Significant” ML typologies known.
- *Use of the Product in fraud or tax evasion schemes* – Ten (10) products were known to be used for tax evasion or fraud purposes.
- *Difficulty in tracing the transaction records of the product* – Only three products were assessed as having “easy to trace” transaction records while the other nine (9) were assessed as being difficult/time consuming to trace transaction records.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

- *Non-face-to-face uses of the product* – Eight (8) products were assessed as having non-face-to-face feature (five (5) of the eight had this feature in a limited scope). Four products required face-to-face contact for use of same.
- *Delivery of Product through Agents* – The WG's assessment of this feature found that it was "High" for Shares and "Medium High" for mortgages and other loans while "Low" for all other products.

Availability of Produce-Specific AML Controls

Product-specific AML controls reduce ML vulnerability to banks and are applied on top of the standard/general AML controls to all products offered by the commercial banks. Specific AML controls for a product are in place if:

- (a) Commercial banks generally implement an effective, risk-based approach to AML
- (b) Commercial banks generally regard the product as one that poses a higher ML risk and therefore apply specific AML controls.

Intensive interviews and discussions among the WG concluded with the consensus that only two products, Wires and Mortgages, had "**Comprehensive Specific AML controls**" while all other variables had general AML controls.

Recommendations

- There is need for constant review of the BOG's supervisory framework to update as necessary.
- There is need for on-going and comprehensive AML/CFT training for all levels of staff and specialized training for bank examiners to make them equip to respond to the evolving nature of ML/TF threats.
- Licensing policies and procedures need to be updated to reflect applicable AML/CFT compliance.
- Bank's compliance officers should be given additional resources to improve their effectiveness and external audits on AML policies should be more comprehensive by having specific AML audits done by competent audit bodies.
- A PEPs list should be established and maintained for easy access by reporting entities.
- Guidelines on PEPs should be issued to reporting entities.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

2.6 Securities Sector Vulnerability

The Securities Industry in Guyana is not diverse and complex. It is essentially an emerging market, with much room for expansion. Currently, only equity securities are traded on the Securities Exchange. There are 5 companies that offer securities services within the sector.

Four of the five companies provide securities brokerage services, one provides securities brokerage services as well as investment advisory services, one provide investment advisory services only and one provides securities brokerage services, investment advisory services and is also an underwriter and a securities dealer.

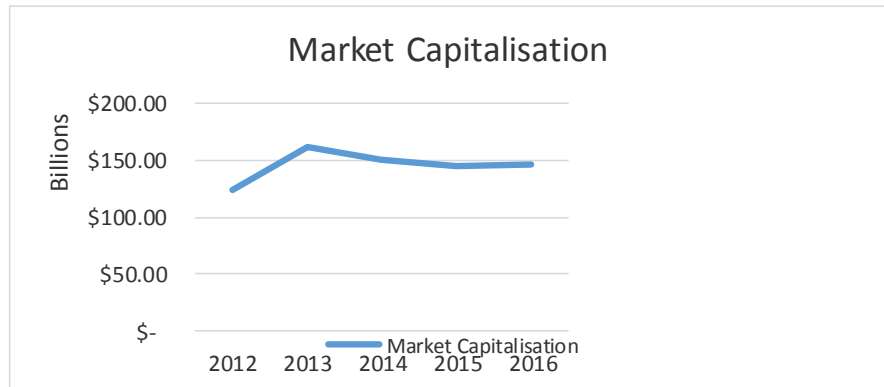
Based on the assessment of ten (10) variables, the overall vulnerability of the Securities Sector was rated as **Low**. However, this may be as a result of the small market size, leading to low trading volumes. There is no strict regulation of the securities market with adherence to all international standards which curtails vulnerability.

Overview of the Capital Market.

The Market Capitalization over the past five years is as follows:

Figure 4 – Market Capitalization

Years	Capitalization
2012	G\$123,410,126,140
2013	G\$161,409,207,240
2014	G\$150,903,755,993
2015	G\$144,908,849,540
Jun-16	G\$146,449,681,940



**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

The trading volume on the Stock Exchange remains relatively small as shareholder's issue share certificates in their own names since there is no Central Depository in Guyana. Financial investments are paper-based, and certificates are made out to a person or entity. There are no bearer certificates furthermore; the AML/CFT Act of 2009 expressly prohibits financial institutions from establishing or keeping anonymous accounts or accounts in fictitious names. This mitigates the concealment of ownership, often used in ML schemes.

The tables below reflect the activity of the Stock Exchange for the past five years.

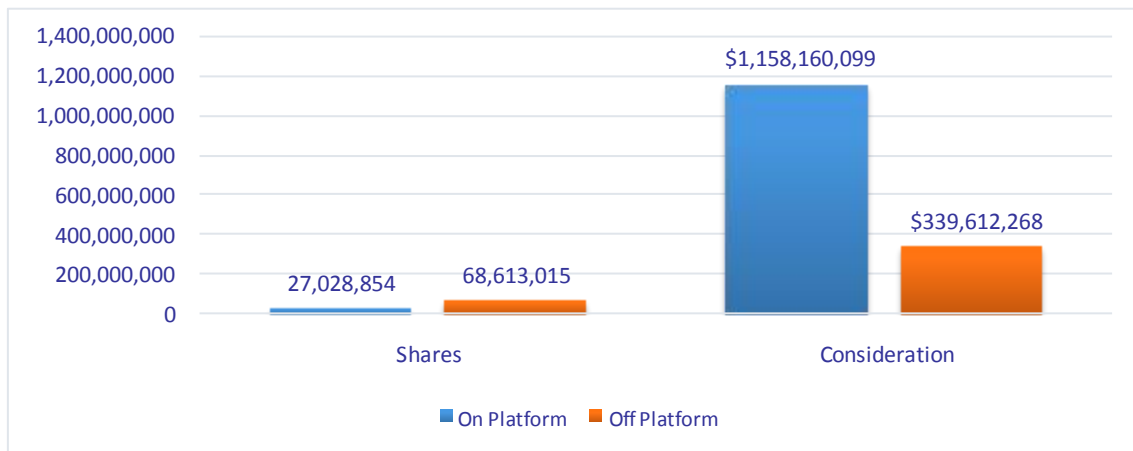
Figure 5 - Stock Exchange Activities for the period 2012 to June 2016

	2012	2013	2014	2015	June 2016
Number of Trades	625	687	694	658	508
Amount of Shares Traded	7,548,115	10,415,712	10,527,200	7,219,683	9,993,970
Total Value of Trades (G\$)	\$254,853,008	\$390,488,817	\$481,145,435	\$376,709,474	\$325,707,441

Source: Guyana Securities Council

However, as reflected below, off-platform trades between private individuals are on the increase, with the off-platform private trades for the period of June 2014 to June 2016 being 68,613,015 shares, for a total reported consideration of G\$339,612,268, while trades on the Exchange for that period were 27,028,854 shares for a value of G\$1,158,160,099.

Figure 6 - Shares Traded:



As highlighted above, the volume of shares traded privately off the Exchange, more than double that which is traded on the Exchange. However, the value of the trades effected on the Exchange far outstretch the value of those conducted privately. This would indicate that higher volumes of lower priced shares are traded privately off the Exchange.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

Quality of General AML controls

The Quality of General AML controls was rated **Medium High**, and the assessment of the one significant product (equity securities in companies/shares) was rated **Very Low**.

1. Comprehensiveness of AML legal framework

This variable was rated **Very High**, based on an examination of the AML/CFT legislation and interviews conducted with the compliance officers from the five (5) securities companies as well as key management personnel from these companies it was determined that Guyana has a comprehensive AML/CFT legal framework, which conforms to international standards, on Customer Due Diligence, Record-Keeping, Enhanced Due Diligence for Politically Exposed Persons, Suspicious Transaction Reporting, Tipping-Off and Confidentiality, Regulation and Supervision of Financial Institutions, Supervisory Powers.

2. Effectiveness of supervision procedures and practices

This variable was rated **Very High**. The Guyana Securities Council (GSC) which is the Supervisory Authority for securities companies met all the criteria save for the number of trained staff. The number of trained staff within the Council at the time of this assessment stood at three (3). This is primarily a result of budgetary constraints. Notwithstanding the aforementioned constraints, the Council strives assiduously to perform its entire mandate under the Securities Industry Act 1998 and the AML/CFT Act of 2009.

Supervision is performed by annual on-site examinations. The GSC is also the Regulator for the Securities Industry, however, to perform the duties required for the supervision of reporting entities under the AML/CFT legislation, the GSC has requested on numerous occasions, additional budgetary resources to facilitate the employment of additional staff members to expand its human resource capacity. This allocation was granted to the GSC in 2017, and the GSC is in the process of recruiting additional staff members to strengthen its AML/CFT Compliance Division. Notwithstanding the foregoing, the Regulator/SA compiled an examination manual for the securities companies in 2014 which follows the Risk Based Approach, and this document is used in conjunction with the AML/CFT legislation, to supervise the reporting entities for compliance with the legislation.

3. Availability and enforcement of administrative sanctions

This variable was rated **Medium**. The AML/ CFT legislation has appropriate administrative sanctions to deal with non-compliance with AML obligations. These include, written warnings, order to comply with specific instructions, suspension/restriction/withdrawal of license, removal of directors or senior manager from Board, and a fine of not less than G\$5M or more than G\$15M. The GSC has never had cause to issue any sanctions to securities companies.

4. Availability and enforcement of criminal sanctions

This variable was rated **Medium**. Criminal sanctions for the offence of money laundering and breaches of AML/CFT obligations are effective, proportionate and dissuasive.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

A natural person who commits the offence of money laundering is liable on summary conviction to a fine of not less than G\$5M dollars nor more than G\$100M and imprisonment for seven years. While in the case of a body corporate, the fine is not less than G\$200M nor more than G\$500M. In addition, the AML/CFT legislation provides that a reporting entity or in the case of a body corporate, any of its directors, managers, officers or employees that breaches its obligations under the AML/CFT Act where not penalty is provided, commits an offence and shall be liable on summary conviction to a fine of not less than G\$5M nor more than G\$15M and to imprisonment for a term not exceeding three years, and in the case of a body corporate to a fine of not less than G\$15M nor more than G\$40M.

5. Availability and effectiveness of entry controls

This variable was rated **Very High**. The GSC is clearly identified in the Securities Industry Act 1998 as the licensing body for securities companies and the GSC is effectively carrying out its licensing and entry control duties. However, it was noted that there are no specific educational and professional certification requirements for key directors and senior management of securities firms. Notwithstanding, the Securities Industry Act 1998 – section 47 (h) (i) stipulates required academic qualifications for Directors or full-time employees.

6. Integrity of staff in securities firms.

This variable was rated **High**. Based on completed questionnaires by relevant stakeholders and the experiences of the regulator it was concluded that generally staff members are secure from corruption by criminals. There are appropriate mechanisms in place to protect staff of securities companies against negative consequences resulting from reporting STR, or other actions that comply with AML obligations. The AML/CFT Act of 2009 as amended by the AML/CFT (Amendment) Act No. 1 of 2015 provides that *no proceedings for breach of professional confidentiality may be instituted against any person or against directors, officers or employees of a reporting entity who in good faith transmit or submits suspicious transactions or suspicious activity reports to the Financial Intelligence in accordance with the Act even if the person, director, officer or employee did not know precisely what the underlying criminal activity was, and regardless of whether the illegal activity actually occurred.*

7. AML knowledge of staff in securities firms

This variable was rated **High**. While not all staff members are trained, the staff members directly involved in interfacing with customers and establishing business relationships undergo ongoing training to ensure that their knowledge of AML laws, policies and procedures is appropriate and up to date. GSC also conducts training sessions for securities firms three times annually (a total of 60 hours of training annually). Each training concludes with a test and successful participants are issued certificates.

However, it was found that staff members are not regularly updated on domestic and transnational money laundering schemes and typologies.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

8. Effectiveness of compliance function (organisation)

This variable was rated **High**. Securities firms have internal compliance programs that are commensurate to the level of risk. Their AML compliance officers are appointed at senior management level. There are no records of breaches of the Organizations' Compliance Policies by staff members which would lead to disciplinary actions. However, not all market participants have an internal audit function to review their AML/CFT Compliances.

9. Effectiveness of suspicious activity monitoring and reporting

This variable was rated **Medium High**. Securities firms have manual systems in place to assist securities firms to effectively identify complex and unusual large transactions and to report suspicious transactions to the FIU. These systems are considered adequate given that the securities firms in Guyana are small and their customer lists are also small, with the longest being approximately 2,000 customers and all the other firms have less than 600 customers.

Transactional records are available in a format that facilitates AML screening and monitoring and the compliance officers of all five (5) companies interviewed demonstrated a good understanding of the scope of their reporting obligations on suspicious transactions.

10. Level of market pressure to meet AML standards

This variable was rated **Very High**. There has been very little cross-border activity by the market participants in the past. However, trades have been increasing in recent months as the economic outlook for Guyana has been greatly enhanced by the discovery of large offshore reserves of Oil and Gas.

Recommendations

- Academic qualification should be stipulated for all management level employees of securities firms.
- Staff members of securities firms should be kept up to date on domestic and transnational money laundering schemes and typologies.
- All market participants should commence the practice of performing internal and/or external AML/CFT audits.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

2.7 Insurance Sector Vulnerability

The insurance sector in Guyana is still in its developing stage although the oldest insurance company operating in the industry has been in existence for over one hundred (100) years. The sector is relatively small compared to the banking sector but is larger than many other subsectors. Insurance assets accounted for approximately 6 percent of total financial sector assets and 8 percent of the national GDP in 2015.

The sector is regulated by the Insurance Act No. 17 of 2016 which repealed the 1998 and 2009 Insurance Acts. Based on official data from the Bank of Guyana, there are sixteen (16) companies licensed to conduct insurance business in Guyana. Five (5) of the companies are licensed to conduct life or long-term insurance business. The other eleven (11) companies are licensed to conduct general insurance business. Most of the insurance companies are locally incorporated with only two foreign branches operating. Additionally, there are at least 200 registered insurance intermediaries, which include six (6) insurance brokerage firms and a number of registered agents actively participating in the insurance market.

Long-term insurance business represented approximately 63 percent of the sector with assets totalling \$32.5 million at the end of 2015. Long-term insurers in Guyana sell a number of insurance products with cash values and investment/savings components. These are the types of insurance plans that are susceptible to ML vulnerabilities. On the other hand, general insurance business represented a smaller (37 percent) of the sector at the end of the same period. General insurers in Guyana sell non-life and short-term insurance products, including auto, fire, marine and, accident and liability insurances. These types of products are generally regarded as less vulnerable to ML risk as compared to the long-term insurance products.

Money Laundering Vulnerabilities

Insurance companies and insurance intermediaries are typically less vulnerable to ML risks as compared to commercial banks, given their relatively small sizes and volume of transactions. However, insurance transactions are still at risk because of the ML vulnerabilities of certain insurance products offered.

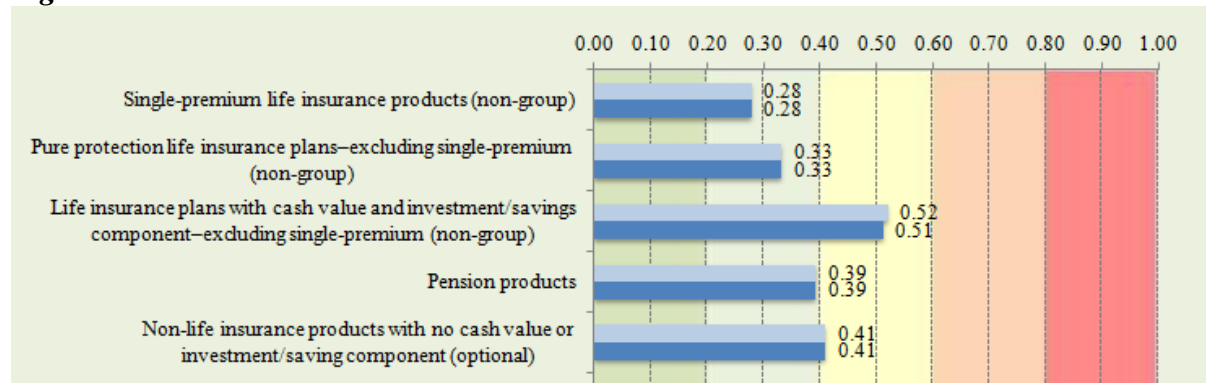
The overall vulnerability of the insurance sector was rated **Medium**, indicating that the sector has a minimal level of ML risk. Further, the overall quality of the AML controls was below excellent, which reflects room for improvement in the sector. Some insurance products were assessed to have inherent ML vulnerabilities. Long-term insurance products were considered more vulnerable to ML than general insurance products. However, though the vulnerability to ML differed by products, there are no product specific AML controls in place for the insurance products with the highest vulnerabilities. These findings were based on the assessment of the nine (9) general AML input variables and inherent product vulnerability variables.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

Product Vulnerabilities

The overall inherent product vulnerability was estimated to be **Medium** with an average estimated score of 0.39. Long-term insurance products were found to be more vulnerable to ML than general insurance products. This inherent product vulnerability rating indicated that there is generally minimal money laundering risks with respect to the use of insurance products in Guyana. Notwithstanding, certain products were found to have higher vulnerabilities than others (see Figure 7 below)

Figure 7: Inherent Product Vulnerabilities



Life insurance products with cash values and investment/saving components had the highest inherent ML risk among insurers in Guyana. This was largely because of the relatively large size of the product¹⁷, the high use of intermediaries selling the product and the general nature of the product design that made it more susceptible to ML risks.

Single premium life insurance products were found to be relatively less vulnerable with the lowest product vulnerability ratio, 0.28. The responses received to the survey found out that this product was not widely sold by insurers and was perhaps unpopular in the Guyanese insurance market. Those insurers that sold this type of product only sold them as direct business to customers that were considered low-risk clients. The value of this type of product was also relatively smaller than the high-risk life insurance plans. Similarly, the level of cash activity for the payments of premiums was very low.

The other insurance products including, traditional life insurance plans, pension plans, and non-life insurance products were all found to have the lowest inherent ML vulnerabilities compared to the life insurance product with cash value and investment/savings components. At least 40 percent of the other insurance products were sold as direct business as compared to only 5 percent for life insurance products with cash values and investment/savings components. The

¹⁷ Based on the number of policies sold, value of assets and value of premiums received.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

client-based profile of customers using these insurance products also consisted of low-risk customers.

Intermediation in the sector is very high but client base profiles consisted mainly of low-risk customers. Further, most insurance premium payments are made by cheques followed by cash payments and deductions from salaries. Since minimal cash intensive activities are involved with the use of most products, this helped to minimise the ML risk in the sector.

Quality of General AML Controls in Insurance

The quality of the general AML controls in the sector was also rated **Medium**. A summary assessment of the input variables to money laundering vulnerability is provided below:

1. Comprehensiveness of AML Legal Framework

This variable was rated **Close to Excellent**. The AML/CFT Act of 2009 has comprehensive provisions to mitigate ML risk in the insurance sector, most of which are aligned with the FATF Recommendations. The provisions in the AML/CFT Act of 2009 are supported by a framework of regulations and supervisory guidelines specific to the business of insurance in Guyana. Notwithstanding the foregoing, it was assessed that there were either no or limited provisions in the AML/CFT Act legislation with respect to FAFT Recommendation 15 which requires countries and FIs to identify and assess the ML or TF risks that may arise in relation to the use of new or developing technologies for both new and pre-existing products.

2. Effectiveness of Supervision Procedures and Practices

This variable was rated **Medium**. The Bank of Guyana (BOG) is the Supervisory Authority for insurance companies. The statutory provisions in the AML/CFT Act of 2009 support the AML supervisory procedures and practices for the insurance sector. However, limitations were found with respect to the current supervisory procedures. This was particularly in relation to the current regulatory process in verifying AML compliance and execution of appropriate risk-based monitoring or on-site inspection activities. The BOG however does off-site monitoring/inspections of insurance companies and maintains records of such inspections which include completed questionnaires on the companies AML compliance function.

Further, the regulator indicated that the provisions in the old insurance law did not provide for the on-site inspection of insurers. As such, this hampered the verification process of AML/CFT compliance. However, it was noted that the current challenges faced by the regulatory authority are likely to be mitigated following the full implementation of the new Insurance Act of 2016.

The insurance regulator also lamented that all necessary resources to effectively monitor the AML compliance of insurers are not available. Consequently, little follow-up action is taken against companies that are non-compliant. The latter is mainly due to limited technical capacity and the availability of tools for AML/CFT compliance.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

3. Availability and Enforcement of Administrative Sanctions¹⁸

This variable was rated **Medium High**. There are provisions in the AML/CFT Act of 2009 which empower the SA to impose administrative sanctions against supervised entities for breaches of obligation. The available sanctions are, written warnings, order to comply with specific instructions, suspension/restriction/withdrawal of license, removal of directors or senior manager from Board, and a fine of not less than G\$5M or more than G\$15M. It should be noted however, that the BOG did not have cause to enforce any administrative sanctions against any insurance company.

4. Availability and Enforcement of Criminal Sanctions

This variable was rated **Medium High**. There are provisions in the AML/CFT legislation outlining criminal sanctions for the offence of money laundering as well as breaches AML/CFT obligations under the AML/CFT legislation. The criminal sanctions are considered proportionate and dissuasive. A natural person who commits the offence of money laundering is liable on summary conviction to a fine of not less than G\$5M dollars or more than G\$100M and imprisonment for seven years. While in the case of a body corporate, the fine is not less than G\$200M or more than G\$500M. Further, a reporting entity or in the case of a body corporate, any of its directors, managers, officers or employees that breaches its obligations under the AML/CFT legislation where not penalty is provided, commits an offence and shall be liable on summary conviction to a fine of not less than G\$5M nor more than G\$15M and to imprisonment for a term not exceeding three years, and in the case of a body corporate to a fine of not less than G\$15M nor more than G\$40M.

5. Availability and Effectiveness of Entry Controls

This variable was rated **Close to Excellent**. All the criteria assessed for this variable were rated high. The supervisory body for insurance companies (BOG) was established by legislation and its role and functions are clearly defined. The BOG is one of the main stakeholders in the fight against ML/TF and therefore ensures that there is good understanding and appreciation of ML risks in the insurance sector. Licensees are required to meet specific requirements before entry. On such requirement, are for companies to have adequate AML/CFT internal controls established that are compliant with the law.

6. Integrity of Staff in Insurance Companies

This variable was rated **High**. Insurance companies generally take measures to ensure that staff members do not collude or undermine AML controls. The eleven (11) insurance companies and six (6) insurance brokers that were surveyed indicated that they have implemented standards that ensure a high level of staff integrity is maintained in their institutions. They also indicted that

¹⁸ This variable was assessed alongside the criminal sanctions variable

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

they have basic recruiting standards involving the appropriate vetting of all new staff members and significant office holders including the officer in charge of AML compliance. The basic standards utilized are, requiring staff members to provide: police clearance, copy of ID card, Tax Payer Identification Number Certificate, academic certificate(s), character references, medical report and birth certificate.

Incidences of integrity failure in the industry were very low by the companies surveyed. No data on the types of breaches was collected during the survey. However, enhanced regulatory supervisory monitoring is needed since most companies (27 percent out of a sample of eleven (11) respondents) indicated that they do not have an AML/CFT whistleblower policy in place.

7. AML Knowledge of Staff in Insurance Companies

This variable was rated **Medium High**. All companies surveyed indicated that they are compliant with the requirements in the AML/CFT Act of 2009, particularly having appropriate AML/CFT training programmes and materials available for staff members. While statistics on the number of hours of AML training was not collected during the survey, data on the frequency of AML training was collected and this revealed that 64 percent of the 11 companies surveyed conduct annual training with office staff and 36 percent of the 11 companies conduct annual training with agents. Some training is also conducted quarterly and semi-annual.

Limitations were observed with respect to the training of specialised staff and agents, particularly, the underwriters of insurance companies who accepts insurance risk on behalf of the company. Similarly, the lack of appropriate training for insurance brokers compounded by less stringent AML/CFT supervision and monitoring for compliance is potentially an area of vulnerability. This is since insurers in practice, often accept broker business *prima facie*. That is, without correctly verifying that appropriate CDD or EDD or any KYC are carried out by the brokers. Based on experiences in other countries, brokers are the persons who are more likely susceptible to being coerced into assisting in ML or other corruption in the insurance sector¹⁹.

8. Effectiveness of Compliance Function (Organisation)

This variable was rated **Medium High**. Eighty-two (82) percent of the 11 companies surveyed indicated that they have appropriate internal policies in place for an effective AML/CFT compliance function. However, it was noted that their internal policies do not extend to insurance brokerage firms that place business with their companies. This is a significant limitation since brokers will lack AML/CFT accountability. Hence, this lack of accountability increases ML vulnerability from products and services placed by brokers. Similarly, insurance brokerage firms do not have their own internal AML/CFT compliance policies in place.

¹⁹ Insurance Core Principle (ICP) 28: Anti-Money Laundering and Combating the Financing of Terrorism *Basic-level Module*, 2006 *International Association of Insurance Supervisors (IAIS)*

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

Additionally, while all of the insurance companies have compliance officers, some insurance companies do not have compliance officers appointed at a senior management level as required by the AML/CFT Act of 2009.

9. Effectiveness of Suspicious Activity Monitoring and Reporting

This variable was rated ***Medium High***. It was found that most of the Insurance companies utilize AML/CFT information systems to monitor transactions of clients against profiles on record. These systems, manual and automated, are designed to detect and report all complex, unusual and large transactions. The number of STRs filled by insurance companies is significantly low, suggesting that the quality of output from the use of their AML/CFT information systems is somewhat lacking.

Recommendations:

- Risk-based monitoring and supervision throughout the insurance sector are needed to verify that the correct AML/CFT procedures are being employed by insurance companies and intermediaries. The SA will need to execute regular on-site inspections.
- Insurance companies should ensure they utilise the fit and proper criteria outlined in the Insurance Act 2016 when recruiting staff.
- SAs should provide updated AML/CFT training for insurance companies and brokers.
- Insurance companies should ensure that their compliance officers are appointed at management level.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

2.8 Other Financial Institutions Vulnerability

Other financial institutions may include money transfer agencies, hire purchase companies, mortgage providers, cambios, providers of deposit boxes, cash handling firms, card issuers, credit unions, cheque issuers and cashiers, undertaking of bill payment businesses, mobile financial services providers, leasing and factoring institutions among others however, this section of the Report only targets **Money Transfer Agencies, Cambios and Credit Unions**, because other entities are assessed in other parts of this report.

While the ML/TF vulnerability for Money Transfer Agencies, Cambios and Credit Union was assessed separately, the **overall vulnerability for all three institutions was rated as Medium High**. This is due to the significant number of cash transactions by walk in customers whose source of funds and occupation could not be independently verified by these institutions.

Money Transfer Agencies

Money Transfer Agencies are agencies licensed to carry on the business of money transfer (making of any payment by a person in Guyana to or for the credit of a person outside Guyana, or to a person in Guyana by order or on behalf of a person outside Guyana). MTAs are licensed under the Money Transfer Agencies (Licensing) Act of 2009 and are supervised for AML/CFT purposes by the Bank of Guyana. As at December 31, 2015 there were 5 (five) MTAs licensed to operate in Guyana with sub-agents who act on their behalf, and **US\$47.417 million (equivalent)** and **US\$210.602 million (equivalent)** were processed as outward and inward remittances, respectively.

1. Comprehensive of AML Legal Framework

This variable was rated **Medium**. For AML/CFT purposes MTAs are required to comply with the AML/CFT Act of 2009, Regulations of 2010 and subsequent amendments to the AML/CFT Legislation. The BOG is responsible for licensing and monitoring MTAs for AML/CFT compliance. MTAs are required to and do submit monthly threshold transactions, suspicious transactions, and terrorist property reports to the FIU. MTAs are also mandated to maintain proper records and to have an AML/CFT regime in place. However, MTAs have not yet updated their policies and procedures in accordance with recent amendments to the AML/CFT Act of 2009.

2. Effectiveness of Supervision Procedures and Practices

This variable was rated **Medium**. The BOG was appointed SA for MTAs on December 20, 2012 by the Minister of Finance in accordance with the AML/CFT Act of 2009. However, under the assessment criteria there are gaps that affect the efficiency and effectiveness of the regulatory body. Supervisors are not adequately trained to conduct on-site examinations and these examinations are not conducted frequently. Based on the interviews conducted with the BOG's

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

supervisory staff, there are concerns about the quality of AML/CFT examinations as there appears to be a lack of comprehensive AML knowledge. Examination manuals are currently being drafted to guide the work of the supervisory staff.

3. Availability and Enforcement of Administrative Sanctions

This variable was rated **Low**. The WG observed that there were no administrative sanctions taken against any MTA by the BOG between 2011-2016. However, section 23 of the AML/CFT Act of 2009 as amended by the AML/CFT (Amendment) Acts No. 1 of 2015 and No. 15 of 2016 set out a range of administrative sanctions available for non-compliance with AML/CFT obligations such as written warnings, order to comply with specific instructions, suspension or withdrawal of licence, removal of defaulting directors or senior managers and the imposition of a fine of not less than G\$5M nor more than G\$15. It is the view of the WG that these sanctions are sufficient to influence management and staff behaviour.

4. Availability and Enforcement of Criminal Sanctions

This variable was rated at **Low** due to the lack of prosecutions or any data regarding this variable.

Currently there are dissuasive criminal sanctions and penalties for the offence of money laundering as well as non-compliance with AML/CFT obligations. These include, for the offence of money laundering, a fine of not less than G\$5M dollars nor more than G\$100M and imprisonment for seven years for natural person, while in the case of a body corporate, the fine is not less than G\$200M nor more than G\$500M. For breaches of AML/CFT obligations, the AML/CFT legislation provides that a reporting entity or in the case of a body corporate, any of its directors, managers, officers or employees that breaches its obligations under the AML/CFT Act where not penalty is provided, commits an offence and shall be liable on summary conviction to a fine of not less than G\$5M nor more than G\$15M and to imprisonment for a term not exceeding three years, and in the case of a body corporate to a fine of not less than G\$15M nor more than G\$40M.

Up to the time of writing of this report there were no records of investigations, prosecutions, convictions, or criminal enforcement actions against any MTA.

5. Availability and Effectiveness of Entry Controls

This variable was rated **Medium High**. There is a list of entry requirements including a fee that has to be submitted to the BOG to be evaluated before a recommendation is made to the Governor for the issuing of the licence. This is done in accordance with Section 8 of the Money Transfer Agencies (Licencing) Act 2009. Sub-agents are also required to submit their applications to the Bank for assessment before approval is granted to operate under Section 7 of the said Act which states “a licensee may appoint a person by agreement in writing as its money

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

transfer agent with the authority to provide money transfer services on behalf of the licensed agency”.

6. Integrity of Business/Institution Staff

This variable was rated **Medium Low**. MTAs are required to hire persons of repute as employees and maintain a check list of personal information that has to be submitted by a prospective employee. The employer conducts background checks along with a request for a police clearance for the employee to determine if criminal record exists. However, the SA for MTAs does not keep duplicate of employees information. There is no evidence that any staff was dismissed as a result of corrupt behaviour at any MTA.

7. AML Knowledge of Business/Institution Staff

The variable is rated as **Medium High**. MTAs' conduct training with new and existing staff regarding the AML/CFT legislation. They are aware of the reporting procedures required by the regulator within a specified time. The BOG and the FIU also conduct Training for MTAs as they see fit. The regulator however does not maintain a training log for MTAs. However, the training materials used by the MTAs are examined by the regulator during on-site examinations.

It would be beneficial to have a review of the training material as well as an assessment of the Trainer to determine the quality of training being administered. Grace Kennedy and Massy Services which are foreign owned have inspectors who visit periodically to observe the operations as well as conduct training.

8. Effectiveness of Compliance Function (Organisation)

The variable rated as **Medium High**. All MTAs have a Compliance Officer while the owner of the sub-agents usually acts as the Compliance Officer. It was explained that due to the size of the sub-agents it is not possible to hire a Compliance Officer. The regulator has recorded no AML compliance breaches and has never issued any sanctions regarding the operations of MTAs. The regulator has indicated that three (3) of the five (5) MTAs have online tracking systems that is capable of identifying transactions deem suspicious. Only external audits are performed; however, the compliance function is not a risk-based one.

9. Effectiveness of Suspicious Activity Monitoring and Reporting

This variable was rated **Medium**. MTAs are required by the AML/CFT Act of 2009 and the Money Transfer Agencies (Licencing) Act 2009 to develop and maintain appropriate systems for record keeping. The number of STR's filed with the FIU between 2013 and 2015 is (1,158). The number of Threshold Transaction Reports (TTR's) filed with the FIU between 2013 and 2015 is 112,288 (34,531 in 2013, 36,509 in 2014 and 41,248 in 2015). The threshold limit is any transaction above G\$200,000 (approximately US\$1,000). According to the Trend Analysis on

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

STRs published by the FIU in April 2015, the quality of STRs received from the MTAs between 2013 and 2014 was weak.

Cambios

The overall vulnerability rating for Cambios is **Medium High**. Cambios are in the business of buying and selling of foreign currencies under Regulation 13 of the Dealers in Foreign Currency (Licensing) Act 1989. The AML/CFT Supervisory Authority for Cambios is the Bank of Guyana. As at December 31, 2015, 11 (eleven) licences were issued to various Cambio Dealers at different locations. For the period 2011 to 2015, the total volume of business for non-bank cambios amounted to **US\$50,141,882**.

1. Comprehensiveness of AML Legal Framework

This variable was rated **Medium High**. With the enactment of a number of amendments to the AML/CFT Act of 2009 in 2015 and 2016, which embodies the majority of the recommendations of the FATF and CFATF the current AML/CFT legislation is considered comprehensive.

It should be noted however that apart from the AML/CFT legislation, Cambios are governed by the Dealers in Foreign Currency (Licensing) Act 1989. However, it is the view of the WG that this Act no longer represents what is contemporarily taking place in the Cambios and in this regard, have proven to be insufficient and ineffective.

2. Effectiveness of Supervision Procedures and Practices

This variable was rated **Medium High**. The BOG was appointed as the SA for Cambios in accordance with the AML/CFT legislation which sets out the authority and mandate of the SA to conduct AML compliance supervision.

The BOG carries out its supervisory activities within a comprehensive supervisory framework, and has a sufficient number of staff to carry out the supervisory function, however the staff needs to be trained and equipped with up to date knowledge and skill to effectively conduct on-site examinations.

3. Availability and Enforcement of Administrative Sanctions

This variable was rated **Medium High**. Administrative sanctions are adequate, proportionate and dissuasive. The same administrative sanctions applicable to MTAs are also applicable to Cambios. There is also no record of administrative sanctions imposed by the SA for the review period.

4. Availability and Enforcement of Criminal Sanctions

This variable was rated **Medium-High**. Criminal sanctions are also adequate, proportionate and dissuasive as reported by the other sectors in this Report.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

5. Availability and Effectiveness of Entry Controls

This variable was rated **Medium High**, the BOG is clearly identified in the Dealers in Foreign Currency (Licensing) Act 1989 as the licensing body for Cambios and effectively carries out its licensing and entry control duties. There is a clear and comprehensive framework for the licensing and registration requirements of Cambio Dealers.

Cambios are required to submit fourteen (14) documents to facilitate the processing of a licence application, including registration of company/business certificate, Taxpayer Identification Number (TIN) certificate, security clearance, personal information and business plan. Without the submission of these documents a Cambio will not be issued a licence. As a result of these entry controls, as at December 31, 2015, eleven (11) licenced Cambios existed.

Guyana's entry controls for Cambios have been effective. However, there is still the existence of unlicensed dealers who undertake transactions that go unrecorded. These are usually transacted by unregistered and unregulated dealers operating within central business districts across Guyana, who themselves have no fixed place of operations and business.

While entry control measures exist within this sector, the legislation has proved to be insufficient to support robust monitoring and regulation of the sector. At the time the legislation was enacted, its primary purpose was to facilitate the free flow of foreign currency supply. This intent and invariably the legislation thereof no longer represent what is contemporarily taking place in Guyana.

6. Integrity of Business/Institution Staff

This variable was rated **Medium Low**. There are appropriate mechanisms in place to protect staff against negative consequences that result from reporting suspicious transactions, or other actions that comply with the AML obligations. However, the WG found that some Cambios do not provide receipts to customers for transactions which lead to many transactions going undetected. This results in under declarations of sales for tax purposes.

7. AML Knowledge of Business/Institution Staff

This variable was rated **Medium Low** due to inadequate training of staff. Staff within this sector generally lack awareness of AML due to lack of training. This lack of awareness aids in fostering behaviour that is not in line with AML/CFT best practices.

It is important to note, that the staff compliment of most Cambios consists of just the owner and a cashier.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

8. Effectiveness of Compliance Function (Organisation)

This variable was rated **Medium Low**. Onsite AML/CFT examinations are usually conducted by the SA for Cambios. However, staff within the SA are not adequately trained to conduct AML/CFT examinations to detect wrongdoings as such they are unable to enforce the appropriate sanctions.

9. Effectiveness of Suspicious Activity Monitoring and Reporting

This variable was rated **Medium Low**. Cambios do not have adequate information systems that enable and facilitate the monitoring of customer transactions and comparisons against the customers' profiles. While transactional records are available, they are not in a format that facilitates AML screening and monitoring. There are no systems that support the Cambios in performing effective PEP screening and sanction screening. However, there are systems that allow staff to effectively identify and report suspicious transactions. Between 2011 and 2016, Cambios submitted 97 STRs to the FIU.

Credit Unions

The overall vulnerability rating for Credit Unions is **Medium High**. Credit Unions (CU) are non-profit financial cooperatives in existence to serve the financial need of its members, who are also owners by virtue of their contributions. There is a Credit Union League of Guyana existing under the Ministry of Social Protection. As at December 31, 2015, there were 28 (twenty-eight) registered CUs in Guyana, with a membership of **37,118**, holding assets totalling approximately **US\$28M**.

Credit union facilitates small loans to its account holders if they provide any form of identification and a guarantor. However, a guarantor is not necessary if the borrower's account balance is greater than the loan amount.

To establish a relationship with a Credit Unions one must be employed in an organization that has an association with that respective credit union. The credit union allows and sometimes requires, direct transfer of funds from a person's salary to their account (savings) at the credit union.

1. Comprehensiveness of AML Legal Framework

This variable was rated as **Low**. Notwithstanding that there is a comprehensive AML legal framework for Guyana which has been continuously enhanced on 2015 and 2016 more has to be done in the context of AML compliance for CUs.

The AML/CFT legislation provides for CUs to conform with its provisions. All the fundamental measures for prevention and supervision to ensure conformance to international AML standards are required to be adhered to by CUs including a risk-based approach, customer due

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

diligence/enhanced due diligence, monitoring for suspicious transactions and reporting accordingly and the establishment of rigorous AML/CFT internal controls.

2. Effectiveness of Supervision Procedures and Practices

This variable was rated as **Low**. The Chief Cooperative Development Officer (CCDO) was appointed the SA for Credit Unions in addition the Credit Union League/Co—operatives Officer under the Ministry of Social Protection is the regulator.

Based on interviews conducted with the officers from the Credit Union League and CCDO, the quality of supervision has been assessed as not being as effective as it ought to be. In exemplification is the number of inspections held and the time lapse between inspections.

3. Availability and Enforcement of Administrative Sanctions

This variable was rated as **Very Low**. The available administrative sanctions for Credit Unions are the same as the other reporting entities. As such they are considered dissuasive and proportionate. As was reported for the other sectors no administrative were imposed on any credit union for the assessed period. However, given the level of supervision and regulation of this sector it is difficult to determine whether there was need to impose any such sanctions.

4. Availability and Enforcement of Criminal Sanctions

This variable was rated **Very Low**. Criminal sanctions are dissuasive and proportionate for the offence of money laundering as well as breaches of AML/CFT obligations. However, no charges have yet been laid, although there is anecdotal evidence of significant numbers of on-going investigations.

5. Availability and Effectiveness of Entry Controls

This variable was rated as **Medium**. Credit Unions are licensed under the Co-operative Societies Act, Chapter 88:01 of the Ministry of Social Protection.

Through the Credit Union League, and information garnered from research of operations and internal controls/administrative systems of credit unions, the entry controls i.e. to become a member of a credit union are rigorous and thorough. Additionally, credit unions are aligned to specific organizations or structures such as the public service or specific categories of persons employed with specific industries such as clerical and commercial, technical and industrial. Initial membership can be secured by virtue of employment within a public-sector body/agency. Membership routes are as a result of closed – bond and open – bond processes. With the closed – bond credit unions, members must be employees of the said body/agency, whereas with the open – bond credit unions, any member of the public service/sector, can attain membership. Accordingly, source of income and funds and records to satisfy AML criteria generally, are easily and legitimately acquired, and are readily verifiable. There is still, however, much room

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

for improvement in consistency of application of rules. There still exists the gap where there is the possibility of persons who have left the public service/sector or other grouping who may be permitted to channel funds into the credit union, due to a lack of continuous due diligence and timely updating of records.

6. *Integrity of Business/Institution Staff*

This variable was rated as **Low**. It has been assessed that the internal controls which are applied by credit unions are routinely applied. Those controls are however inadequate, and this situation lends itself to corruption.

7. *Knowledge of institution staff*

This variable was rated **Very Low**. There was no evidence of staff training conducted by Credit Unions, the Credit Union's League or the SA for Credit Unions.

8. *Effectiveness of compliance function (Organisation)*

This variable was rated **Very Low**. There is an absent of AML compliance assessment carried out within the organisation.

While the WG observed that there are internal and external audits conducted on general accounting procedures and policies of the Credit Unions, there has been no emphasis on the AML compliance function.

9. *Effectiveness of suspicious Activity Monitoring and reporting*

This variable was rated **Very Low**. There is no mechanism in place to effectively identify and report STR. Neither are there systems that (i) enable and facilitate the monitoring of customer transactions and comparisons, (ii) assist in the effective identifying and recording of complex, unusual large transactions, or (iii) support the performance of effective PEP and sanction screening.

Recommendations

- MTAs should update their AML/CFT policies and procedures based on the the AML/CFT Act of 2009.
- Specialized training on the use of the BOG's examination manual must be provided to the Bank's supervision staff to enhance their supervisory capabilities.
- An assessment review of the Dealers in Foreign Currency (Licensing) Act is necessary and must be undertaken to bring it in line with the provisions currently in the AML/CFT legislation, as well as international best practices.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

- Added to the requirements for obtaining a Cambio licence should be the requirement to have an AML/CFT Compliance Officer or function.
- BOG should be provided with adequate financial, human and technical resources to effectively and efficiently carry out its supervisory mandate.
- BOG should carry out regular comprehensive risk based supervisory programs that consist of on-site/off site monitoring and on-site inspections of Cambios.
- The operations of all the licensed Cambios should be subject to an annual review to establish risks and identify appropriate actions to mitigate identified risk, while efforts should be made to regulate unlicensed businesses that operate as Cambios.
- Efforts should be made to regulate unlicensed Cambios Dealers.
- The CCDO should conduct AML/CFT training for Credit Unions to bring about awareness and foster compliance.
- Credit Unions should establish appropriate mechanisms to identify and report suspicious transactions to the FIU.

**GUYANA’S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

2.9 Vulnerability of Designated Non-Financial Businesses or Professions (DNFBPs)

For this assessment, DNFBPs include dealers in precious metals, dealers in precious and semi-precious stones, attorneys, notaries, accountants/auditors, trust & company service providers, house /real estate agents, used car/car parts dealers, casinos, betting shops/internet gambling, lotteries, pawnbrokers/money lenders, friendly societies, cooperatives, and importers and exporters of valuable items. The overall vulnerability scores for these sectors are contained in Figure 8 below²⁰:

Figure 8 - Overall vulnerability scores -DNFBP sectors²¹

Sectors	Ratings-Vulnerability
Dealers in Precious Metals (Gold)	Medium High
Dealers in Precious & Semi Precious Stones	Medium High
Attorneys-at-law	Very High
Notaries	Medium Low
Accountants	Very High
Trust or Companies Services Providers	Very High
House /Real Estate Agents	Very High
Used Cars/Spare Parts Dealers	Very High
Betting Shops/Internet Gambling	Medium
Casinos	Medium
Lotteries	Medium
Pawnbrokers/Money Lenders	Medium
Friendly Societies/Registered Charities	Very High
Cooperatives	Medium High

²⁰ While importers and exporters of valuable items are DNFBPs, these were not assessed for this report as to date no efforts were made to identify the items that should be considered as “valuable items” for the purpose of the AMLCFT legislation.

²¹ While all fourteen (14) sectors under the DNFBP were assessed and rated based on the nine (9) input variables (see Figure 9 below) due to the volume of information on these sectors, details on the variables are only presented in this Report for the Dealers in Precious Metals - Gold Sector. Full details for the other sectors are available if needed.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

Figure 9: The DNFBP sector was assessed on the nine (9) input variables and was rated as follows:

Input Variables	Sectors and ratings													
	Dealers in Precious Metals	Dealers in Precious Semi Precious Stones	Attorneys at Law	Notaries	Accountants	Trust & Company Service Providers	House Agents	Used Car Dealers	Betting Shops	Casinos	Lotteries	Pawnbrokers	Friendly Societies	Cooperatives
Comprehensiveness of AML Legal Framework	H	H	H	H	H	H	H	H	H	H	H	H	H	H
Effectiveness of Supervision/Oversight	M	L	0.1	0.1	0.1	0	0.1	L	VL	M	MH	ML	L	L
Availability & Enforcement of Administrative Sanction	ML	M	M	M	M	M	M	M	M	M	M	M	M	M
Availability & Enforcement of Criminal Sanctions	ML	M	M	M	M	M	M	M	M	M	M	M	M	M
Availability & Effective of Entry Controls	MH	MH	MH	MH	M	MH	M	M	M	H	M	M	MH	MH
Integrity of Business/Professional Staff	MH	M	H	H	MH	M	M	M	M	M	H	M	MH	MH
AML Knowledge of Business/Professional Staff	MH	0.1	L	L	L	0.1	0	VL	L	M	M	M	0.1	0.1
Effectiveness of Compliance Function	MH	0	L	L	L	0.1	0.1	0	0.1	M	M	MH	0.1	0.1
Effectiveness of Suspicious Activity Reporting and Monitoring	L	0	0	0	0	0	0.1	0	0	0.1	L	M	0.1	0.1

Ratings:

H – High	M – Medium	L – Low	MH – Medium High
ML – Medium Low	0.1 – Close to nothing	0 – Do not exist	

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

DEALERS IN PRECIOUS METALS –GOLD

The overall vulnerability for the gold sector was rated **Medium High**.

The Gold sector can be considered as a relatively matured sector, given its existence dates back to periods ranging from 1849-1887²², including the days of the common Pork Knockers²³. The Gold sector has seen rapid growth from around the mid-1990s onwards and is now contributing to Guyana's economy as one of the biggest export earning commodities. The largest factor in this growth emanates with the establishment in 1993 of large-scale gold mining operations at Omai on the Essequibo River²⁴. It is generally perceived as one of the very high-risk sectors for money laundering given that gold is a commodity that is difficult to trace, and its monetary value is relatively high. This sector is considered as medium size. Its average GDP figure for the period (2011-2016) is approximately 10%. Gold dealers are either individuals (trading under a business name) or legal entities (trading as a company). The owners are locals with just about two legal entities that have beneficial owners who are foreigners.

1. Comprehensiveness of AML Legal Framework

This variable was rated **High**. Guyana has laws which conform to International Standards on all the listed provisions and has successfully exited the CFATF/FATF follow up processes as it substantially satisfied the FATF's recommendations on technical level. There were various amendments made to the AML/CFT Act of 2009 to incorporate various international conventions to adequately address locally and international issues relating to money laundering and terrorist financing.

Dealers in precious metals are listed among the entities to be regulated for AML/CFT purposes. Sections 15 to 19 of the AML/CFT Act 2009 provide for all gold dealers to conduct customer due diligence, including identification and verification of natural persons, beneficial owners and control structure for legal entities and legal arrangements. Provisions are also made for enhanced due diligence for high risk customers, such as politically exposed persons and persons from foreign jurisdictions. Additionally, the laws provide for suspicious transactions reports, gold dealers threshold transaction and terrorist property reports to be filed to the FIU.

There are also provisions for sanctions to be imposed for breach of any of the provisions for the AML/CFT Act of 2009. Sanctions include penalties for tipping off and breach of confidentiality. Gold dealers are also licensed and regulated under the Gold Board Act and Regulations and the Tax Act for dealers in precious minerals. Sections 22 and 23 provide for entities to be supervised for AML/CFT compliance, including powers to impose sanctions for non-compliance. AML/CFT Regulations and guidelines are also available for use by all reporting entities, including gold dealers.

²²The Beginning of the Gold Industry: <http://www.guyana.org/feature/guyana/chapter75.html>, 9/12/2016.

²³Freelance gold and diamond miners.

²⁴Sherwood Lowe, Situation Analysis of the Small-Scale Gold Mining Sector in Guyana, 2006.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

2. Effectiveness of Supervision/Oversight

This variable was rated **Medium**. The operation of this sector is regulated by the Guyana Gold Board established under the Guyana Gold Board Act No. 12 of 1981.

The Guyana Gold Board was appointed the AML/CFT Supervisory Authority for this sector in December 2012. The role of this authority is expressed in the AML/CFT Act by virtue of Sections 22 and 23. Section 23 allows for effective, proportionate and dissuasive sanctions to be imposed on dealers for non-compliance with provisions under the AML/CFT Act. The Act mandates that the SA conducts examinations of the dealers, issues instructions, provide training and general oversight of the gold dealers. A supervisory manual was issued by the FIU and The Guyana Gold Board was made aware of its existence.

Between 2011 and 2016 the GGB conducted four (4) site visits. However, no reports on the findings were submitted to the FIU. It was indicated that reports were only done for entities that had major issues relating to their gold operations, not necessary issues with AML/CFT procedures. The GGB indicated that the employees dealing with AML/CFT examinations range from 2-4 and they were not technically skilled to carry out the required function effectively. A supervisory examination guideline was issued by the FIU and published on its website. Training was also provided to the GGB by the FIU on its role and expectations as outlines in the AML/CFT legislation. Other regulatory measures include, among other things, that a dealer issued with a licence is required to maintain records for five years, these records must have transactions relating to gold purchased, date and from whom such purchases were made (dredge owner or shop keeper's licence number or claim number), price paid, amount exported, royalty and taxes deducted. These records must be produced for inspection upon a visit by an authorised person from GGB. Adequate technical capacity, budget and tools to ensure compliance are also inadequate. The overall examination process was stated as being weak, since financial and technical controls/resources were not adequate.

3. Availability & Enforcement of Administrative Sanctions

This variable was rated **Medium Low**. As reported for the other sectors, there are adequate, proportionate and dissuasive administrative sanctions for non-compliance with AML/CFT obligations. However, to date, no sanctions were imposed on gold dealers by the GGB. This is so even considering the reports in the media of gold smuggling. It is perceived that though many dealers may be aware of the availability of the sanctions, they are not afraid of enforcement of them. The GGB had cause to issue written warnings and orders to comply with specific instructions. These were issued to a few reporting entities. However, feedbacks on these warnings were never submitted to the FIU. Additionally, examination findings for inspections conducted by the GGB were not systemically submitted to the FIU.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

4. Availability and Enforcement of Criminal Sanctions

This variable was rated **Medium Low**. As was also reported by the other sectors earlier in this Report, there are dissuasive and proportionate criminal sanctions and penalties for the offence of money laundering as well as non-compliance with AML/CFT obligations. However, while several related cases are being investigated, no criminal sanctions have been imposed to date. Criminal sanctions are also applicable to the predicate offences as listed in the schedule of the AML/CFT Act of 2009.

5. Availability and effectiveness of entry control

This variable was rated **Medium High**. The GGB is the licensing authority for dealers in precious metals. There are established criteria used to determine the grant of a dealer's licence which include, the supply of name(s) individual/business/partners with supporting identification information such as National identification card or a passport; copies of business registration certificate/articles of incorporation/partnership authorisation/resolution of authorisation for renewal of authorisation; business address; two recommendations; proof of financial capability; tax compliance certificate; National Insurance Scheme-Compliance Certificate; business plan and declaration indicating willingness to lodge a performance bond and a fee (G\$1,000,000) is attached to this process. Annual renewals are required. While the criteria allow for identification and verification documents to be obtained prior to the grant of a license, the fit and proper test is not consistent with a licensing process which allows for criminal checks to be conducted for beneficial owners of the sector. There is no mechanism in place to ensure that the business has the capacity to ensure AML/CFT systems are in place prior to the grant of a license. The possession of appropriate educational and professional certification is not a requirement for the issuance of a license to a gold dealer. The GGB indicated refusals are generally based on whether the applicant is a local business and persons established in the gold industry. The average applications for any given year range around 14 to 15. Six (6) applications were refused for 2011-2016.

6. Integrity of Business Professional Staff

This variable was rated **Medium High**. The GGB indicated it has an Anti-Corruption policy which is used in its internal operations. Additionally, other disciplinary measures are utilised in the event of misconduct by employees (the highest being dismissal). Background checks are done prior to employment. There are no records to demonstrate actions taken against staff for breach of internal policy related to tipping off, breach of confidentiality or other offences. The general position of the dealers in the sector is that there is no major policy document on anti-corruption. The employees in most businesses within the sector are few (not more than five) and are generally trustworthy. Breach of employment conditions generally result in dismissal. The AML/CFT regime in most businesses have just been implemented, there are no record of wilful blindness.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

7. AML/CFT Knowledge of Business/ Professional Staff

This variable was rated **Medium High**. While during the period 2011-2013, the knowledge base of this sector was very low, between 2014 and 2016 this situation improved. The GGB provided an internal training session for its staff during 2014 and developed a training programme/manual for on-going training for all staff. The training materials comprise information on CDD, recording keeping and suspicious reporting formats.

Additionally, in 2014 to 2015, the FIU provided training and guidance (independently and through external consultants) on AML/CFT obligations for both the GGB as a Supervisor and as a reporting entity. Reporting entities in this sector also benefitted from these training sessions. The FIU has also published and made available on its website guidelines on suspicious transaction reporting, compliance regimes, and beneficial ownership among others. The combination of these efforts resulted in a vast improvement in the entities' knowledge base and level of compliance with the AML/CFT laws. Between 2011 and 2016 the FIU provided three (3) AML/CFT training to licensed gold dealers and three (3) to GGB's AML/CFT supervisory staff. While between 2011 and 2016 the GGB provided two (2) AML/CFT training to its AML/CFT supervisory staff and two (2) licensed gold dealers.

8. AML/CFT effectiveness of Compliance Function

This variable was rated **Medium High**. After training sessions with the GGB and Private Dealers, the GGB appointed a Compliance Officer in 2014 to assist with the implementation process for AML/CFT compliance for both of its regimes (Supervision and reporting). The GGB has also developed an AML/CFT procedure and policies manual to guide its AML/CFT regime. The role, function and obligations of the GGB are unique in that the GGB is a reporting entity, being that it is authorised to trade in gold, in like manner as the private licensed dealers as well as it is the Supervisory body for the private dealers.

It was indicated, by the GGB, that AML/CFT practices, as they relate to CDD, have been implemented. Internal training was provided for all employees of the GGB. With regards to identification for GGB's clients, it was stated by the GGB that the agency sometimes faces difficulties in obtaining identification from some customers who may not be regular clients/one-off transaction. The reason given for accepting transactions from customers without identification, was that the GGB has a policy that requires it to purchase all gold irrespective of who the customer is and whether that customer has produced identification or not. AML/CFT Compliance regimes for the private gold dealers are perceived as progressively improved from 2011 to 2015. The dealers utilising the guidelines provided by the FIU on compliance regime.

AML/CFT measures within the entities have evolved from almost non-existent during the period 2011-2013 to the point of submission of gold dealer's threshold transaction reports to the FIU from 2014. Submission of suspicious reports is an on-going process. This improvement was

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

evident throughout 2014-2015. All the licensed gold dealers employed or designated someone as a compliance officer. Training was provided internally to staff by the business owners and by the FIU. The entities indicated they depend on the guidelines provided by the FIU, in addition to their own policies and procedures for compliance with their obligations under AML/CFT Act. Examinations have been conducted randomly on dealers by the GGB. No reports were submitted to the FIU on sanctions imposed or the details of the AML/CFT examination process.

9. Effectiveness of Suspicious Activity Reporting and Monitoring

This variable was rated **Low**. Monthly threshold reports were submitted to the FIU for transactions over G\$2,000,000. However, to date no suspicious transaction reports were submitted to the FIU, even though gold dealers commenced reporting to the FIU since 2014. Gold dealers have also commenced submitting Terrorist Property Reports to the FIU in 2016 (when this regime was introduced)

Gaps in System

Many shop owners located in the mining districts are regularly issued with shop licenses from the GRA and licenses to trade in gold and precious stones through the GGMC²⁵. These licensees (shop licensees) are not prohibited from supplying goods to miners for payment in gold or precious stones.

Section 9(2) of the GGB Act provides for such a system under conditions which include that the traders must within ten days of receipt notify the Board and on demand sell to the Board all gold so received. There is no system in place for the Guyana Gold Board to monitor these licensees. Section 10 of the said Act also authorises these licensees to purchase gold once they notify the Gold Board of the purchase within fourteen days or on demand by the Gold Board, sell to it the gold at the price fixed under Section 5. There were approximately 704 licensees as at 2015²⁶. Regulation of these licensees is said to be weak and information relating to the true amount of gold in the possession of these licensees is unknown.

Guyana is also said to have very porous borders. Reports mentioned rampant gold smuggling particularly to Brazil, Suriname and the United States²⁷.

DEALERS IN PRECIOUS & SEMI PRECIOUS STONES

The overall vulnerability for Dealers in Precious and Semi-Precious Stones was rated **Medium High**. This was based on an assessment of the nine (9) input variables.

²⁵ Said to be administered by the GGMC -issued under Section 51(1) Tax Act-GRA issues Licence to trade in Gold and Precious Metals; Section 58 Gold Smith Licence

²⁶Ram &Mc Rae, 2016; very extensive list of these entities supplied to FIU by GGMC.

²⁷Ibid

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

This sector is relatively matured. The main precious stones in Guyana are diamonds and rubies. Diamond was discovered sometime around 1887²⁸. Some of Guyana's semi-precious stones include: amethyst, green quartz, black pearl, agate and jasper. However, trading in semi-precious stones has not been an expansive venture. Market exploration is said to be an on-going process carried out by the GGMC²⁹.

The size of the sector is relatively small. Its contribution to GDP for the period 2011 to 2015 is shown below:

Figure 10

YEAR	2011	2012	2013	2014	2015
% GDP	0.24	0.08	0.15	0.25	0.34

It was stated in recent past that as much as 20 per cent of the diamonds mined in Guyana were being smuggled to Brazil, mixed with Venezuelan diamonds, and laundered back out through Guyana, evading the Kimberley Process Certification Scheme (KPCS)³⁰. This according to a report, was being smuggled to the nearby Brazilian border town of Boa Vista³¹ (which borders Lethem in Guyana).

Additionally, it is believed that Diamonds can be traded around the world easily as the small size of diamond stones and their high money value facilitate their concealment and transport and make it one of the highest risk gems and jewels that can be misused for ML. In some international cases, it was said that diamonds were used to finance terrorist acts and groups. Further, in August 2016 the FIU published an ML Typology on the use of a fictitious Agreement of Sale for non-existing precious minerals to support a large cash deposit at a Financial Institution.

Legal Framework and Entry Control

To export diamonds (only precious stones are currently allowed to be exported) from Guyana, the exporter must be a Licensed Trader, that is, the holder of a valid Trading Licence issued by the Guyana Geology and Mines Commission (GGMC), under the Tax Act, Chapter 80:01. The trader is required to prepare and submit to the GGMC, all export documents for diamonds to be exported to the GGMC. These documents include:

- (a) Production Records;
- (b) Transaction Records of the Licensed Trader and
- (c) Diamonds for lodging.

²⁸McGill Research Group Investigating Canada Mining In Latin America, 2000.

²⁹Information obtained from GGMC Working Group member.

³⁰<http://www.idexonline.com/FullArticle?Id=25533>; April 25, 06 by IDEX Online Staff Reporter.

³¹ Ibid

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

Field checks are made in the areas listed below to ensure the traceability of the diamonds and the lawfulness of the mining operations producing the diamonds:

- (a) Claims, Mining Permit blocks, dredges, Claim Holder, Mining Permit Holder, Dredge Owner.
- (b) Valid Claims (Claims are in existence) and Mining Permit (Medium Scale) blocks.
- (c) Valid Dredge (registered and licensed for current year).
- (d) Valid Trading Licence.
- (e) The names of the Claim or Mining Permit Holder and Dredge Owner are correct.
- (f) All Royalties are paid, and the receipts submitted are valid.

At the completion of checks, export documents are submitted to the Commissioner, GGMC, for signature. This process takes approximately one (1) week.

The Exporter uplifts affidavit to be sworn to with respect to the diamonds to be exported and pays to GGMC the sum of five thousand Guyana dollars (G\$5,000.00) for the processing of the Kimberley Certificate. The export documents are then taken by the Exporter to the Ministry of Trade and Commerce and Customs and Excise Department. When those processes are completed the Exporter informs the Mines Division of the GGMC of the scheduled time of sealing of the parcel of diamonds. Sealing is done at the GGMC's Finance Division.

The lodged diamonds are re-opened in the presence of the Customs Officer, the Exporter, and representatives of Mines and Finance Divisions of GGMC. The diamonds are then recounted and sealed. The sealed parcel is handed over to the Exporter.

The Kimberley Certificate is delivered to the Exporter after the following signatories have signed:

- (a) The Exporter.
- (b) The authorized Customs Official.
- (c) Commissioner, GGMC or her designee.

All information with respect to export and production of diamonds are entered into the appropriate Ledger and Database within the GGMC.

Based on a list provided by the GGMC approximately 704 entities are holders of trading licences. This is in addition to a separate list issued by the GGMC with 17 entities listed as licensed exporters. There needs to be clarity as to the actual list of entities required to be supervised for AML/CFT purposes.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

Many entities issued with trade licences are located in the interior locations where there is inadequate GGMC regional officers thereby limiting the scope of monitoring and regulating the operations of these licensees. This definitely exposes this sector to ML/TF.

Guyana is currently a participant member country in the Kimberley Process Certification Scheme (KPCS).

AML/CFT Control - Supervision

The Guyana Geology & Mines Commission (GGMC) was appointed the Supervisory Authority for Dealers in Precious and Semi-Precious Stones on 20th of December 2012. The supervisory regime is provided for in law (AML/CFT Act 2009, Sections 22-23). Additionally, directives and guidelines were issued, during the period 2011 - 2015, by the Attorney General's Chambers and the Financial Intelligence Unit, respectively. Adequate provisions were made in the AML/CFT Act for the GGMC to issue administrative sanctions.

The GGMC was provided with guidance by the FIU on its role and obligations as a Supervisory Authority. GGMC was notified of the availability of the Supervisory Examination Guidelines on the FIU's Website. The GGMC participated in the training sessions facilitated by overseas consultants, which included expectations of a national AML/CFT strategic plan for Guyana.

In terms of availability of internal AML/CFT controls, the GGMC did not conduct any onsite examinations for AML/CFT purposes during the period of assessment. GGMC is yet to establish a compliance department and appoint a compliance officer to address the institutional requirements of the AML/CFT regime. Internal training was not conducted by the GGMC neither was any reporting regime established for the submission of the required reports to FIU in keeping with the obligations of a supervisory authority.

AML/CFT Compliance

As mentioned above, a list was provided by the GGMC in 2015 which contains approximately sixteen (17) entities licensed as exporters of precious stones (diamond). This number did not include those licensed to trade in minerals (which are estimated to be about 700 or more). No confirmation was made by the GGMC as to whether those individuals or entities (traders in minerals, including diamonds) were included for AML/CFT regulations/supervision. The compliance obligations for Dealers in Precious and Semi-Precious Stones are expressed in the AML/CFT Act 2009, including the provisions recommended by the FATF standards, vis-a-vis, requirements for customer due diligence (identification and verification of all customer's ID), record keeping, training, reporting, appointment of compliance officer, risk management, etc. It was found that, two meetings were held with reporting entities/exporters organized by the GGMC. The FIU was involved and provided guidance at one of those sessions. The content of

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

the discussions at those meetings related to the requirements of the AML/CFT Act of 2009, including information on identification, verification and other AML/CFT requirements.

Based on the feedback from four (4) of the seventeen (17) dealers in semi-precious stones which were surveyed, it is apparent that there is a lack of knowledge/or application of the law regarding the obligations imposed on the reporting entities within this sector. On-site checks by the GGMC are required to accurately determine the level of compliance within these entities.

ATTORNEYS-AT-LAW

The vulnerability for the Attorneys was rated **Very High**. This was also based on an assessment of the nine (9) input variables.

It is generally perceived that lawyers are potentially exposed to being misused for the purposes of facilitating or assisting, directly or indirectly in Money Laundering activities of criminals³².

The ML/TF risks, connected to these professionals lie in the concealing of the identities of beneficial owners of the assets/transactions conducted through them and the mismanagement of clients' bank accounts, for example, by intermingling clients' funds with their personal funds/accounts.

Guyana is therefore required to impose certain obligations on these professionals to combat ML/TF, when they carry out activities such, as buying and selling of real estate; managing of client money, securities or other assets; management of bank, savings accounts; organisation of contribution for the creation, operation or management of companies; or creation, operation or management of legal persons or arrangements, and buying and selling of business entities as outlined in the AML/CFT Act 2009.

Legal Framework and Entry Control

In order for a person to practice as an Attorney-at-Law or provide the regulated services in Guyana, that person must be a Guyanese national; must attained the age of twenty-one years; be of good character; obtained a special authorization or hold a Legal Education Certificate (equivalent to a 'Juris Doctor'); an application, by way of a petition, must then be made (on behalf of the petitioner/person desiring to practice) to the High Court for that person to be admitted to the Guyana bar. The name of the legal practitioner is then entered on the Court's Roll as being eligible to practice³³.

³²A Lawyer's Guide to Detecting and Preventing Money Laundering, A collaborative publication of the International Bar Association, the American Bar Association and the Council of Bars and Law Societies of Europe, October 2014.

³³Legal Practitioners' Act Cap 4:01.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

In order for a foreign (non-national) Attorney-at-Law to practise the Minister of Legal Affairs must make an order to that effect. These attorneys must hold a Legal Education Certificate, have suitable qualifications and competence.

Regulation

Attorneys-at-Law are regulated by The Legal Practitioners Act, Chapter 4:01. A Legal Practitioners Committee (LPC) was established with members (twelve attorneys-at-Law with at least ten years' experience) appointed by the Chancellor of the Judiciary. Complaints of misconduct by lawyers could be made by clients to the LPC. Where a case of misconduct was established against the legal practitioner, the LPC would report their findings to the judges of the court. The power of this committee was expanded by an amendment to the Legal Practitioners Act in 2010 and included Disciplinary rules/a code of conduct for attorneys and recognized the Bar Association in its disciplinary framework.

According to the Act, where the misconduct is proved a fine can be imposed and the Attorney can be reprimanded, where the misconduct is more severe, the professional can be suspended from practice or removal from the Court's Roll. The statutory recognition of a Code of Conduct was a major advance in holding lawyers accountable. Any breach of the Code of Conduct amounts to a professional misconduct³⁴.

During the period of assessment more than twenty complaints were filed to the Discipline Committee. These cases mostly related to unsatisfactory service provided by lawyers³⁵. A few cases were related to fraud. The status of many of these cases are said to be pending. No disbarment has been recorded for the period under review. There is no system in place for publication of the outcome of complaints and maintenance of statistics of complaints filed and determined.

Tax Practice Certificate –GRA

Section 39 of the Tax Act, Chapter 80:01 provides that professional persons practicing for a reward in any year are required by law to be the holder of a Practice Certificate. An injunction was filed against the GRA to prevent the collection of the annual fee for the Practice Certificate. This matter is currently before the Court of Appeal.

Practitioners are however required to pay G\$10,000 annually until the issue is determined by the courts.

Professionals who qualified within three years preceding the date of the application for the practice certificate is permitted to pay G\$25,000 and shall hereafter be liable to pay the full prescribed fee.

³⁴Chronicle News, Strengthening Accountability in legal Profession, December 24, 2009; LP Amendment Act No. 26, 2010.

³⁵ Delay in matters; non-attendance at court.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

Subsection 9(b) of Section 39 of the Tax Act Chapter 80:01, a professional is required to display the Practice Certificate in a very conspicuous manner at his/her place of practice, so it can be seen by persons using the services, since failure to do so is an offence.

AML/CFT Framework

Section 18(11) of the AML/CFT Act 2009 provides that subsections (4), (9) and (10) are applicable to attorneys-at-law, notaries, other independent legal professionals and accountants when, on behalf of or for a client, they engage in a transaction in relation to: buying and selling of real estate; managing of client money, securities or other assets ;management of bank, savings or securities accounts; organisation of contributions for the creation, operation or management of companies; or Creation, operation or management of legal persons or arrangements, and buying and selling of business entities.

Subsection 4 provides, inter alia, that these professionals must take reasonable measures to ascertain the purpose of the transaction; the origin and destination of the funds; identify and obtain the address of the beneficiary of the funds and submit reports to the FIU if based on reasonable grounds a transaction is suspicious and the funds associated with the transaction(s) are connected to criminal activity, money laundering or proceeds of crime; and subsections 9 and 10 require, among other things, these professionals to provide further information, if requested by the FIU, on the suspicious transactions submitted and the FIU may direct the professional (based on the FIU's assessment of the transaction) to cease with carrying out the transaction with the client for a period that may be determined by the FIU. Compliance with these provisions is required to be supervised by a Supervisory Authority. There is currently no supervisory body appointed or mechanism in place to regulate/examine compliance by attorneys-at-law for the purposes of the AML/CFT legislation.

The Guyana Bar-Association (Georgetown)

There are two associations in Guyana which were formed to pursue and protect the interest of members of the legal profession: the Guyana Bar Association (GBA) which operates in Georgetown and a similar organisation, the Association of the Legal Practitioners which operates in Berbice. These associations primary focus is to ensure that the legal fraternity in Guyana is upheld and maintained as constituted by law. They are not legally empowered to regulate the legal professionals for AML/CFT purposes. Membership is not compulsory nor is there a system in place for continuing legal education or a requirement for obtaining an annual licence to continue in practice.

Based on feedback from the Guyana Bar Association, in its current form, it does not have the capacity (human or financial resources) to cater for supervising legal professionals for AML/CFT compliance.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

In terms of programmes/lectures organised by the association, as they relate to AML/CFT awareness or sensitisation; during the assessment period one session was conducted by an attorney-at-law from the banking sector³⁶. There was no sensitisation or awareness conducted or organised during the assessment period by the Association in Berbice.

It was found that members have not particularly taken any specific measures outside of their regular practice standards to address AML/CFT Compliance within their firms. A few responses (from interviews) to the reasons for non-compliance included that enough was not done by the relevant implementing agencies (e.g. the FIU) to sensitive or enforce the obligations.

Challenges

There is no established or systematic way to determine the actual number of attorneys practising in Guyana. These professionals are basically admitted and enrolled on the register but there is no follow-up system on their continuation in practice. There is also no compulsory requirement for continuing legal education.

A list of Attorneys-at-Law obtained from the Supreme Court Registry, comprised more than one thousand, (1,000) professionals enrolled as eligible to practise in Guyana. That list included persons working in public agencies as well as persons that are deceased or migrated.

It was therefore decided that a sample size of 300 would be selected from members of the Bar Associations (Georgetown & Berbice), which would better serve the NRA purpose, as most of the members of these associations have active practices. Additionally, interviews were conducted with several attorneys in profession.

Further research (actual field visits to law firms) is suggested as a better way to gather information on the practitioners or professionals providing the regulated services.

PUBLIC NOTARIES

The vulnerability for the notaries was rated **Medium Low**. This was also based on an assessment of the nine (9) input variables used to assess the Dealers in Precious Metals above.

A notary public is a public officer/attorney-at-law practicing for at least ten years constituted by law to serve the public in non-contentious matters usually concerned with estates, deeds, powers-of-attorney, and foreign and international businesses and statutory declarations vis-a vis having specified documents sworn before him/her in a prescribed manner. Such acts are known as a notarization. The notary is at risk since he/she may be exposed to information relating to clients granting authorisation and powers to transaction businesses involving large sums of cash

³⁶Presented by Bank staff-Georgetown Bar Association.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

or assets and may sometimes be in a position to aid and abet, facilitate, or turn a blind eye to certain suspicious transactions. The notary is therefore recognised by FATF's international standards to be regulated for AML/CFT purposes.

Legal Framework and Entry Control

The Public Notaries Act Cap 4:02 regulates the duties of public notaries. These professionals are appointed by warrant under seal by the president. The person appointed as a notary has to be a legal practitioner/lawyer for ten years. Additionally, certain office bearers are also appointed as notaries, which offices are ex-officio offices-meaning it lasts for the duration of the person's function in that office for example, an officer of the Deeds Registry. There are approximately twenty-nine (29) public notaries. It is important to note that notaries (public) offer services that are different from the services provided by attorneys. There is currently no supervisory body appointed to overlook this category of reporting entity for AML/CFT purposes.

Regulation

A notary's appointment can be revoked by the President if he/she is found guilty of an offence or any misconduct and removed from the Register of notaries. This suspension is published in the official gazette. The penalty for a notary who continues to provide notarial services despite his/her name being removed, is a fine of G\$19,500 and imprisonment for four years. There are no statistics for the number of notaries fined or imprisoned for the period 2011-2016.

It is believed that notarial services should be closely monitored for ML and TF, as these professionals are privy to information relating to conveyance and other legal documents facilitating transfer of assets. It is felt that these services (e.g. notarising documents/instruments which grants power to administer or for conveyance of assets) can facilitate or assist, directly or indirectly, illegal transactions. For these and other reasons, it is believed that notaries should be legally required to take measures to aid in their detection of any suspicious activities.

Gaps in the system

It was noted that the practice at Deeds Registry regarding the registration of Powers of Attorney (signed by notaries outside the Deeds Registry) is that there is no system requiring the scrutiny or verification of authenticity of the donors or notaries. The notarized document is simply registered based on full reliance on the purported signature of the notary. This occurs even where the notarization took place in a foreign jurisdiction. The risk posed in such circumstance is that a number of fraudulent transactions may occur through powers of attorney and may be overlooked or concealed. Further scrutiny is required prior to validation of the purported notarized document through registration.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

It is believed that some legal professionals prepare 'powers of attorney'³⁷, in relation to transactions involving sale of property, including state lands where the lands had restrictions (not to sell until a specified period elapses). This situation poses a risk for money laundering as the conveyance documents cannot be filed to transfer the property, thereby concealing the beneficial owners (the bona fide purchaser) of the property.

AML/CFT Compliance for Attorneys-at-law and Public Notaries

The responses to questionnaires for these categories of reporting entities were very low. However, interviews provided some general information on the workings of the sector.

It was noted that given the nature/type of services provided by these professionals, information on identification and beneficial ownership would more be a feature in their operations or practice. This may allow for traceability of documents, particularly where those documents have been filed in the respective registries.

In terms of reporting (suspicious transactions, threshold reports and terrorist property reports), the FIU did not receive any of the established reports from any of these professionals during the assessment period.

The general perception is that there is no AML/CFT Compliance programme in place by most of these professionals. There is also the perception that there has not been any major application of the AML/CFT law in terms of measures to detect ML/TF during the provision of the regulated services.

AML/CFT Supervision for Attorneys-at-Law and Public Notaries

There is currently no supervisory body or mechanism in place to supervise, monitor or examine the legal professionals. However, the authorities recognize the importance of supervising these professionals and are currently in communication with other relevant authorities with the aim of identifying and appointing a SA for these professionals.

One meeting was held between the FIU and the Guyana Bar Association on the 13th of August 2014, to discuss issues relating to supervision of this category of reporting entities (legal professionals). The FIU was informed that consultations were on-going with the Attorney General's Chambers but to date no update was provided on this issue.

COMMISSIONER OF OATS TO AFFIDAVITS

In addition to Public Notaries, Commissioners of Oats to Affidavit/Justice of Peace also provide similar services which allow them access to valuable information relating to conveyances for

³⁷ Irrevocable power of attorney, including with a clause "for valuable consideration".

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

properties and other tangible assets. Since these services provide the same exposure to ML/TF risks, like the notarial services, these professionals should also be regulated, more importantly, most affidavits relating to purchase, and sale of property are signed/sworn before a Commissioner of Oats to Affidavit and not necessarily a public notary.

Apart from a Justice of Peace Association which was established to address issues/concerns relating to these commissioners, it is suggested that stronger regulatory, including AML/CFT measures be implemented.

It is also said that many of these commissioners prepare certain legal documents even though they have not been legally trained to do so. In addition to this practice, several persons (including legal clerks and paralegals with a first degree in law), prepare legal documents relating to powers/authorisations to manage property/other assets. These services, in many instances, go undetected are unregulated and provide opportunities for the concealment of irregular transactions.

ACCOUNTANTS

The vulnerability for the Accountants was rated **Very High**. This was also based on an assessment of the nine (9) input variables.

Accountants are generally perceived to be exposed to money laundering and terrorist financing risks. They are regarded as gate keepers of the financial system, as they can be misused for the purposes of facilitating or assisting in Money Laundering activities of criminals, including through accounting and auditing malpractices. The risks, connected to ML/TF, lie basically in the potential misuse of these professionals in concealing tax fraud and other financial crimes by legal entities for whom accounting, and auditing services are provided. Countries are therefore required to impose certain obligations on these professional to combat ML/TF, when they carry out the stated activities in the FATF 40 Recommendations.

Legal Framework and Entry Control

To provide Accounting services as a public practitioner, the practitioner must be a qualified holder of a certificate from the **Association of Chartered Certified Accountants (ACCA)**, the global body for professional accountants headquartered in the United Kingdom. In order to obtain certification, students must complete all levels including being a member of the Institute of Chartered Accountant of Guyana (ICAG). The ICAG grants a practice certificate to those selected members, which are currently about twenty (20) individuals, also the average number during the period of assessment. The Companies Act 1991 complements this position by **Section 170**, which provides that for a person to be eligible for appointment as an auditor of a company he/she must be a member of the ICAG and the holder of a practice certificate from that Institute. These are referred to as statutory auditors (external auditor) appointed at the annual general

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

meeting of shareholders. These auditors must ensure that accounts audited by them are kept in compliance with the ICAG Act, established accounting standards and in accordance with relevant laws, regulations and policies³⁸. The ICAG has a membership of about 100 qualified accountants (holders of the ACCA certificate), in addition to the twenty public practitioners. These other members are not authorised to sign statement/opinions on audits. Many of them work in public or private agencies as finance controller, internal auditors or as accountants. The accounting professional/ACCA members are regulated and operate on the basis of international standards, specific by-laws, the Code of Ethics and Conduct.

AML/CFT Supervision

A Supervisory Authority is required to be appointed for this category. To date there has been no such appointment. These professionals are generally guided by the legal, regulatory, ethical standards and codes of their profession. There is also a requirement for continuing professional education for members of the association.

In terms of training and examinations of this sector, no inspections or training were conducted as there is no supervisory body appointed for AML/CFT purposes.

Information and data relating to training by the ICAG is unknown as efforts to conduct an interview with the ICAG's President were unsuccessful.

AML/CFT Compliance

Information and data as they relate to AML/CFT Compliance for this sector has not been forthcoming. Responses to questionnaires did not reveal much about monitoring the respective services to detect suspicious transaction. Of the twenty questionnaires sent only four professionals responded. We were unable to effectively determine the efforts made by Accountants to comply with relevant AML/CFT Legislations.

The belief is that there is no compliance officer appointed or designated to function as such. This was the case for the four professionals who responded to the questionnaires.

It is important to note that the nature of services provided, and the type of Clientele (companies in most cases), retaining the services of these professionals will allow for identification and verification of their customers and beneficial ownership information to be obtained.

The level of AML/CFT systems in place to monitor, detect and report suspicious transactions would be better determined by a supervisory body, which will be required to conduct onsite examinations. Based on the few responses from the interviews conducted, there is no specific

³⁸<http://www.stabroeknews.com/2016/features/02/22/accounting-profession-issue-practice-certificates>

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

AML/CFT regime existing in those auditing and accounting firms but rather, the procedures are based on accounting standards and ethical principles of the profession.

TRUSTS OR COMPANY SERVICE PROVIDERS

The vulnerability for trust and company service providers was rated **Very High**. This was also based on an assessment of the nine (9) input variables.

A "Trust or Company Service Provider" includes any firm or sole practitioner who by way of business provides any of the following services to third parties: -

Formation of companies or other legal persons; Acting, or arranging for another person to act – as a director or secretary of a company; as a partner of a partnership; in a similar position in relation to other legal persons; providing a registered office, business address, correspondence or administrative address or other related services for a company, partnership or any other legal person or arrangement; acting, or arranging for another person to act, as a trustee of an express trust or similar legal arrangement; or a nominee shareholder for another person other than a company listed on a regulated market, when providing such services.

The trust and corporate services offered by these entities provide the basis for a range of economic activities in modern economies. They can be misused by criminals for illegal purposes such as hiding the ultimate beneficial owners of illicitly obtained assets, legitimatizing the integration of crime proceeds within the financial system, or layering of crime proceeds through various forms of investments such as in the stock market. Trust and corporate structures may be set up by terrorists or money launderers and used wholly or partly for money laundering or the financing of terrorist activities. Trust, for example, may be established for charitable purposes and subsequently misused to finance terrorist activities. In view of the risks involved, trust and company service providers must be vigilant at all times and report anything suspicious to FIU³⁹.

AML/CFT Supervision

To date, no appointments were made for a supervisory body for non-financial trusts and company service providers (Attorneys and Accountants, when they provide the regulated services). As a consequence, no reports (suspicious transactions, threshold reports and terrorist property reports) or reports on examination findings were ever submitted to the FIU.

There is no established reporting regime set up for this sector. It is very clear however, that Lawyers, particularly, are involved in the formation of legal persons (companies) and trusts arrangements. One of the main weaknesses associated with this service is the gathering of information on beneficial owners, control structures and the sources of funds for establishment of the companies or trusts.

³⁹http://www.jfiu.gov.hk/en/dnfbp_trust.html

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

While the Companies Act requires the corporation documents for legal entities to include information such as, the names of directors and the number of shares, during the incorporation or registration process, the incorporator should be legally required to provide beneficial ownership, control structure and source of capital to be supplied to the Deeds and Commercial Registries. This information should also be easily accessible by the public or relevant stakeholders.

Trust Instruments

With regards to trust deeds, this process is frequently used to register a number of non-profit organisations such as most churches or religious groups⁴⁰. AML/CFT regulatory mechanisms are non-existent for these entities. These organisations should be encouraged to obtain legal status/personality by registering as a non-profit entity (such as a friendly society) or as a company (albeit non-profit). This system would ensure the availability of information on all the listed trustees and to aid in transparency of their operations generally.

REAL ESTATE/HOUSE AGENTS

The vulnerability for real estate/house agents was rated as **Very High**. This was also based on an assessment of the nine (9) input variables.

The AML/CFT Act of 2009 requires Real Estate Agents (House Agents), to implement AML/CFT measures, when they are involved in transactions for their clients relating to the buying and selling of real estate. Generally, the specified activity of buying and selling of real estate applies to purchase and sale, lease and mortgage transactions and transactions which finance a purchase or sale of real estate for both residential and commercial properties. Money laundering through the real estate sector is considered a traditional way to hide proceeds of crime, especially in a cash-based society such as Guyana. ML through real-estates may have several forms, for example, engaging in a series of transactions designed to conceal the illicit source of funds, investing in tourist complexes to acquire a legitimate appearance and buying and selling of real estate properties in fictitious names etc. These agents, although they may be simply selling property for a commission and not being the owner of the assets they sell, they are aware of the conveyance and agreements of sale and transfer process.

Legal Framework and Entry Control

To establish a business as a real estate agent simply requires the provision of identification information, Taxpayer Identification Number (TIN) and business registration documents (which would provide beneficial ownership information) and it is renewable annually. This licence is issued by GRA under Section 29 of Tax Act Cap. 80:01. While this system provides for basic information on beneficial owners to be provided to the licensing body, it should be strengthened

⁴⁰Interview with Commercial Registry and Deeds Registry.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

to the standard consistent with other entities such as the Casino and Cooperatives. This would assist with preventing criminals from becoming owners of businesses in this business sector.

The total number of real estate agents listed by GRA is seventy-three (73); however, from this total only seven (7) are currently licensed to operate such business. The GRA needs to conduct inspections to determine the operating status of these entities.

AML/CFT Supervision

The GRA was appointed the Supervisory Authority for Real Estate Agents and was vested with the authority to, inter alia, examine, train and oversee the level of compliance with the AML/CFT obligations. All powers to impose administrative sanctions on the real estate businesses are also vested in the supervisory authority. The GRA however, has not implemented any measures to deal with supervision for real estate/house agents. Training, inspections or any of the functions as the Supervisory Authority have not been done to date.

AML/CFT Compliance

Compliance in these businesses is basically 'close to nothing'. The responses to the questionnaire did not provide and useful information. The few responses clearly demonstrate lack of awareness/knowledge of the laws, regulations, guideline on AML/CFT obligations. To date no reports were submitted to FIU, no compliance officer designated for ensuring compliance, no training provided, nor any reporting regime established.

USED CAR OR CAR PARTS DEALERS

The vulnerability used car or car parts dealers was rated as **Very High**. This was also based on an assessment of the nine (9) input variables used to assess the Dealers in Precious Metals above.

The used Car Dealers sector has been attractive to money launderers for many reasons. Apart from the fact that large amounts of dirty cash can be used to purchase luxurious vehicles without going through the regulated system, launderers can use dirty money to purchase from overseas suppliers an entire car (in parts) and import it under the disguise as car parts to evade payment of the relevant taxes. This scheme (importation of car parts) does not attract the same standard of import tax, thereby providing the opportunity for tax evasion. These dealers therefore need to be regulated to aid in the detection of such fraudulent transactions.

Legal Framework and Entry Control

A dealers' trade plate licence is issued under section 22 of the Motor Vehicle and Road Act Cap 51:02 by the GRA. The issuance of this licence is not expressly stated as a licensing process for used Car dealers but these entities are listed among the set of persons issued with such licences.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

Many other entities are issued with the same licence, such as shop and shipping businesses. This is not a stringent licensing process for the purposes of AML/CFT.

To establish a business as a used car dealer it simply requires the provision of identification information, Taxpayer identification number (TIN) and business registration documents, which would provide beneficial ownership information and it is renewable annually.

While this system provides for information on beneficial owners, it could be strengthened to the standard with the Casinos 'Fit and Proper Test'.

The total number of used car dealers listed by GRA is 254; The GRA needs to conduct inspections to determine the operating status of these entities.

AML/CFT Supervision

The GRA was appointed the Supervisory Authority for Used Car/Car Parts Dealers and was vested with the authority to, inter alia, examine, train and oversee the level of compliance with the AML/CFT obligations. All powers to impose administrative sanctions on the Used Car/Car Parts Dealers are also vested in the supervisory authority.

The GRA however, has not implemented any measures to deal with supervision for these businesses. Training, inspections or any of the functions as the Supervisory Authority have not been done to date.

AML/CFT Compliance

Compliance in these businesses is basically 'close to nothing'. The responses to the questionnaire did not provide and useful information. The responses clearly demonstrate lack of awareness/knowledge of the laws, regulations, guideline on AML/CFT obligations. No reports (suspicious transactions, threshold reports and terrorist property reports) were submitted to FIU for the established reporting regimes; no indication that a compliance officer/or function is designated for ensuring compliance.

The FIU held two meetings in 2014 with ten prominent used car dealers but further efforts are needed to carry through with implementation.

THE GAMBLING SECTOR

The entities which comprise the gambling sector in Guyana include, **betting shops/internet gambling, casinos and lotteries.**

The gambling sector is by nature cash intensive and hence majority of transactions are cash based. Criminals attempt to infiltrate or influence these businesses to facilitate theft, fraud,

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

money laundering and other crimes and, in many instances, these venues attract ancillary criminal activities.

Betting Shops

The vulnerability for betting shops/internet gambling was rated as **Medium**. This was also based on an assessment of the nine (9) input variables used to assess the Dealers in Precious Metals above.

Regulatory Framework and Entry control

To establish a betting shop, the business owner must obtain a licence from the GRA. To do this he/she is required to provide identification information, a Taxpayer Identification Number (TIN) and business registration documents, which would provide beneficial ownership information. An approved house plan and letter for the premises applied for, stamped and signed for by the Central Housing and Planning Authority and the Guyana Fire Service and the Applicant's most recent Police Clearance. This licence is required to be renewed annually. The fee for such licence is G\$3,000,000 issued by GRA under Tax Act Cap. 80:01-Section 9-premises and Section 8 Pool Betting.

There are currently five (5) licence betting shops operating in Guyana. Three of these are horse racing/sport betting and one provider for internet betting. The main exposure to ML risk is stated as being with the internet betting games. The one internet betting shop is in Georgetown but has several agents across the country that provides the internet betting service.

There is the issue of whether a 'premises' licence is required for all the agents' outlets which provides the services. In the absence of such licences, these outlets are operating illegally.

The growth of online and mobile channels for internet gambling has added to the challenge of keeping the industry operating within required regulations. Significant risks exist within this sector, largely due to its size, the volume of transactions and the number of people who participate. Traceability of participants also creates exposure to ML/TF risks.

AML/CFT Supervision

The GRA was appointed the Supervisory Authority for betting shops and was vested with the authority to, inter alia, examine, train and oversee the level of compliance with the AML/CFT obligations. All powers to impose administrative sanctions on the betting shops are also vested in the supervisory authority. The GRA however, has not implemented any measures to deal with AML/CFT supervision for these businesses. No training, inspections and other functions of the Supervisory Authority have been done to date.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

AML/CFT Compliance

Compliance in these businesses is basically 'close to nothing'. The response to the questionnaire by this sector was high. It was found that while many owners are aware of the obligations of the AML/CFT Act 2009, the entities have not implemented any specific AML/CFT regimes or reporting system. The responses clearly demonstrate lack of knowledge of the laws, regulations and guideline on AML/CFT obligations.

Casinos

The vulnerability for casinos was rated as **Medium**. This was also based on an assessment of the nine (9) input variables.

Casinos are misused for ML operations in the first phase of ML (placement) where the funds intended to be laundered are transformed from cash money into cheques by the money launderer by purchasing chips with the proceeds of crime and later request repayment through a cheque drawn on the account of the casino. This sector is by nature cash intensive and hence majority of transactions are cash based, providing the opportunity for criminals to infiltrate or influence these businesses. It facilitates theft, fraud, money laundering and other crimes, as these venues tend to attract ancillary criminal activities. It is perceived that many criminals are customers of Casinos⁴¹.

Legal Framework and Entry Control

To operate a Casino in Guyana, a premises and operations licences must be obtained. These are issued through the Gaming Authority established under Section 32(1) (C) of the Gambling Prevention (Amendment Act) of 2008. The Authority pursuant to the Regulations made under the said Act considers applications for a Premises Licence and an application for Operator's Licences and monitors the casino operations in Guyana.

The law provides that only registered guests of the hotel and overseas nationals could be patrons at the casino⁴². However, it was reported that the casino has been allowing locals to access its gaming stalls despite legislation that prohibits such⁴³. The legislation allows for the issuance of a casino premises licence to a new hotel or resort complex with a minimum of 150 rooms ideal for accommodation and under the regulations only three casino licences are allowed per region. Guyana has 10 regions, thus making a total of 30 licences that can be issued.

The Act states that contravention or failure to comply with the regulations will result in conviction and could lead to fines of not less than G\$1M or more than G\$20M, and imprisonment for terms of not less than six months or more than two years.

⁴¹ <http://www.inewsguyana.com/murder-suspect-arrested-in-princess-hotel-casino, 10/102016>.

⁴² Gambling Prevention Act 2007.

⁴³ <http://www.kaieteurnewsonline.com/2016/02/08/gambling-regulationscabinet-to-review-allowing-locals-access-to-casino>.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

There is currently one licensed casino in Guyana. The process is governed by an extensive “fit and proper criteria” for registrants, which includes provisions to ensure criminals and their associates do not enter the sector. Its regular customers are said to be foreigners and locals who in some instances book a room for a day to be registered as guests⁴⁴.

AML/CFT Supervision

The Gaming Authority was appointed the Supervisory Authority for Casinos in Guyana on December 20, 2012, and was thereby vested with the authority to, inter alia, examine, train and oversee the level of compliance with the AML/CFT obligations. It was also vested with powers to impose administrative sanctions on the casinos under its supervision.

AML/CFT Compliance

During the period 2011 – 2015 it was noted that the gaming authority consistently submitted reports on its obligations to the FIU upon request which stated that the authority did not have adequate financial and human resources to conduct examination or training for the one casino under its supervision. However, in 2015 the authority indicated that one onsite examination was conducted, but no report on the findings of that examination was provided. This authority was dysfunctional and a new authority was recently formed.

The functioning of this new regime could not be determined at this stage. They have committed to ensuring that their operations are conducted in a manner that is fair, transparent and adheres to the laws, rules and regulations which governs the Authority.

During the period 2011 to 2013, there has been some level of engagement with the casino and the FIU in relation to AML/CFT requirements and obtaining of information on beneficial ownership and control structure.

The FIU during 2014, provided training and guidance on the obligations of the AML/CFT and its reporting requirement. This resulted in several improvements in terms of compliance by the casino. The casino has since appointed a compliance officer, provided training to all its employees and has formulated a compliance manual to guide its operations regarding AML/CFT.

Feedback from the Gaming Authority (which covered the assessment period) via preliminary questionnaire indicated the casino was in full compliance with their obligation under the AML/CFT legislation.

⁴⁴<http://www.kaieteurnewsonline.com/2012/07/11/guyanese-using-loopholes-to-access-princess-casino/10/10/2016>.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

Lotteries

The vulnerability for lotteries was rated as **Medium**. This was also based on an assessment of the nine (9) input variables.

The ML/TF risk associated with lotteries is the attraction to scammers to the availability of liquid assets. Lottery winners are the recipients of liquid assets either in the form of a lump-sum payment or in annuity payments. In deciding what to do with lottery winnings, the winner will, likely, encounter numerous offers to “invest” the funds (some legitimate and some not). For these reasons, some countries have laws that require the names of winners to be published thus making the winners even more likely to become prey for criminals. It truly becomes a case of “buyer beware” when winning the lottery⁴⁵. Money laundering may occur through the purchasing of a Winning Ticket from the Legitimate Winner(s)⁴⁶. This is done to conceal from the authorities the nature of the income originating from illegal drug sales⁴⁷.

Guyana Lottery Company

There is one lottery company operating in Guyana, which is a subsidiary of a Canadian company, Canadian Bank Note (CBN). In 1996, the government of Guyana and CBN signed a multi-year agreement under which, the lottery company was granted permission to operate a lottery on behalf of the Government of Guyana. Under the terms of the agreement, the company pays to the Government of Guyana a license fee of 24% of gross revenues, decreased by the amounts of any additional fees and taxes. Tax Act section 7 provides for payment of Taxes on lotteries and sweepstakes.

AML/CFT Supervision

In December 2016, the Gaming Authority was appointed as the AML/CFT supervisory authority for lotteries. Given that the AML/CFT regulatory framework for lotteries is still relatively new, no on-site examination was conducted up to the time of the writing of this Report. The lottery company operates through a number of distributors/agents across the country. The Gaming Authority has, since its appointment, communicated with the Guyana Lottery Company to initiate on-site examination of the company.

The Guyana Lottery Company appointed a compliance officer in January 2017 and has since received guidance from the FIU on its reporting and other obligations under the AML/CFT legislation. The Company is required to commence submitting threshold and terrorist property reports to the FIU in May and June 2017, respectively.

⁴⁵Jean-Ann Murphy, CAMS, USA, send comments to the editor@acams.org.

⁴⁶<http://www.lottery.com/stories/maryland-lottery-used-for-money-laundering.html>.

⁴⁷Stabroek News Article, By Staff Writer, June 8, 2014

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

PAWNBROKERS/MONEY LENDERS

The vulnerability for pawnbrokers/money lenders was rated as **Medium**. This was also based on an assessment of the nine (9) input variables.

The ML/TF risk associated with pawnbrokers relates to the fact that the value of gold/diamond jewellery is high and can be stored by pawnbrokers to hide or conceal dirty money used to purchase gold jewellery. Many criminals also steal gold jewellery and utilise the services of pawnshops to store them. Many pawnshops indicated they do not request source of jewellery from customers and in most instances, do not issue receipts for transactions. In most jurisdictions pawnbrokers are categorised with the dealers in precious metals, which is a very high-risk sector.

Legal Framework and Entry Control

Pawnbrokers⁴⁸ and Money lenders⁴⁹ are granted licences by the GRA for fees of varying amounts depending on the locations of the entity. The applicant for this licence is required to submit identification card, TIN, business registration and a money lenders' certificate from a Magistrate along with a police clearance. This licence is required to be renewed annually.

In Guyana, there are seventy-three (73) pawnshops listed, however, just about seventeen have current licences. The status of the other pawnshops is not fully known. The GRA must conduct field inspections to determine the status of these entities. Telephone calls to several of the listed agencies revealed that some are indeed operating unlicensed.

AML/CFT Supervision

The GRA was appointed the Supervisory Authority for pawnbrokers on September 1, 2014 and is vested with the authority to, *inter alia*, examine, train and oversee the compliance with the AML/CFT obligations. All powers to impose administrative sanctions on the pawnbrokers/money lenders are also vested in the supervisory authority.

The GRA however, has not implemented any measures to deal with supervision for these businesses. Training, inspections or any of the functions as the Supervisory Authority have not been done to date.

AML/CFT Compliance

Training for pawnbrokers/money lenders was conducted by the FIU between 2011-2015 and of the seventy-three (73) entities listed only seventeen (17) attended. These entities have been

⁴⁸Section 30 Tax Act 80:01.

⁴⁹Section 31 Tax Act 80:01.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

submitting monthly threshold reports to the FIU for transactions G\$300,000 or above. They have all indicated the existence of a compliance officer. However, given no examination was conducted by the GRA the accuracy of their levels of compliance is not fully known.

FRIENDLY SOCIETIES/CHARITIES

The vulnerability for Friendly Societies/Registered Charities was rated as **Very High**. This was also based on an assessment of the nine (9) input variables.

Friendly Societies/Charities (Non-Profit Organisations) are considered as providing opportunities for terrorist financing as they play an important role in the global economy. They complement the activities of the governmental and business sectors in providing services, comfort and essentials to the needy. Even though, Friendly Societies/Charities can be exploited by terrorist organisations to provide financial and logistical support, or otherwise support terrorist recruitments or terrorist operations. This has not been so far evidenced as a prevalent situation existing in Guyana.

Legal Framework and Entry Control

Friendly Societies are governed and regulated under the Friendly Societies Act Cap 36:04. These entities are required to register with the Registrar of Friendly Societies. They are established for various purposes, mostly to provide benefits to its members, in situations such as, illnesses and death, fraternity, among other charitable causes. They essentially promote efforts for good causes and are essentially non-profit organisations. They are required to have at least seven members as trustees, outline their objectives and develop a constitution or by-laws upon registration. They are also required to submit accounts to the Registrar for audits or some other person appointed to conduct the audit. They attract an automatic exemption under the Corporation Tax Act Chapter 81:05.

The registration process is a one-off registration process which creates a situation whereby the functioning status of these bodies may become unknown when inspections are not consistently conducted. There are currently one thousand, one hundred and seventy-one (1,171) such societies listed as registered; however, this number is not a true reflection of the total functioning entities. Many of these societies are reportedly dysfunctional and efforts to determine their true status have not been done. This, according to a supervisory department official, is due to the department being severely understaffed.

AML/CFT Supervision

The Registrar of Friendly Societies was appointed the Supervisor for this sector on December 20, 2012 and was vested with the authority to, *inter alia*, examine, train and oversee the compliance with the AML/CFT obligations by these entities. All powers to impose administrative sanctions on the societies are also vested in the supervisory authority.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

However, the supervisory body has not been able to effectively supervise this sector. The reasons given include, the department has one staff member, lack of financial resources and lack of adequate regional officers.

The staff member also lacks the technical skill to carry out these functions effectively. Training is required for the department.

Efforts to de-list some of these entities commenced but court actions have stalled the de-listing process. Urgent systems need to be put in place to ensure implementation of AML/CFT requirements. Inspections by the Supervisory Authority have not been conducted in many rural areas.

AML/CFT Compliance

Based on information from the supervisory authority, new applicants were made aware of their obligations under the AML/CFT Act 2009. The supervisory authority continuously complains about human and financial resources to deal with the activities related to AML/CFT. The societies are not knowledgeable of their compliance requirement and therefore AML/CFT compliance is almost non-existent. No training, reporting regime, appointment of Compliance Officer, or examination report findings were submitted to FIU with respect to any society for breach of obligation.

COOPERATIVES

The vulnerability for cooperatives was rated as **Medium High**. This was also based on an assessment of the nine (9) input variables.

Cooperatives are regulated by the Cooperative Societies Act Cap. 88:01. It is a membership organisation established to promote opportunities for members with a particular interest. They are like small business enterprises that generate profits for their members. It is believed that many fraudulent land deals have become common practice within this sector for example, where lands were leased or distributed and sold by trustees of the Cooperatives for large sums of cash due to a lack of regulation or monitoring by the issuing authorities⁵⁰.

Legal Framework and Entry Control

These entities are required to register with the Chief Cooperative and Development Officer (CCDO). They are established to promote the interest of its members. This is a one-off

⁵⁰<http://guyana-cricket.com/news/fraud-labour-ministry>; liquidation sales presided over by the cooperatives department. Alleged-Interference by Abdul-Jabar sale of the Lamaha Gardens playground-without consulting the owner, the Guyana Public Service Housing Cooperative; Date Published,16-Apr-2013, Source: Guyana Times Author, Svetlana Marshall.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

registration process which creates a situation whereby the functioning of these bodies become unknown when inspections are not conducted.

There are currently 1,300 such societies listed as registered, however, this number is not a true reflection of the total functioning societies. Many of these cooperatives are dysfunctional but efforts to determine their true status have not been done due to a severely understaffed department.

AML/CFT Supervision

The Chief Cooperative Development Officer has been appointed the Supervisor for this sector and was vested with the authority to, inter alia, register, examine, train, cancel/revoke and oversee the level of compliance with the AML/CFT obligations. The CCDO also have all powers to impose administrative sanctions.

However, the supervisory body has not been able to effectively supervise this sector. No guidelines were ever issued to the entities. Examinations have been conducted at random on a few entities. These were not done with any specific AML/CFT checklist or with any internal AML/CFT supervisory policy.

The department has only one staff member and there is also the lack of adequate regional officers. The staff is also lacking in technical skill to carry out the functions. Efforts to de-list some of the cooperatives commenced but resulted in court actions which have stalled the process. Urgent systems need to be put in place to have implementation started. Training, inspections or any of the functions as the Supervisory Authority have not been done in many rural areas.

AML/CFT Compliance

Based on information from the supervisor, new applicants are made aware of the obligations under the AML/CFT Act 2009. Outreach to other registered entities is limited. The supervisory authority continuously complains about human and financial resources to deal with the activities related to AML/CFT. The cooperatives are not knowledgeable of their compliance requirements and therefore compliance is almost non-existence.

IMPORTERS AND EXPORTERS OF VALUABLE ITEMS

This sector was not assessed due to the unavailability of information. Even though the AML/CFT Act 2009 lists importers and exporters of valuable items as reporting entities, to date no effort was made to establish the items that should be considered as 'valuable items' for AML/CFT purposes.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

The NRA was therefore used to gather information in this regard. The determination of the valuable items was thought of as those items that contribute highly to the Countries economy (GDP) and those that appear to be attractive to criminal elements. Such items include importation of fuel⁵¹ and other lubricants; export of sea foods/fishing industry⁵², lumber/forest⁵³, scrap metal trading, electronics, motorcycles, hardware, construction materials and alcoholic beverages.

It is perceived that although there are legal and regulatory measures in place for importation or exportation of most of the above items, the measure for AML/CFT purposes should be tightened. It is believed that there is no harm in allowing importers and exporters to submit monthly reports of threshold transactions to the FIU.

Trade Based Money Laundering (TBML)

TBML is “the process of disguising the proceeds of crime and moving value using **trade** transactions to legitimize their illicit origins.” The issue of trade-based money laundering also needs to be considered considering these importers and exporters of valuable items. TBML schemes differ in complexity but usually involve misrepresentation of the price, quantity or quality of imports or exports. Financial institutions may unknowingly be implicated in these schemes when they are used to settle, facilitate, or finance international trade transactions⁵⁴. In terms of money laundering risk, FATF, the World Bank and other international organisations consider TBML a high-risk area. Trade finance relies on complex global arrangements to facilitate the movement and payment for goods. Because of the complexity and limited transparency of trade finance transactions, criminals increasingly are looking to exploit this avenue for both fraudulent purposes and laundering of fraudulently obtained funds. Trade finance can often be used for manipulation or duplication of invoices or other documentation surrounding the transport of goods, potentially over or under valuing of goods, movement of goods through countries for no reason or without any goods moved at all⁵⁵. Over invoicing and under invoicing of goods are common practices in tax evasion and money laundering schemes.

Recommendations

- The roles of the GRA, GGB and GGMC as they relate to the issuance of licences and regulation for all forms of gold trading (sales and purchase of gold) should be clearly defined. This would facilitate a smoother process and provide a clearer understanding to stakeholders who are expected to comply with AML/CFT requirements.

⁵¹Articles on the smuggling of fuel and related products in the interior.

⁵² Illegal fishing.

⁵³The Whole Baishanlin-fiasco-illegal logging/licensing process/Goolsarran Forensic Audit Report.

⁵⁴<http://www.financemagnates.com/institutional-forex/regulation/thomson-reuters-launches-trac-to-tackle-trade-based-money-laundering>, 11/10/2016.

⁵⁵<http://www.rbnz.govt.nz/-/media/ReserveBank/Files/regulation-and-supervision/anti-money-laundering/guidance-and-publications/4345201.pdf>; 11/10/16.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

- Amend the Guyana Gold Board Act to include the ‘fit and proper’ test designed to prevent criminals or their associates from being granted a business license or being the beneficial owner of a significant controlling interest in the business.
- Appoint AML/CFT supervisory authority for GGB when it functions as a reporting entity, to monitor its AML compliance function.
- Strengthen the AML/CFT legislation to deal with monitoring and regulating of the sale of scrap gold⁵⁶, which may not be attracting the stringent regime (taxes/royalties etc.) for its sale or exportation.
- Establish adequate regional offices to cater for all mining areas in Guyana –it was reported that GGB offices are only located in Charity, Bartica and Georgetown.
- The AML/CFT legislations should be amended to provide a clear definition for ‘dealers in precious metals’. The various kinds of precious metals should be included, for example, bullion, platinum, gold and silver coins, and jewellery⁵⁷ made from same.
- Put mechanisms in place to regulate gold smiths/jewellers. Gold smiths/jewellers should be included in the definition for ‘dealers in precious metals’.
- Follow up AML/CFT training is required for the supervisory staff of GBB, GGMC, GRA, Gaming Authority, CCDO and Friendly Society as well as the reporting entities they supervise to ensure they follow the requirements of the AML/CFT legislation.
- Adequate human and financial resources should be provided for the GBB, GGMC, GRA, Gaming Authority, CCDO and Friendly Society to effectively carry out their supervisory activities within a comprehensive supervisory framework that includes clear supervision policies, procedures, and manuals.
- GGB, GGMC, GRA, Gaming Authority, CCDO and Friendly Society should commence carrying out comprehensive, risk-based supervisory programs that consists of on-site and off-site monitoring and inspection of their respective sectors.
- There should be an established procedure to determine the exact number of practising attorneys-at-law including those working in the public sector, and those that have migrated/deceased etc. This could be achieved by way of a system of annual updating/registration process/continuing practice requirement to maintain this system.

⁵⁶<http://demerarawaves.com/2015/09/23/task-force-to-go-after-gold-smugglers-some-info-to-be-released>.

⁵⁷ Jewellery means objects made of precious metals and/or precious stones intended for personal adornment.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

This may also be achieved by strengthening of the Bar Association by making it a statutory regulatory body to oversee the profession with monitoring capabilities. Additionally, the regulatory powers should include a continuing legal education system with mandatory membership for practicing attorneys.

- The legal practitioner's committee/comprises members who occupy full time jobs. There may be need for a special body (to be included with the existing committee), for example, a law society with retired judges who may be able to pay more attention to hearing complaints filed against lawyers; it is reported⁵⁸ that at least twice per month complaints are made by clients, to the Bar Associations, related to legal services, but the clients are informed to make the reports to the committee.
- A supervisory mechanism (appointment of SA) should be put in place, including a reporting regime for Attorneys-at-Law, Accountants, Notaries and Trust or Company Service Providers. Also, guidelines need to be formulated to clarify the regulated services and how to apply the CDD measures. Clear guidelines on the issue of legal professional privileges –clarity on the term and the inherent risks associated with this privilege need to be explored.
- A code of practice specially designed for Attorneys-at-Law, Accountants, Notaries and Trust or Company Service Providers on AML/CFT requirements should be developed.
- Legislative changes should be made to include, Commissioner of Oats to affidavits to be regulated for AML/CFT purposes.
- There should be intensified efforts by the implementing agencies to sensitise and train Attorneys-at-Law, Accountants, Notaries and Trust or Company Service Providers on AML/CFT measures.
- Further research should be conducted to determine the full meaning and application of the law as they relate to trusts or company service providers.
- A list of company service providers performing the regulated services in Guyana should be established and maintained.
- Amend the AML/CFT Act of 2009 to change the term “used car dealers” to “auto dealers” and define “auto dealers”.

⁵⁸Interview with the Bar Association.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

- Further research and information gathering should continue to adequately assess the risk associated with lotteries in Guyana.
- Conscious effort should be made to establish a list of functioning Friendly Societies and Cooperatives.
- The Friendly Societies should be compelled to maintain information on donations from local and foreign individuals and organisations (where such amounts appear suspicious). Also, beneficial owners of associated organisations engaging with these societies must be recorded and monitored.
- Systems should be put in place to identify donors/and politically exposed members of the societies and their contribution to fund raisers, charitable and other activities organised by Cooperatives.
- The Friendly Societies Act, Cap. 36:01 and the Cooperative Societies Act Cap. 88:01 should be amended to compel Friendly Societies and Cooperative Societies to renew their registration annually. This will ensure that the lists of registered societies are updated regularly.
- Mechanisms should be put in place to regulate Churches as required by the FATF standards for NPOs.
- Further research (examination of the various importation/exportation systems) is required and therefore recommended. This is to fully understand the level of risk associated with importers and exporters of valuable items and level of defence required to be put in place.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

2.10 Financial Inclusions Product Vulnerability Assessment

Financial Inclusion refers to the delivery of basic financial services, at affordable cost, to sections of a country's population that are classified as low-income or disadvantaged whose access to these services are either non-existent or very limited. Disadvantaged in this context includes persons that are excluded not only for economic reasons but also on geographic grounds. Financial Inclusion is best achieved if the target products & services offered are appropriately supported by financial education and legislation; this will instil some degree of comfort and confidence in the new systems and encourage adoption.

Financial Inclusion products and services that target the financially excluded and under-served groups in Guyana include:

- Micro Savings,
- Micro Credit,
- Payment Services,
- Remittances,
- Currency Exchange,
- Cheque and Money Order Cashing,
- Insurance, and
- Issuance of Stored Value Products.

These products and services are offered by institutions such as

- Commercial Banks,
- Credit union/Co-operatives,
- Micro-finance institutions,
- Mobile money operators,
- Money transfer agencies,
- Postal services,
- Cambios, and
- Insurance companies.

Guyana does not have a written policy on Financial Inclusion but facilitates Financial Inclusion on a limited scale through legislative arrangements and issuance of no-objections to entities that wish promote inclusive products and services. For example, the Small Business Act No. 2 of 2004 enables the provision of incentives in support of small businesses. These businesses are often involved in market segments that promote Financial Inclusion. Also, the Bank of Guyana, which is the supervisory body for Financial Institutions in Guyana, has facilitated an enabling environment for the establishment of Mobile Money Guyana Inc., a privately-owned company, whose primary products are directed at the un-banked and under-banked.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

Among the products and services in Guyana that can be classified as Financially Inclusive are:

- Micro loans, such as those offered by IPED & Credit Unions,
- Money Transfer and Bill Payment services offered by Mobile Money Guyana Inc., and Guyana Post Office Corporation, and
- Micro savings schemes offered by credit unions.

These services are offered to sections of the population that would have difficulty accessing these services from the mainstream financial services providers; hence their classification as being inclusive.

Assessments of Financial Inclusion Products

A. Micro Savings

- Micro savings products should allow reduced documentation requirements, low charges and accessible to the financially excluded.
- To mitigate the risks presented by reduced documentation financial institutions and non-financial institutions could apply a threshold to the value and number of deposits and restrict withdrawals by value and frequency

B. Acceptance of Deposits

- Deposits can be an essential element in accessing additional FI products or services. Since deposits are often a starting point in facilitating access to many other financial inclusion products it is useful to apply the appropriate level of CDD that takes into consideration the risk profile of the product and the existing controls in place.
- The risk associated with any product must include an element of product/industry risk as well as jurisdiction risk.
- To mitigate the risks presented by reduced documentation Financial Institutions and NFIS could apply **Thresholds** to deposit transactions

C. Issuing or Managing means of Payments

- Payment services that focuses on Financial Inclusion are more geared towards facilitating payments in hard to reach areas and/or where such services are available at comparatively high cost
- Payments can be facilitated through new technologies such as by mobile money operators and other electronic portals

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

- ML & TF risks can be managed by restricting the value and number of payment transactions as would be appropriate for the unserved and underserved population segments and by applying the appropriate CDD requirements on first engagement and Simplified CDD thereafter

D. Money or Value Transfer & Currency Exchange Services

- Allows the movement and exchange of money at reasonable cost and by means which are widely accessible
- Risk Mitigating measures include limitation on the value and number of transfers or exchanges as well as preventing anonymous use of the products.

Risks associated with other services such as Micro Credit, Safekeeping of Money and Micro-Insurance are usually negligible. Industry benchmark documentation requirements usually exceed the CDD requirements for AML/CFT purposes.

Combating ML and TF will be as much a cultural challenge as it would be legal. Sensitization and education will be key in meeting some of these challenges. There is some evidence that money launderers will go to great lengths to structure transactions to avoid detection and enable placements⁵⁹. To launder money using Financial Inclusion products in Guyana it would require many participants and high volume of transactions; which increases the risk of detection.

General AML/CFT Control Measures for FI products in Guyana

Guyana has relatively standard market controls for entities that offer Financial Inclusion products, incidental to their core operations. IPED, the leading micro-credit provider in Guyana is registered under the Company Act, Cap. 89:01 as a not-for-profit and limited by guarantee institution.⁶⁰ IPED has a board of directors and is required to report on its financial operations to the registry of companies annually.

The Small Business Bureau was established through the Small Business Act No. 2 of 2004 and is established to provide access to financing for small businesses for entrepreneurial development, among other things.

The postal service is governed by the Post and Telegraph Act Cap. 47:01. The postal service is a semi-autonomous agency owned by the Government and People of Guyana. Its operation is overseen by a board of directors.

⁵⁹ Launderers have been using poor and vulnerable persons as proxy recipients of multiple structured transactions through MTAs.

⁶⁰ <http://www.ipedgy.com/index.html>

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

Mobile Money Guyana Inc. (MMG) is a subsidiary of Guyana Telephone & Telegraph Company. The operations of this entity are monitored and supervised by the Bank of Guyana. There is no specific legislation or regulation in force that governs the operations of Mobile Money Operators. However, BOG has required that MMG operate within the confines of the Bank of Guyana Act Cap. 85:02, the Financial Institutions Act Cap. 85:03 and the AML/CFT Act of 2009. This line of business is new to the Caribbean and worldwide as such, specific regulations are not well developed. The Bank of Guyana has taken the approach to allow Mobile Money to operate on a “no objection” basis pending the enactment of specific legislation. In addition, Mobile Money Operators are required to abide by the provisions of the Companies Act Cap. 89:01 or whichever law applies for the type of corporate structure chosen. Mobile Money Products can be considered low to medium risk since it incorporates the restrictions regarding value and transaction limits as well as prevents anonymous use. MMG was required to meet certain operational criteria laid out by BOG regarding product viability, controls for AML/CFT purposes including appointment of a compliance officer, incorporating thresholds and know your customer (KYC) requirements.

Status of Entities

The AML/CFT Act of 2009, Sections 15, 16, 18, 19 and 20, set out the obligations of reporting entities including Financial Institutions and other entities involved in transfer of money/value. These entities are required to establish and maintain appropriate systems for monitoring and detecting suspicious transaction and reporting to the FIU.

MMG has a *compliance officer* that regularly monitors transactions for suspicious activity but to date, has not reported any suspicious transactions to the FIU. Neither IPED, the Post Office Corporation nor Credit Unions has Compliance Officers. IPED's internal auditors monitors for suspicious activity.

MMG has a draft AML/CFT *policy* which is not yet fully implemented. Neither the Credit Unions, the Post Office Corporation nor IPED has written policies regarding AML/CFT compliance. The FIU has not to date, received any *suspicious activity reports* from any of these organizations.

Neither IPED nor MMG has been assigned a *supervisor* for AML/CFT purposes. The Governor, Bank of Guyana receives monthly reports regarding transaction activity from IPED and MMG and takes an active interest in their operations with respect to compliance with financial laws but has not been designated AML/CFT supervisor for either entity.

Bank of Guyana does have the capability and resources for effective oversight of these Financial Inclusion products but is not legally mandated to provide AML/CFT oversight/supervision.

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

The FIU provides general Guidelines to assist entities in identifying and reporting suspicious transactions and/or customers but more specific policies, procedures and guidelines that are directed towards Financial Inclusion products are not yet developed. The general guidelines, though useful, will require customization to sufficiently apply to the Financial Inclusion products.

AML/CFT Awareness

The management of MMG and IPED has demonstrated an awareness of the requirements of the AML/CFT legislation. MMG has taken steps to be compliant but IPED has not actively implemented measures to satisfy AML/CFT requirements since they have not yet been incorporated into the monitoring architecture.

There is no evidence of any of the officers of these entities being exposed to AML *training* nor is there any indication of a plan to facilitate training in the immediate future.

Financial Inclusion Product Vulnerability

Mobile Money was developed with an intention to serve the un-banked and under-banked by taking basic financial services to communities that are disadvantaged and those located in remote communities not penetrated by mainstream financial institutions. The services can be accessed on the ubiquitous mobile phone and costs of the services are negligible. Because the service relies on mobile and internet telecommunications it can only be supplied in areas that are either penetrated by the mobile networks or have traditional wire-line (internet) infrastructure. Mobile Money Services are only provided to local customers but does not restrict locally registered customer from performing transactions when in another jurisdiction, so far as there is interconnection between telecommunication providers. To conduct transactions through mobile money, the mobile wallets must be *prefunded*. Funding wallets is done through a network of local agents. The following services are provided through this agent network:

- Bill Payments
- Send and Receive Money Locally (Money Transfer)
- Purchase Mobile Phone credit
- Purchases at Merchants (i.e. Supermarkets)
- Credits to Wallet (Deposit)

Mobile Money services include transaction and value limits and require pre-registration using approved identification documents.

The following are the Mobile Money thresholds:

- Wallet VALUE holding limit is USD \$2000 or G\$400,000

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

- Daily transaction VALUE limit per service is USD \$500 or G\$100,000
- Individual Transaction value limit is USD \$300 or G\$60,000

Figure 11 - Threshold by Number of Transactions

TRANSACTION TYPE	DAILY THRESHOLD	WEEKLY THRESHOLD	MONTHLY THRESHOLD
Withdrawals	20	50	100
Bill Payments	20	50	100
Transfers	10	15	60
Merchant Payments	20	50	100

Mobile Money IT infrastructure is set up to automatically reject transactions that seek to violate threshold positions. However, Mobile Money has full control over the IT systems that enforces and relaxes these controls. A risk mitigating measure will ensure the appointed supervisor approve the implementation and monitor the operation of the applied thresholds.

Simplified CDD (requiring one form of ID) is usually applied in the case of Mobile Money subscribers/customers. Enhanced due diligence generally applies to PEPs, where files on these customers are stored separately and reviewed periodically.

Mobile Money customer accounts will have a lower level of vulnerability to terrorist financing because of the traceability of transactions. All transactions through Mobile Money Service can be traced back to a user who must first be pre-registered by supplying one form of ID and proof of address.

Institute of Private Enterprise Development (IPED) profile:

The Institute of Private Enterprise Development (IPED) provides supervised loans and business development services to Micro, Small and Medium-sized business enterprises countrywide as well as business advice and training to small entrepreneurs, micro-businesses and the underprivileged in Guyana. IPED's services are extended to persons anywhere in Guyana who may not have access to commercial banking facilities and have been in business for at least six months. To access an IPED loan the following is generally required:

- Proof of Identity (e.g. National ID Card or Passport)
- Proof of Address (e.g. Utility Bill)
- Two character references
- Loan collateral, with proof of ownership
- Equity contribution in cash or kind
- In business for at least 6 months

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

The application of simplified due diligence measures to meet Financial Inclusion goals in this context would require relaxing some of the above requirements to help the excluded qualify for borrowing. However, IPED would require some form of coverage to reduce their exposure to non-performing loans in this category.

Product Vulnerability

These products are somewhat vulnerable in the following instances:

- Mobile Money thresholds for ***number of transactions*** are quite liberal, even though the value limits provide some counterbalance. Launderers may attempt to collude with subscribers to carry out fake transactions (i.e. merchant payments without receiving goods) and receive refunds from MMG thereby integrating funds. MMG can counter this risk through strong vetting and monitoring of merchants and Agents before entering into agreement.
- MMG only collects source of funds declarations from agents who requests deposits greater than G\$1M.

State of the Industry -Financial Inclusion

Even though the term 'Financial Inclusion' appears to have been coined recently⁶¹ there have been several traditional measures adopted by some communities in Guyana to foster and promote Financial Inclusion. Village cooperatives facilitated micro-credit and savings, burial societies provided relief on the death of relatives and box-hand groups enabled short term savings and borrowings. Many of these institutions have become dormant for various reasons or have died natural deaths after the purpose for which they were established have been fulfilled. The dormant status and discontinuation of these institutions the need to address the issue of financial inclusion has once again gained prominence.

While there are programs by the Government of Guyana and donor agencies to foster Financial Inclusion, there is no written policy on promoting Financial Inclusion. A written policy could provide guidance and direction to entities that wish to design and launch products that are geared toward Financial Inclusion. A policy on Financial Inclusion should be supported by legislation that is either product specific or which seeks to regulate agencies that operate in this sector.

There are many challenges that must be overcome to achieve more financial inclusivity. These challenges are referred to as 'Barriers to Financial Inclusion'. The more prominent ones are:

- High cost to serve some rural communities. Many hinterland, mining and farming communities experience access problems; not only where financial services are concerned but for some other basic services. Residents have, over time, adopted informal

⁶¹ <http://www.forbesindia.com/blog/the-technocapitalist/goodbye-financial-inclusion-hello-financial-identity/>

GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT REPORT

ways of meeting these needs. These solutions often come with increased risk and create increased opportunities for launderers and financiers of terrorism. To reduce or mitigate these risks traditional financial services must be encouraged in these communities at reasonable costs through innovative means. The lack of business incentives to invest in these areas could be reduced by using technology; such as mobile banking and mobile payment services.

- Lack of physical infrastructure.
- Problems with trust and socio-cultural factors must also be overcome; these can be achieved through education.

Simplified customer due diligence is one mechanism that can be utilized to address the issue of Financial Inclusion. Section 17(1) of the AML/CFT Act of 2009 empowers the Minister of Finance to make regulations to allow simplified CDD. This must be applied with an assessment of the ML and TF risk of each product and the implementation of appropriate countermeasures to mitigate these risks.

Summary of Challenges for Financial Inclusion

Some of the main challenges for Financial Inclusion include:

- Lack of business incentive to pursue such product and services
- Lack of infrastructure,
- Stringent documentary requirements
- Trust in Financial Institutions
- Social problems
- High cost

The spread in the use of informal financial channels poses ML & TF risks and threats. The lack of transaction trail also increases the difficulty in detecting ML and TF activity when compared with transactions conducted through established channels.

Many residents in remote communities often find it difficult to supply the required KYC documents to establish a business relationship with the traditional financial institutions. Risk based Simplified Customer Due Diligence is necessary in these circumstances. For example, a method used in the past was to have village leaders identify persons where that person is unable to provide a proof of address required for business transactions.

Cost of Financial Exclusion

- Growth of informal and unregulated financial services industry in which launderers can thrive
- Facilitates the perpetuation of “off-the-books” transactions

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

- Increases the risk of untraceable illegal activity many of which are ML predicate offences i.e. tax evasion and armed robbery.

Recommendations

- Commission a study to determine the level of un-banked or financially excluded in Guyana to help guide a Policy on Financial Inclusion.
- Establish mechanisms for the pre-evaluation and approval of Financial Inclusion products to determine beforehand whether simplified CDD should be allowed and establish a mechanism for continued evaluation of the Financial Inclusion products.
- Impose Thresholds on Financial Inclusion products that will cater to the needs of the target demographic but are strategically determined to reduce or eliminate the risks of abuse by money launderers and those that finance terrorism.
- Each entity offering Financial Inclusion products as part of a mix of products should be required to establish AML/CFT compliance program to monitor, identify and report suspicious transactions without injury to the goal of applying simplified customer due diligence measures for Financial Inclusion products.
- Appoint AML/CFT supervisory authority for the entities that do not currently have and develop regulations to govern and guide the operations of these entities.
- Compliance officers should be exposed to AML/CFT training to ensure they are abreast with ML/TF developments and they have the knowledge and skill to detect potential ML schemes as well as continually monitoring the risks associated with the application of simplified customer due diligence measures.
- Policies that incentivize and promote products that address Financial Inclusion could be pursued together with a program of educating the targeted segments of the population.
- Each Financial Inclusion product should be evaluated independently to determine their level of ML/TF risk to determine the appropriate measure of due diligence that will be applied in each case. Proven low risk products could be subjected to reduced or simplified due diligence or could be exempted. High risk products should either be re-designed or be subjected to enhanced due diligence.
- Accelerate the adoption of systems that will reduce the widespread use of cash-based transactions.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

Benefits of Recommended Measures

- Engender greater confidence in the Financial Sector.
- Impact development by enabling individuals and small businesses access to financial services.
- Encourage small business growth and development.
- Encourage greater investment in Financial Inclusion products.
- Increase efficiency in doing business and economic activity.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

**APPENDIX 1
SECTOR
MONEY LAUNDERING VULNERABILITY**

Sectors with **Very High** money laundering vulnerability

Sectors	Vulnerability Rating
Attorneys-at-law	Very High
Accountants	Very High
Trust or Company Services Providers	Very High
House /Real Estate Agents	Very High
Used Cars/Spare Parts Dealers	Very High
Friendly Societies/Registered Charities	Very High

Sectors with **Medium High** money laundering vulnerability

Sectors	Vulnerability Rating
Banking	Medium High
Money Transfer Agencies	Medium High
Cambios	Medium High
Credit Unions	Medium High
Cooperatives	Medium High
Dealers in Precious Metals (Gold)	Medium High
Dealers in Precious & Semi Precious Stones	Medium High

Sectors with **Medium** money laundering vulnerability

Sectors	Vulnerability Rating
Insurance	Medium
Betting Shops/Internet Gambling	Medium
Casinos	Medium
Lotteries	Medium
Pawnbrokers/Money Lenders	Medium

Sector with **Medium Low** money laundering vulnerability

Sector	Vulnerability Rating
Notaries	Medium Low

Sector with **Low** money laundering vulnerability

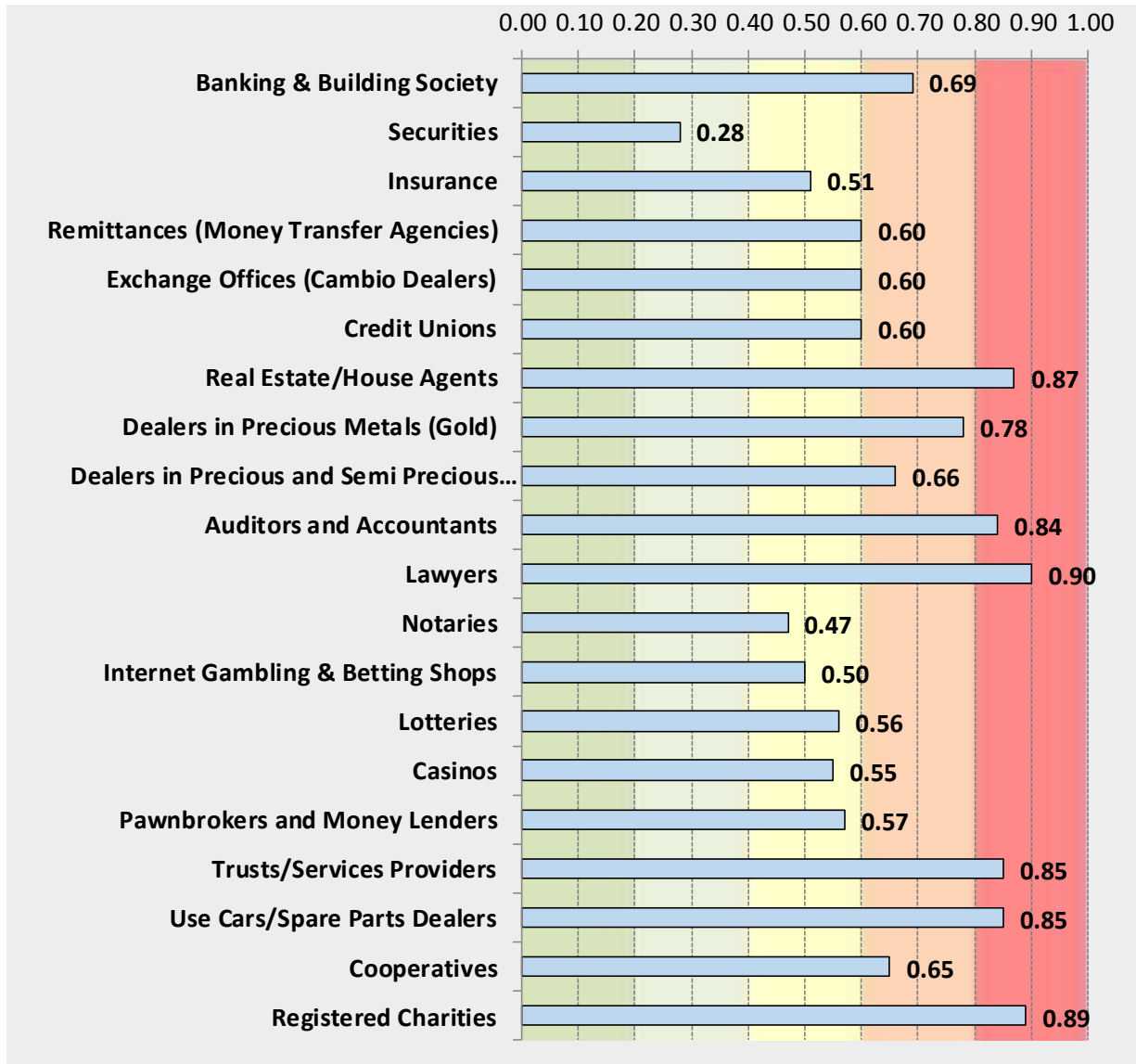
Sector	Vulnerability Rating
Securities	Low

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

APPENDIX II

Sectoral Vulnerability Rating

The following chart is a combination of the sectoral vulnerability score and weight.



**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

APPENDIX III

Agencies that Participated in the NRA

Government Agencies:

NO.	ORGANISATIONS	NO. OF PARTICIPANTS
1	Attorney General's Chambers	1
2	Bank of Guyana	15
3	Civil Aviation Authority	1
4	Cooperative and Friendly Societies	1
5	Customs Anti Narcotic Unit	1
6	Deeds & Commercial Registries	1
7	Department of Governance, Natural Resources and the Environment –	1
8	Director of Public Prosecutions	1
9	Financial Intelligence Unit	5
10	Guyana Gaming Authority	1
11	Go-Invest	2
12	Guyana Geology and Mines Commission	2
13	Guyana Gold Board	1
14	Guyana Police Force-Special Organized Crime Unit	2
15	Guyana Revenue Authority	9
16	Guyana Securities Counsel	2
17	Ministry of Business	1
18	Ministry of Finance	2
19	Ministry of Public Telecommunication	1
20	State Assets Recovery Unit	1
21	University of Guyana	1
TOTAL NUMBER OF PARTICIPANTS		52

Private Sector Organisations:

NO.	ORGANISATIONS	NO. OF PARTICIPANTS
1	Bank of Baroda (Guyana) Inc.	1
2	Berbice Chamber of Commerce and Development Authority	1
3	Citizens Bank Ltd.	2
4	Demerara Bank Ltd.	1
5	Georgetown Chamber of Commerce & Industry	1
6	Guyana Americas Merchant Bank	2
7	Guyana Association of Securities companies and Intermediaries Inc	1
8	Guyana Bank for Trade and Industry Ltd.	1
9	Guyana Bar Association	1
10	Hand in Hand Trust Corporation Inc.	3
11	Institute of Chartered Accountants of Guyana (ICAG)	1
12	Insurance Association of Guyana	1
13	New Building Society Ltd.	2

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

14	Private Sector Commission	<i>1</i>
15	Republic Bank (Guyana) Ltd.	<i>1</i>
16	Scotiabank Guyana Inc.	<i>1</i>
17	Trust Co. (Guyana) Ltd	<i>1</i>
TOTAL NUMBER OF PARTICIPANTS		22

**GUYANA’S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

REFERENCES

A Lawyer’s Guide to Detecting and Preventing Money Laundering (October 2014). A collaborative publication of the International Bar Association, the American Bar Association and the Council of Bars and Law Societies of Europe.

Case Study 1. Life insurance: “Operation Capstone,” Colombia, A Core Curriculum for Insurance ICP 28: Anti-Money Laundering and Combating the Financing of Terrorism *Basic-level Module, 2006 International Association of Insurance Supervisors (IAIS)*.

Enriques Andrew, (Feb. 2016) De- Risking in the Caribbean. Caribbean Journal.

Faal (2003) Currency Demand, the underground economy and Tax Evasion: The Case of Guyana. IMF Working Paper WP/ 03/7. International Monetary Fund. Washington. DC.

FATF Guidance on AML &TF measures and Financial Inclusion P.15.

Financial Action Task Force (2010) Guidance Document- International Best Practices Detecting and Preventing the Illicit Cross Border Transportation of Cash and Bearer Negotiable Instrument.

Financial Intelligence Unit Annual Reports 2011 – 2014

Guyana Chronicle News, Strengthening Accountability in legal Profession, December 24, 2009; LP Amendment Act No. 26, 2010.

Guyana Gold Board Report Ram &Mc Rae; Rawle Lucas –The Business Page; Newspaper Article-US authorities Demerara Waves, Millions Smuggled in Gold Money Laundering, August 26, 2015.

Guyana Gold Board-Handout/documents submitted by WG Member of team.

Guyana Timed Newspapers, January 8, 2016. Gold Smuggling.

Guyana Times Article by GGB, June 4, 2014

Guyana Times, August 28, 2015-GRA “perturbed” by allegations of gold smuggling
Guyana: Anti-Money Laundering and Countering the Financing of Terrorism Act (2009).

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

<http://datatopics.worldbank.org/financialinclusion/region/latin-america-and-caribbean>
<http://demerarawaves.com/2015/09/23/task-force-to-go-after-gold-smugglers-some-info-to-be-released>

<http://guyana-cricket.com/news/fraud-labour-ministry>; liquidation sales presided over by the cooperatives department. Alleged-Interference by Abdul-Jabar sale of the Lamaha Gardens playground-without consulting the owner, the Guyana Public Service Housing Cooperative; Date Published,16-Apr-2013, Source: Guyana Times Author, Svetlana Marshall

<http://idsguyana.org/articles/prof-clive-thomas/global-crisis/59-the-phantom-economy-and-the-crisis-of-credibility.html>

<http://www.financemagnates.com/institutional-forex/regulation/thomson-reuters-launches-trac-to-tackle-trade-based-money-laundering>, 11/10/2016

<http://www.forbesindia.com/blog/the-technocapitalist/goodbye-financial-inclusion-hello-financial-identity/>

<http://www.idexonline.com/FullArticle?Id=25533>; April 25, 06 by IDEX Online Staff Reporter
<http://www.ipedgy.com/index.html>

http://www.jfiu.gov.hk/en/dnfbp_trust.html

<http://www.kaieteurnews.com/2012/07/11/guyanese-using-loopholes-to-access-princess-casino/10/10/2016>

<http://www.kaieteurnews.com/2015/05/29/stolen-public-assets-must-be-recovered-dr-clive-thomas/>

<http://www.lottery.com/stories/maryland-lottery-used-for-money-laundering.html>

<http://www.rbnz.govt.nz/-/media/ReserveBank/Files/regulation-and-supervision/anti-money-laundering/guidance-and-publications/4345201.pdf>; 11/10/16

<http://www.stabroeknews.com/2009/archives/10/27/ggmc-manager-says-surprised-guyana-fingered-inblood-diamonds-report>.

<http://www.stabroeknews.com/2016/features/02/22/accounting-profession-issue-practice-certificates>

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

<http://www.worldbank.org/en/programs/globalindex>

ICP 28: Anti-Money Laundering and Combating the Financing of Terrorism *Basic-level Module, 2006 International Association of Insurance Supervisors (IAIS).*

IMF Staff Discussion Note (June 2016)'' The Withdrawal of Correspondent Banking Relations: A Case for Policy Action SDN 116/06.

Internal SARU Report.

Jean-Ann Murphy, CAMS, USA, send comments to the editor@acams.org.

Kaieteur News Newspaper Tuesday July 12, 2016.

Kaieteur News Newspapers (June 11, 2014) Gold dealer fingered in major smuggling racket to Suriname.

Kaieteur Newspaper, Aug 28, 2015

Largarde Christine, (July 18, 2016) Relations in Banking. Making it work for Everyone. Speech to the New York Federal Reserve Bank.

Legal Practitioners" Act Cap 4:01.

McGill Research Group Investigating Canada Mining in Latin America, 2000.

Minutes of Meeting Gold Task Force.

Ram &Mc Rae, 2016; very extensive list of these entities supplied to FIU by GGMC.

Report given to Guyana Government by US Government.

SARU analysis of agencies within Guyana.

Sherwood Lowe, Situation Analysis of the Small-Scale Gold Mining Sector in Guyana, 2006.

Stabroek News Article, By Staff Writer, June 8, 2014.

Stabroek News Newspaper (January 15, 2016) Trotman urges Gold Board to tackle smuggling, up declaration.

**GUYANA'S MONEY LAUNDERING AND TERRORIST FINANCING
NATIONAL RISK ASSESSMENT REPORT**

Stabroek News, article April 5, 2016-gold seized by SOCU from gold smith-charge for smuggling.

Tax Act 80:01; 250,000-lawyers/http://www.kaieteurnewsonline.com/2013/09/29/only-17-lawyers-in-guyana-authorized-to-charge-fee.

The Beginning of the Gold Industry: <http://www.guyana.org/feature/guyana/chapter75.html>, 9/12/2016

The Whole Baishanlin-fiasco-illegal logging/licensing process/Goolsarran Forensic Audit Report.

Thomas Clive (1989) Foreign Currency Black Market: Lessons from Guyanese experience. Social and Economic Studies. University of the West Indies, vol 38. No.2

World Bank Group (June 2015) National Risk Assessment Tool Guidance Manual, Module 2, National Vulnerability.

Financial Intelligence Unit (Guyana)
C/O Ministry of Finance
49 Main and Urquhart Streets
Georgetown, Guyana
Tele: 223-7234 or 231-6781
Website: fiu.gov.gy
Email: info@fiu.gov.gy

