

LEGAL PERSONS AND ARRANGEMENTS MONEY LAUNDERING AND TERRORIST FINANCING RISK ASSESSMENT GUYANA



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**ISSUED BY THE ANTI-MONEY LAUNDERING AND COUNTERING THE
FINANCING OF TERRORISM AND PROLIFERATION FINANCING
NATIONAL COORDINATION COMMITTEE**

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ABBREVIATIONS

AML/CFT/CPF	Anti Money Laundering/Countering the Financing of Terrorism/Countering Proliferation Financing
ANRI	Attractiveness of Non-Residents Incorporation
BO	Beneficial Owner
CA	Competent Authority
DNFBPs	Designated Non-Financial Business
FATF/CFATF	Financial Action Task Force/Caribbean Financial Action Task Force
Fis	Financial Institutions
FIU	Financial Intelligence Unit
LA	Legal Arrangement
LEA	Law Enforcement Authority
LP	Legal Person
ML	Money Laundering
MLA	Mutual Legal Assistance
NCC	Anti-Money Laundering and Countering the Financing of Terrorism and Proliferation Financing National Coordination Committee
NPO	Non-Profit Organization
NRA	National Risk Assessment
PEP	Politically Exposed Persons
RE	Reporting Entity
SA	Supervisory Authority
STR	Suspicious Transactions Report
TCSP	Trust and Company Service Provider
TF	Terrorist Financing
WG	Working Group

DISCLAIMER

The Legal Persons and Arrangements Risk Assessment Tool developed and provided by the World Bank was used by the WG as the instrument in this assessment exercise. The World Bank team's role was limited to the delivery of the tool and providing guidance on the technical aspects of the tool.

The legal structures identified, data, statistics, and information populated in the Assessment Tool templates, as well as the ratings, findings, interpretations, and judgments under the scope of this Risk Assessment process are those of the WG established by the Head of the National Coordination Committee of Guyana and do not reflect the views or opinions of the World Bank.

While Guyana's Second National Risk Assessment Report had general considerations on the abuse of legal persons and arrangements in relation to ML/TF/PF on a national level, this Risk Assessment seeks to focus on the types of legal structures that can be misused for ML/TF, with key consideration on Recommendations 24 and 25 of the FATF 40 Recommendations.

Further, the Non-Profit Organizations Terrorist Financing Risk Assessment Report is also distinguished from this Risk Assessment which specifically seeks to assess the risks, threats, and vulnerabilities of all types of legal persons and arrangements for ML/TF.

As such the findings of the overall inherent risk of NPOs in relation to TF (only) is distinct from the considerations and findings of this Risk Assessment which focuses on the inherent risk of each type of legal structure and the potential for misuse for ML/TF which includes, all types of non-profit organizations.

Notwithstanding, due consideration was given to Guyana's Second National Risk Assessment and the Non-Profit Organization Terrorist Financing Risk Assessment Report as a base to inform the focus of this Assessment.

LIMITATIONS

The major challenge in conducting this assessment was the limited timeframe the WG was required to complete this assessment. However, given the extensive and comprehensive work across all sectors as Guyana is currently undergoing its Fourth Round of Mutual Evaluation coupled with the method implemented in the data collection proved useful and efficient to meet the required timeline.

Notwithstanding, the findings and ratings of the WG must be considered in context of the time restraints and available data collected.

1. INTRODUCTION

The Financial Action Task Force (FATF)¹ recommends, inter alia, that countries establish measures to ensure that competent authorities can obtain, or have access in a timely manner, adequate, accurate and up-to-date information on the basic and beneficial ownership and control of legal persons and arrangements that are created in the country.

Recommendation 24 of the FATF 40 Recommendations recommends that countries should have mechanisms for transparency and beneficial ownership of legal persons. While Recommendation 25 of the FATF 40 Recommendations recommends that countries should have mechanisms for transparency and beneficial ownership of legal arrangements. These Recommendations relate to the outcome of ensuring that legal persons and arrangements are prevented from misuse for money laundering and terrorist financing, and that information on their basic and beneficial ownership and control is available to competent authorities without impediments.

This requires countries to be able to adequately and sufficiently; identify and describe the different types, forms, and basic features of legal persons and arrangements in the country, identify and describe the processes for the creation of those legal persons and arrangements and identify and describe the process for maintaining, obtaining, and recording basic and beneficial ownership information for legal persons and arrangements.

Guyana, in response to these recommendations have implemented preventative measures, through its legislative framework and administrative mechanisms, to guard against the threats associated with the misuse of legal persons and arrangements in the country. Notwithstanding, this risk assessment seeks to identify and understand the threats, risks, and vulnerabilities of the use of legal persons and arrangements for money laundering and terrorist financing.

As Guyana embarks on its Fourth Round of Mutual Evaluation, Guyana is committed in the fight against money laundering and terrorist financing (ML/TF), as well as the countering proliferation financing. In doing so, Guyana conducted a National Risk Assessment which was published in 2021 and more recently, a Non-Profit Organization Risk Assessment in 2022.

As such, the Anti-Money Laundering and Countering the Financing of Terrorism and Proliferation Financing National Coordination Committee (NCC) established under Section 7A of the Anti-Money Laundering and Countering the Financing of Terrorism Act (AMLCFT Act) at a meeting held earlier in 2023, undertook to conduct a Legal Persons and Arrangements Risk Assessment to better understand the risks, threats and vulnerabilities of legal persons and arrangements in the country.

¹ The Financial Action Task Force (FATF) is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction.

OBJECTIVES

1. To identify, assess, and understand the ML/TF risk associated with the legal persons and arrangements in Guyana;
2. To better inform national policies and strategies with the aim to address the ML/TF vulnerabilities associated with legal persons and arrangements and prevent the misuse of legal persons for ML / TF purposes;
3. To guide competent authorities, at all levels in developing and implementation measures to ensure competent authorities obtain access to adequate, accurate and up to date information on beneficial ownership of legal persons and arrangements, in a timely manner;
4. To identify gaps (if any) in the legal and regulatory framework, including the sanctioning regimes, with the aim to strengthen and / or remedy such defects;
5. To guide competent authorities with their allocation and prioritisation of financial and human resources proportionate to ML/TF risk identified in relation to legal persons and arrangements.

2. METHODOLOGY

The methodology implemented for this assessment, was the use of the World Bank's Updated Risk Assessment Tool on Legal Persons and Arrangements Risk Assessment and the Guidance Manual on Legal Persons and Arrangements Risk Assessment Tool² which provided guidance on assessing risks related to beneficial ownership transparency published on the 22nd June, 2022 and available on the World Bank's website

For the effective use of the tool, there has been training provided by the World Bank to the Financial Intelligence Unit on the use of the Tool together with the availability of viewing a training exercise on the use of the Tool on the World Bank's website provided the necessary guidance to conduct the Legal Persons and Arrangements Risk Assessment. Further, technical support was also provided through key representatives/personnel from the World Bank during the process to ensure the effective use of the Tool.

Summary on Use of the World Bank Tool

The tool comprises several interrelated modules. These are built on 'input variables' which represent factors related to money laundering and terrorist financing threats and vulnerabilities through the use and abuse of legal persons and arrangements.

The Module has four (4) steps; mapping of legal persons and arrangements in the country, threat assessment (ML), entity risk assessment and national vulnerability assessment.

Step 1- Mapping of Legal Persons and Arrangements

This includes general questions to understand the legal/regulatory framework governing legal persons and arrangements in the country. It includes areas such as exclusions from beneficial owner reporting requirements, sanctions imposed against legal persons and arrangements, definition of beneficial ownership, use and applicability of nominees, applicable of bearer shares and foreign legal structures in the country.

Step 2-Threat Assessment (Money Laundering)

In assessing the threat, the second step this takes into consideration three (3) main criteria:

- (i) Ascertaining a threat score for the abuse of each type of legal persons and arrangements for money laundering in the country. This includes considerations to enforcement data, which is analysed from the types of STRs, investigations, mutual legal assistance requires sent and received, criminal investigations, civil enforcement/forfeiture actions, proceeds of crime in criminal prosecutions, criminal convictions, in relation to legal persons and arrangements and those natural persons owning/controlling legal persons and arrangements.

² <https://www.worldbank.org/en/topic/financialmarketintegrity/brief/national-money-laundering-and-terrorist-financing-risk-assessment-toolkit-disclaimer-and-terms-of-use>

- (ii) Conducting a qualitative analysis of the threat taking into consideration the nature of abuse and typology analysis. Based on the information collected from the previous steps, several factors are analysed to determine the nature of abuse. This helps to identify the most common typology of abuse of legal structures. Common typologies included the consideration of the following multijurisdictional splitting, foreign ownership/control by shell companies, disguising of ownership/control through certain types of legal structures, anomalous complex ownership/control structures, control through power of attorney, use of trusts or foundations in ownership/control structures, use of nominee directors/nominee shareholders/frontmen, use of legal persons as company directors, use of bearer shares, use of private investment funds/hedge funds, use of international business companies (IBCs)/exempt companies, use of fictitious entities, abuse of professional privilege, use of large professional firms, use of fake IDs for formation/registration, use of captive names of legal structures.

- (iii) Case Examples. The involved requests from relevant stakeholders for the most prominent cases concerning abuse of legal persons and arrangements for ML or TF providing necessary details.

Step 3 - Entity Risk Assessment

The objective of this step in the assessment is to identify the risk factors that are specific to each type of legal structure, example, private companies, trusts, public companies, etc, which may make one type of legal structure more vulnerable for abuse of ML/TF than another. The factors for the entity risk assessment included considerations of the scale, ease, speed and costs of formation and registration, attractiveness for non-resident use, quality and accessibility of basic information, quality and accessibility of beneficial ownership information, cross border risk exposure, incidence of analysed ML/TF cases and existence of ML/TF typologies in relation to each type of legal structure.

Step 4 - National Vulnerability Assessment

A national vulnerability assessment to abuse of legal structures for ML purposes depends on many different factors. It involves; (i) an ANRI score (Attractiveness for Non-Resident Incorporation) assessment and, (ii) assessment of the strength of the jurisdictions mitigation measures to address risks of illicit abuse of legal structures identified as key vulnerabilities of the country.

The analysis of this step is conducted at a national level. The objectives are to; (i) assess the jurisdictions overall vulnerability to ML abuse of legal structures, (ii) review existing mitigation measures against abuse of legal structures, (iii) identify gaps and weaknesses in the jurisdiction's overall beneficial ownership framework, (iv) identify where additional safeguards are most urgently needed, without placing undue burden on the conduct of legitimate business in the jurisdiction.

Step by Step Process adopted by Working Group

Step 1- Establishment of Working Group

The Working Group was established by the National Coordination Committee (NCC) headed by the Hon. Attorney General and Minister of Legal Affairs on the **1st July, 2023**, comprising the following members:

- The head liaison officer of the NCC,
- Members from supervisory authority,
- Members from the Financial Intelligence Unit, and
- Supported by the Registrars of Deeds and Commercial Registry, Register of Friendly Societies, Commissioner of Cooperatives.

Step 2- Developing a Work Plan and Timelines

The work plan guided the WG on the work to be done by prioritizing tasks according to volume and size and data needed to be collected. To ensure timelines were maintained, it was determined by the WG to develop a questionnaire using Microsoft forms to allow for ease of submission, creating deadlines within in questionnaires distributed and tailoring the questions for each questionnaire for specific information from the specific stakeholder.

Step 3 - Ascertaining Guidance Materials

The WG relied on guidance materials from national and international level to conduct the risk assessment. Guidance materials included:

- Guidance Manual on Legal Persons and Arrangements Risk Assessment Tool³ updated June, 2022,
- Guideline No. 5 of 2016 on Beneficial Ownership of Legal Persons and Arrangements⁴ issued by the Financial Intelligence Unit issued in 2016
- Guyana's Second National Risk Assessment⁵ published in July, 2021,
- Non-Profit Organizations Terrorist Financing Risk Assessment Report published November, 2022
- CFATF's Best Practices on Beneficial Ownership for Legal Persons⁶ issued October 2019 and;
- CFTAF's Guidance on Beneficial Ownership of Legal Persons⁷ issued in March, 2023.

Step 4 - Reviewing the Legal and Regulatory Framework

There have been extensive amendments and enhancement in relation to the types and categorization of legal structures and requirements for basic and beneficial ownership information. This step involved a

³<https://www.worldbank.org/en/topic/financialmarketintegrity/brief/national-money-laundering-and-terrorist-financing-risk-assessment-toolkit-disclaimer-and-terms-of-use>

⁴<https://fiu.gov.gy/wp-content/uploads/2022/12/Guideline-No.-5-of-2016-Beneficial-Ownership-Legal-Persons-and-Legal-Arrangements.pdf>

⁵ <https://fiu.gov.gy/wp-content/uploads/2023/04/Guyana-2nd-NRA-Report-2021-1.pdf>

⁶<https://www.fatf-gafi.org/content/dam/fatf-gafi/guidance/Best-Practices-Beneficial-Ownership-Legal-Persons.pdf.coredownload.pdf>

⁷<https://www.fatf-gafi.org/content/dam/fatf-gafi/guidance/Guidance-Beneficial-Ownership-Legal-Persons.pdf.coredownload.pdf>

review of the laws and regulations to understand and identify if there are any legal or regulatory gaps with an aim to strengthen and/or remedy same.

Step 5 - Determining the Scope of Assessment

The scope of the exercise involved a review of the total number of regulated business/activities within the AML/CFT/CPF framework and relevant stakeholders. The mapping exercise ascertained the sample size to be used and prioritized the relevant and related stakeholders. It was determined by the WG, given the timelines, to use a sample size of 1 in every 5 reporting entities, while it was determined that all supervisory authorities should complete questionnaires specifically tailored to their function as a supervisory authority so as to be able to adequately address the sectoral risk of abuse of legal persons and arrangements in relation to basic and beneficial ownership transparency within each sector.

The WG also determined that compulsory questionnaires be tailored for the Registrars of Deeds and Commercial Registry, Friendly Societies, and the Commissioner of Cooperatives, as it was determined that they were the main keepers of basic and beneficial ownership information for legal structures in the country.

A specially designed questionnaire for the relevant law enforcement authority was developed as well as for the Financial Intelligence Unit to ensure that the data collected most accurately address the context of abuse of legal persons and arrangements based on incidence of analysed ML/TF cases.

Step 6 - Preparation of Questions

Questions were prepared based on the following board categories which were tailored for each type of stakeholder and included the following categories:

- Basic information and Governing Laws
- Scale of Sector
- General Requirements in the Creation and Formation of Legal Persons and Legal Arrangements under Relevant Laws
- General Supervision of Legal Persons/Arrangements
- Attractiveness of Doing Business
- Access to Basic and Beneficial Ownership Information for Legal Persons and Arrangements
- Quality of Basic and Beneficial Ownership Information for Legal Persons and Arrangements
- Trends and Typologies
- Statistics on Legal Persons and Arrangements including statistics on investigations, prosecutions, convictions, proceeds laundered through legal persons and arrangements, STRs,
- Information Sharing and Cooperation
- General Awareness of Reporting Entities
- Case Examples

Step 7 - Notification, Delivery Mechanism and Timeframe of Questionnaires

Given the timeline, the method of notification and delivery determined by the WG was by electronic mail to all relevant stakeholders who were required to use a secured [link](#) to complete the questionnaires. Timelines were also provided for each questionnaire distributed along with compulsory questions to ensure that sufficient data is collected so as to enable the WG to conduct its assessment.

To ensure full participation of all stakeholders, a portable document format (PDF) was also provided to the relevant stakeholders along with a time required to complete the questionnaire. A key feature of this included the ability to save and/or print answers and allowed for completion on an intermittent basis.

The time to complete the questionnaires, once the information was available, ranged from as little as 20mins for reporting entities, 30mins for supervisory authorities, the financial intelligence unit, law enforcement authority, registrar of societies and registrar of deeds and 60-90 minutes for the commercial registry.

This purpose of establishing these timeframes was to ensure that there was little obstruction to the activities and operations of these stakeholders. The Commercial arm of the Deeds and Commercial Registry being critical to this exercise had the longest timeframe of 60-90 minutes being required to complete two (2) questionnaires due to the volume of information needed to be collected for this assessment.

Step 8 - Follow up and Feedback

There was an open formal and informal channel of communication between the WG and participants to ensure that the questionnaires were completed within the stipulated timeframe. This allowed for submission of most of the questionnaires in a timely manner.

Although there were identified challenges with some supervisory authorities, the late submission of questionnaires did not significantly affect the overall timelines.

Reporting Entities were found to be the most compliant of all stakeholders in abiding with the stipulated timeline for submission.

Step 9 - One-on-One Interviews

The one-on-one interviews, virtually or in-person, were instrumental in understanding and assessing the threats, entity's risks, and the national vulnerabilities. These interviews were conducted with each of the relevant stakeholders including the financial intelligence unit, relevant law enforcement authority, deed and commercial registry, registrar of friendly societies, commissioners of cooperatives and supervisory authorities.

Step 10 - Working Paper & Information Sources

Working papers were developed from information submitted to the NCC by the supervisory authorities in demonstrating that legal persons and arrangements are prevented from misuse for money laundering or terrorist financing and information on their beneficial ownership is available to competent authorities without impediments. This information was shared with the WG as a basis to commence the assessment.

Further, notes gathered from the interviews with relevant stakeholders together with the further information submitted with the responses of the questionnaires helped to develop the working paper.

Sample of relevant documents such as application/registration forms were collected on the formation and creation of companies, societies, trusts, filing and submission of basic and beneficial ownership information, from open information sources and the relevant registries/authorities.

Step 11-Analysis of Data Collected

By using Microsoft forms, the submission of questionnaires via the secured link allowed for the easy analysis of answers. Grouping and categorizing of information to determine the abuse of each type of legal person or arrangement and common typologies were ascertained from generated analysis of the answers provided in the questionnaires and submitted by the relevant stakeholders. The analysis of the data collected allowed for an appropriate rating mechanism and basis/justification of the input variables to populate the excel database and determine the overall threat score through a qualitative analysis of the threat, to assess each entity's risk and to ascertain the overall national vulnerability of the abuse of legal persons and arrangements.

Step 12- Deliverable

Drafting of the Legal Persons and Arrangements Risk Assessment Report.

3. RELEVANT DEFINITIONS AND TERMINOLOGY

Legal Person refers to any entity other than a natural person that can establish a permanent customer relationship with a financial institution or otherwise own property. This includes all types of incorporated or registered companies, body corporates, cooperatives, incorporated or registered foundations or associations, charitable incorporated organizations and charitable companies.⁸

Legal Arrangement refers to an express trust or other similar legal arrangement may include but not limited to fiducie, certain types of treuhand or fideicomis⁹ or other similar legal relationships that provide for the separation of legal ownership from beneficial ownership. The settlor (a natural or legal person) places property (including real, tangible, and intangible) under the control of a trustee for the benefit of a beneficiary (or beneficiaries) or for a specified purpose. The trustee who holds legal title owes a fiduciary duty to the beneficiary who is the beneficial owner of the trust property.¹⁰

Legal Entity may be used interchangeably with “legal person”; refers to legal persons with a separate legal personality.¹¹

Legal Structure the term “legal structure” is used as a general umbrella term to refer to any legal persons, trusts, or other legal arrangements through which a wide variety of commercial activities can be conducted and assets can be held.¹²

Beneficial Ownership means ownership by a natural person or person who ultimately exercise individually or jointly voting rights representing at least twenty five per cent 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 customers 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 as stipulated in Section 2 AMLCFT Act as amended.¹³

⁸ <https://www.fatf-gafi.org/en/pages/fatf-glossary.html#accordion-a13085a728-item-214e7f680f>

⁹ <https://www.fatf-gafi.org/en/pages/fatf-glossary.html#accordion-a13085a728-item-214e7f680f>

¹⁰ <https://star.worldbank.org/sites/default/files/202303/Legal%20Persons%20and%20Arrangements%20ML%20Risk%20Assessment%20Tool.pdf>

¹¹ <https://star.worldbank.org/sites/default/files/202303/Legal%20Persons%20and%20Arrangements%20ML%20Risk%20Assessment%20Tool.pdf>

¹² <https://star.worldbank.org/sites/default/files/202303/Legal%20Persons%20and%20Arrangements%20ML%20Risk%20Assessment%20Tool.pdf>

¹³ https://finance.gov.gy/wpcontent/uploads/2021/01/antimoney_laundering_and_countersing_the_financing_of_terrorism_act_2009-1.pdf

Body Corporate means a legal or juridical person or arrangement, including all legal persons and arrangements, under this Act or any other Act'. This is in recognizing to 'body corporates' formed under the Friendly Societies Act or the Cooperative Societies Act, as 'legal persons and arrangements'.¹⁴

Non-Profit Organization 'non-profit organization' was defined to mean a legal person or legal arrangement or body corporate that primarily engages in raising or disbursing funds for purposes such as charitable, religious, cultural, educational, social, or fraternal purpose, or for the carrying out of other types of 'good works' and where the context so applies, includes, societies registered under the Friendly Societies Act, companies with no share capital and not-for-profit companies registered under the Companies Act, and arrangements expressed under a trust deed registered with the Deeds Registry Act.¹⁵

¹⁴ See AML/CFT Amendment Act No. 15 of 2023 and Regulations No. 9 of 2023.

¹⁵ See AML/CFT Amendment Act No. 15 of 2023 and Regulations No. 9 of 2023.

4. MAPPING OF LEGAL PERSONS AND ARRANGEMENTS

No.	Core Types of Legal Persons	Governing Law	Entity Responsible for Formation & Creation	Entity with regulatory and/or supervisory responsibility
1	Private Limited Liability Companies	Companies incorporated under the Companies Act Cap 89:01 with a stated share capital for profit making who is not the issuer of securities that is beneficially owned by more than fifty persons or whose securities were not part of a distribution, offer to the public ¹⁶	Commercial Registry	Commercial Registry & Various Supervisory Authorities
2	Public Limited Liability Companies	Companies incorporated under the Companies Act Cap 89:01 and registered under the Securities Industry Act, 1998 as reporting issuers as being companies whose securities are beneficially owned by more than fifty persons or whose securities were not part of a distribution, offer to the public ¹⁷	Commercial Registry as a limited liability company & Guyana Securities Council as a reporting issuer	Commercial Registry & Guyana Securities Council
3	Not -For -Profit Companies	Companies incorporated under the Companies Act Cap 89:01 with no share capital and/or stated in articles and/or by laws as 'not for profit' company	Commercial Registry	Commercial Registry
4	External Companies	Foreign Companies registered under the Companies Act Cap 89:01 who have an undertaking in Guyana	Commercial Registry	Commercial Registry
5	Former Act Companies	Companies continued under the Companies Act Cap 89:01 from the former Companies Act and, as applicable registered under the	Commercial Registry & Securities Industry Act	Commercial Registry & Various Supervisory Authority

¹⁶ Section 2 of the Securities Industry Act; https://www.oas.org/juridico/english/mesicic3_guy_secu.pdf

¹⁷ Section 2 of the Securities Industry Act; https://www.oas.org/juridico/english/mesicic3_guy_secu.pdf

		Securities Industry Act, 1998 where Number 2 above applies		
6	Government/Stated Owned Companies	Companies incorporated under the Companies Act Cap 89:01 as a 'government company' as defined in the Act ¹⁸	Commercial Registry	Commercial Registry
	Core Types of Legal Arrangements	Governing Law	Entity Responsible for Formation & Creation	Entity with regulatory and/or supervisory responsibility
8	Any Form of Express Trusts	Any trust registered with under the Deeds Registry Act Cap 5:01	Deeds Registry	Various Supervisory Authorities
9	Trusts Governed Through Specific Laws- Insurance Act for Pension Funds; Securities Industry Act for Collective Investment Schemes;	Any trust registered with under the Deeds Registry Act Cap 5:01 and further registered pursuant to the Insurance Act Cap 91:02, the Securities Industry Act, 1998, where applicable	Deeds Registry	Bank of Guyana & Guyana Securities Council holding dual function as regulator and supervisory authority respectively
	Other Types of Legal Persons & Arrangements	Governing Law	Entity Responsible for Formation & Creation	Entity with regulatory and/or supervisory responsibility
10	Registered Societies -Charities & Friendly Societies	Registered Friendly Societies under the Friendly Societies Act Cap 36:04 as a body corporate	Chief Cooperative Development Officer (Registrar of Friendly Societies)	Chief Cooperative Development Officer

¹⁸ Section 344 of the Companies Act 1991 defines a government company as one in which 'not less than 51 percent of the paid-up share capital is held by the Government and includes a company which is a subsidiary of a Government company'. These companies are corporate bodies created to partake in commercial activities on the government's behalf.

11	Registered Societies -Cooperatives & Unions	Registered Cooperative Societies under the Cooperative Societies Act Cap88:01 as a body corporate	Chief Cooperative Development Officer (Commissioner)	Chief Cooperative Development Officer
	Other Types of Legal Structures	Governing Law	Entity Responsible for Formation & Creation	Entity with regulatory and/or supervisory responsibility
12	Public Corporations	Registered under the Public Corporations Act Cap 19:05. These are bodies corporate governed by the Public Corporations Act Cap. 19:05 and established by a Ministerial Order pursuant to Section 3(2) of the Act. These bodies can, inter alia, own properties, have perpetual succession, use its corporate name, have power to sue independently, including, with third parties, in its own name, can enter contracts with third parties, have its own seal. The government is responsible for several corporate enterprises that are classified in the public accounts as public corporations. In the normal course of events, public corporations can be regarded as entities that are created to administer public affairs.	As specified in Ministerial Order	As specified in Ministerial Order
13	State Bodies / State Agencies	Established under the various Acts. There are sixty-one Statutory Bodies that are required under relevant Acts of Parliament to be audited. These entities are subject to separate financial reporting and audit.	As specified in relevant Act	As specified in relevant Act
14	Partnerships	Governed by the Partnership Act and treated as 'firm'. Also a 'firm' can be created under the Partnership with and registered under the Business Names (Registration) Act as a 'firm'. Such	Commercial Registry	Commercial Registry

		a registration of a firm means an unincorporated body of two or more individuals or one or more individuals and one or more corporations, or two or more corporations, who have entered into a partnership with one another with a view to carrying on business for a profit.		
15	Sole Proprietorships	Governed by the Business Names (Registration) Act means an individual who is a natural person and does not include a corporation.	Commercial Registry	Commercial Registry

5. LEGAL PERSONS AND ARRANGEMENTS REGISTRATION DATA

REGISTRATION DATA OF LEGAL PERSONS AND ARRANGEMENTS						
Number of Legal Structures Registered Each Year						
Type of Legal Structure	YR 2019	YR 2020	YR 2021	YR 2022	YR 2023 at April	TOTAL
Companies registered under the Companies Act						
Private Limited Liability Companies	Not Known	Not Known	Not Known	Not Known	Not Known	10,980
Public Limited Liability Companies	Not Known	Not Known	Not Known	Not Known	Not Known	
Former Act Companies (prior to 1991)	Not Known	Not Known	Not Known	Not Known	Not Known	2,755
Government or State Companies ¹⁹	91	2	9	0	0	102
Not-For-Profit Companies	455	7	11	14	37	524
External Companies	791	27	21	29	25	893*
TOTAL COMPANIES						15,254
Registered Societies under the Friendly Societies Act and Cooperatives Societies Act						
Type of Legal Structures	YR 2019	YR 2020	YR 2021	YR 2022	YR 2023 at June	TOTAL

¹⁹ The National Industrial and Commercial Investments Limited (NICIL), a Limited Liability Company under the Companies Act 89:01 and continued under 1991 Act, is a holding company for Government owned minority/majority interests in properties. It was established to, inter alia, monitor Government's equity in companies and to act as its agent for other Government agencies in the disposal of properties or management of companies. The following is a list of 102 government/state owned companies and 39 public corporations (which represents percentage of investment by the Government) currently under the management and control of NICIL.

Friendly Societies ²⁰	Not known	Not Known	Not Known	Not Known	Not Known	1,503
Cooperatives Societies and Credit Unions ²¹	Not known	Not Known	Not Known	Not Know	Not Known	2210
TOTAL BODY CORPORATES						3,713
Trusts registered under Deeds Registry Act						
Type of Legal Structures	YR 2019	YR 2020	YR 2021	YR 2022	YR 2023 at June	TOTAL
All forms of registered Trusts (submitted in IO5)	275	155	127	98	56	711
Other types of Legal Structures						
Types of Legal Structures	YR 2019	YR 2020	YR 2021	YR 2022	YR 2023 at April	TOTAL
Public Corporations ²²	Not Available	Not Available	Not Available	Not Available	Not Available	39
Statutory Bodies/ State Agencies ²³	Not Available	Not Available	Not Available	Not Available	Not Available	61
Partnerships ²⁴	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
Sole Proprietorships	9,635	8,895	13,420	20,055	12,069	64,074

²⁰ No specific data for individual years

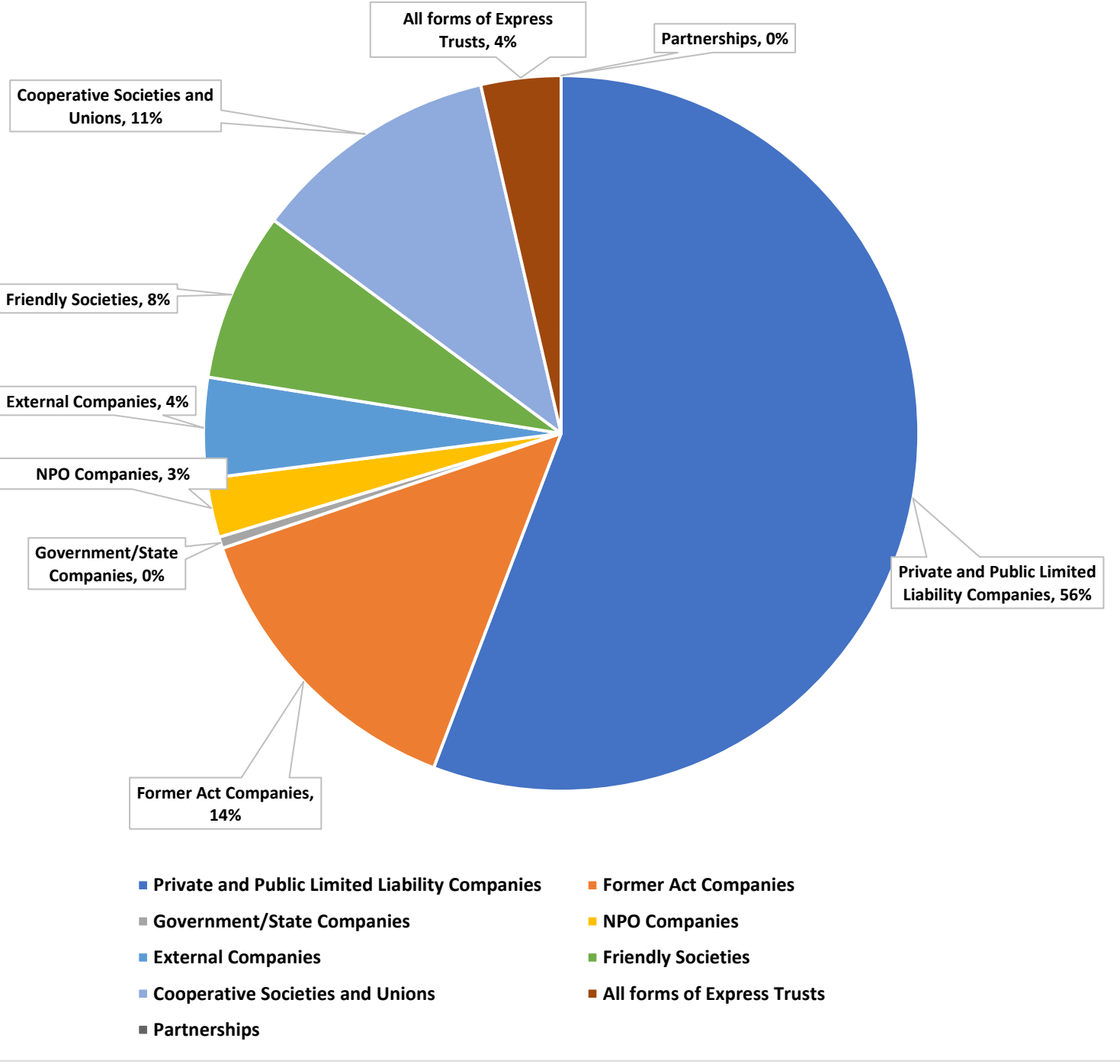
²¹ No specific data for individual years

²² No specific data for individual years

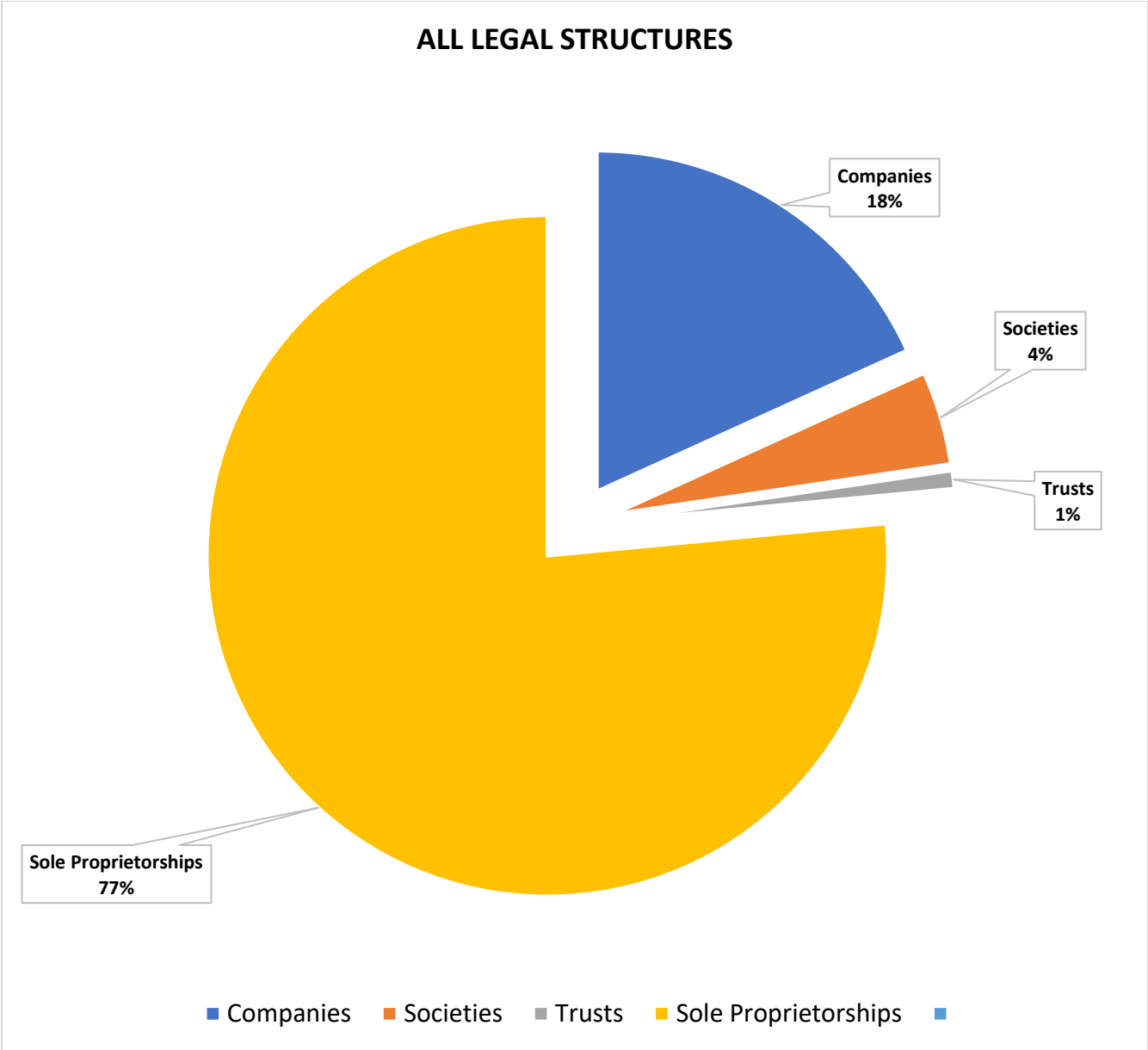
²³ No specific data for individual years

²⁴ No available data for partnerships.

BREAKDOWN OF LEGAL PERSONS AND ARRANGEMENTS



COMPARISON OF ALL TYPES OF LEGAL STRUCTURES



6. SANCTIONS IMPOSED BY COMMERCIAL REGISTRY AGAINST LEGAL PERSONS UNDER THE COMPANIES ACT

The Table below shows the total number of companies struck/removed from the Register as at June, 2023 being an equivalent of **18%** of the total number of registered companies as at April, 2023²⁵.

Types of Legal Person	Total Number Registered as at April, 2023	Total Struck/Removed from Register as at June, 2023
Private Limited Liability Companies	10,980	2798
Public Limited Liability Companies		Not provided
Former Act Companies (prior to 1991)	2,755	9
Government or State Companies	102	6
Not-for-Profit Companies	524	3
External Companies	893	41
TOTAL	15,254	2,857

Other Sanctions Available to Commercial Registrar:

An officer of a company shall be liable on summary conviction to a fine of not less than ten million dollars (GY\$10,000,000) and to imprisonment for a term not exceeding three (3) years, where found to have submitted false or misleading declarations for a company, including false or misleading statements as to BO.

Further, reporting entities can be sanctioned for not obtaining BO information on their customers; Penalties under Section 23 AMLCFT Act in accordance with 23(1)(f) in the case of default attributable to directors and senior management of a reporting entity, direct the reporting entity to remove them from the Board or relieve them from their functions to which the default is related. Additionally, to this sanction, supervisory authorities shall impose a fine of not less than five million dollars (GY\$5,000,000) nor more than fifteen million dollars (GY\$15,000,000). Section 23(2) further provides that a reporting entity or in case of a body corporate, any of its directors, managers, officers or employees that or who

²⁵ This is an approximate percentage as the total number of registered companies at April, 2023 does not cater for additional companies registered or existing companies that were restored to the Register between April-June 2023.

breaches its obligation under this Act, where no penalty is provided, commits an offence and shall be liable on summary conviction to a fine of not less than five million dollars (GY\$5,000,000) nor more than fifteen million dollars (GY\$15,000,000) and to imprisonment for a term not exceeding three (3) years, and in the case of a body corporate to a fine of not less than fifteen million dollars (GY\$15,000,000) nor more than forty million dollars (GY\$40,000,000). Other smaller penalties may also apply- warnings, suspension /withdrawal of licenses etc.

BREAKDOWN OF OTHER TYPES OF LEGAL PERSONS:

Active, Inactive and Cancelled Societies registered under the Friendly Societies Act as at June, 2023.

Type of Friendly Societies	Total Societies	Active	Total Inactive Societies	Total Cancelled Societies	Total Registered Societies
Charitable & Benevolent	38	401	896	206	1503
Cultural	7				
Educational	20				
Other	84				
Religious	43				
Social	209				

Active, Inactive and Cancelled Societies registered under the Cooperative Societies Act as at June, 2023.

Type of Cooperative Societies	Total Societies	Active	Total Inactive Societies	Total Cancelled Societies	Total Registered Societies
Cooperative Credit Unions and Cooperative	26	146	1,863 ²⁶		

²⁶ The Chief Cooperative Development Office (CCDO) is currently conducting an audit of all its inactive societies to determine if they should be cancelled or remain registered. This process includes inspections and meetings by the appointed auditor and members of the respective cooperative societies. Also, the CCDO has an on-going discussion with Ministry of Education in relation to the School Trip Cooperative

Credit Societies				201	2210
All other types of Cooperative Societies	120				

BREAKDOWN OF TYPES OF LEGAL ARRANGEMENTS:

Trusts registered under the Deeds Registry Act as at June, 2023

This tables shows that an equivalent of 90% of trusts registered under the Deeds Registry Act are not subject to further regulatory oversight through a concurrent/substantive legislation for AML/CFT purposes.

Type of Express Trust	Registered as at June, 2023
Trusts registered pursuant to the Insurance Act ²⁷	17
Trusts registered pursuant to the Securities Industry Act	2
Trusts registered pursuant to the Cooperative Societies Act and Friendly Societies Act ²⁸	47
All other forms of Express Trusts	645
TOTAL	711

Societies that were found to be inactive and for all to be cancelled. This amounts for 300 inactive cooperative societies. Also, the CCDO is conducting an occupational survey and inspection in respect of all the registered Housing Cooperative Societies to regularise and fulfil their respective purpose, that is, to facilitate to acquisition of title/transport for these societies and thereafter, this type of cooperative societies will be cancelled.

²⁷ It is mandatory for this type of trust to be registered with the Deeds Registry and which is supervised by the Bank of Guyana.

²⁸ It is required for these types of trusts to be registered with the Registrar of Friendly Societies or Commissioner for Cooperative Societies (together referred to as the CCDO). However, the trust instrument being in the recognized form of a deed can also be filed and recorded at the Deeds Registry by the Applicant.

7. STATISTICS ON STRS IN RELATION TO LEGAL STRUCTURES FROM FIU

TABLE 2 – STRS SUBMITTED ON LEGAL STRUCTURES														
Type of Legal Structure	2016		2017		2018		2019		2020		2021		2022	
	ML	TF	ML	TF	ML	TF	ML	TF	ML	TF	ML	TF	ML	TF
Sole Proprietorship	18	-	16	-	9	-	24	-	40	-	31	-	14	-
Partnership	1	-	1	-	1	-	1	-	2	-	4	-	1	-
Private Limited Liability Co.	7	-	1	-	-	-	-	-	2	-	-	-	-	-
Public Limited Liability	-	-	16	-	22	-	8	-	7	-	10	-	10	-
External Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Profit Organisations ²⁹	-	-	1	-	-	-	-	-	2	-	-	-	-	-
Cooperatives & Unions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government/State Owned Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Statutory Bodies/ Government Agencies / Public Corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-

CASE EXAMPLE: PYRAMID SCHEME INVOLVING A LEGAL PERSON

In 2019 a LFI submitted a STR indicated that the Subjects, a naturalized Guyanese of Cuban origin, and his wife, a Guyanese by birth, appeared to be involved in a pyramid scheme.

During January and February 2020, the Subjects deposited substantial sums of money into one of their bank accounts which they claimed were proceeds from investors. They, along with several associates, also engaged in numerous money transfers to and from other jurisdictions including Cuba, Colombia, Chile, USA, Canada and Peru during this period. The FIU's analysis revealed that all the money transfer

²⁹ This includes NPOs registered under as NPO companies under the Companies Act, friendly societies registered as body corporates under the Friendly Societies Act and Trusts Arrangements under the Deeds Registry Act.

transactions were sent to individuals in various jurisdictions and not to “Brokerage Houses,” as the Subjects claimed.

During the investigation phase the FIU wrote to LFIs and froze several bank accounts held by the Subjects, which were subsequently replaced by Freeze Orders obtained by SOCU from the Court.

The Subjects are the principals of a locally incorporated company, which claims to provide “Stock Exchange Investment” services to local clients, including investing in crypto currencies. However, this company was not licensed or authorized to conduct any such investment business by Guyanese Authorities. A related company was also registered electronically a year later in the United Kingdom during the midst of the Covid-19 pandemic.

The Subjects’ company, while purporting to be trading on the international Foreign Exchange Market, promised clients as much as 40% return on all funds invested. Investors were also encouraged to recruit additional investors for a commission. It is estimated that the scheme involved almost 4 billion Guyanese dollars and may have affected at least 17,000 local investors.

On the basis of the intelligence received, the FIU sought to obtain additional information from both closed and open sources located locally and overseas on the Subjects and their companies in order to conduct its analysis and provide intelligence to SOCU. The FIU also found that two individuals closely linked to the Subjects appeared to have been involved in a suspected reverse-flip money laundering scheme involving high value real estate. It appeared that the properties were purchased using funds collected by the Subjects from investors.

Several intelligence reports on the Subjects and their associates were prepared by the FIU and dispatched to SOCU. After conducting investigations, SOCU instituted over 150 charges against the Subjects in 2020 and 2021. They were also charged for operating an illegal pyramid scheme. The parties have been released on bail. Investigations are continuing and it is expected that more charges will be filed against the Subjects. There have been a handful of reported cases where the Subjects repaid a few investors.

The Guyana Securities Council (GSC) provided and requested information on this case. There were several face-to-face interactions between FIU and GSC representatives, which led to easy information exchanges. The Bank of Guyana, Ministry of Legal Affairs and Guyana Police Force -Criminal Investigations Department (GPF-CID) were also copied on several correspondents emanating from LFIs that held bank accounts for the Subjects. There were also numerous informal communications between the FIU, SOCU, GPF-CID, BOG, GSC and the Ministry of Legal Affairs. In 2020 there was a joint press release by the BOG, GSC and FIU, which was aimed at educating the public on the scheme.

In June 2021, the two associates linked to the ‘reverse-flip money laundering scheme’ were also charged for Money Laundering under the AML/CFT Act of 2009 (Cap 10:11) by SOCU. The parties have also been placed on bail by the court and the cases are also ongoing.

The table below demonstrates the intelligence reports disseminated to LEAs/CAs by the FIU in relation to the various legal structures.

Type of Legal Structures	2016	2017	2018	2019	2020	2021	2022	2023 June
Sole Proprietorship	2	-	-	1	-	-	-	-
Partnership	-	-	-	-	-	-	-	-
Private Limited Liability Co.	-	2	-	3	-	-	-	22
Public Limited Liability	-	-	-	-	-	-	-	-
External Companies	-	-	-	-	-	-	-	-
Non-Profit Organisations	-	-	-	-	-	-	-	-
Societies	-	-	-	-	-	-	-	-
Government / State Owned Companies	-	-	-	-	-	-	-	-
Independent Government Agencies / Bodies Corporate								
Statutory Bodies/Government Agencies/Public Corporations	-	-	-	-	-	-	-	-

CASE EXAMPLE: LEGAL STRUCTURES INVOLVED IN CRIMINAL ACTIVITIES

Sole Proprietorship: During an investigation, it was revealed that a large number of unsubstantiated cash deposits were made via a business account of sole proprietorship (XYZ Trading Enterprise) belonging to Proprietor A and Proprietor B. The proprietors were charged jointly and Ms. Z, who was alleged to have conspired with the Proprietors, was charged separately. Proprietor A, was suspected on being the ultimate beneficial owner of ABC Inc, a Chinese company. The sources of funds declarations submitted to several commercial banks indicated that a majority of the deposits are attributed to sales proceeds from biodegradable food boxes sold to local businesses, in particular Chinese restaurants. A substantial number

of wire transfers, amounting to over \$3.7 billion were sent to 22 companies in China under the pretext of importing raw materials to produce bio-degradable products, while other sums were disguised locally totaling over \$4.1 billion. Investigators did not find any legitimate source of these funds which the accused wire transferred out of Guyana. The actions of the accused suggested that they may be operating as nominees for some Chinese Businesses and also facilitating tax evasion through XYZ Trading Enterprise. As a result, SOCU conducted several covert and overt investigations and operations over the period monitoring the suspects and their lifestyles until enough evidence was collected beyond a reasonable doubt. The proprietors were eventually charged.

The table below illustrate the type of related predicate offences relative to the type of legal structure for the period 2016-2022.

TABLE 5 – PREDICATE OFFENCE/S							
Type of LP	2016	2017	2018	2019	2020	2021	2022
Sole Proprietorship	Fraud	-	-	Tax Evasion	-	-	-
Partnership	-	-	-	-	-	-	-
Private Limited Liability Co.	-	Fraud - General	-	Drug Trafficking /Tax Evasion	-	-	-
Public Limited Liability	-	-	-	-	-	-	-
External Companies	-	-	-	-	-	-	-
Non-Profit Organisations	-	-	-	-	-	-	-
Societies	-	-	-	-	-	-	-
State Owned Corporations /Companies	-	-	-	-	-	-	-
Independent Government Agencies / Bodies Corporate	-	-	-	-	-	-	-

8. ML/TF THREAT ASSESSMENT OF LEGAL STRUCTURES

INPUT VARIABLES	FINDING
Has there been STRs regarding involvement of legal structures in ML?	Yes, but limited in relation to legal persons and arrangements
Has there been ML requests sent regarding involvement of legal structures on ML	Yes, but limited in relation to legal persons and arrangements
Have there been MLA requests received regarding involvement of legal structures in ML?	Insufficient data
What is the level of criminal investigations into ML involving legal structures?	Very Low in relation legal persons and arrangements
What is the level of civil enforcement actions in ML involving legal structures?	Insufficient data
What is the level of criminally investigated proceeds that was laundered through legal structures?	Insufficient data
What is the level of ML criminal prosecutions involved in legal structures	Medium
What is the level of ML criminal convictions that have involved legal structures?	Insufficient data
Level of threat based on credible open sources and perceived threat by civil society/academic experts?	Medium
Level of perceived threat by public sector	Low
Level of perceived threat by sector	Low

CONSIDERATIONS IN ASSESSING THREAT

<p>Evaluation of the quality of available ML statistics that were analysed were found to be low. However, for the instances in which ML cases were analysed, there were resulting intelligence reports issued by the FIU. There is insufficient data on information relating to ML enforcement as there is a manual system making it difficult to gather and analyse data.</p>
<p>It was however found that the overall level of evidence of abuse of abuse of legal structures was not higher than the overall enforcement based on open-source information and the enforcement data provided.</p>
<p>The main challenge identified by authorities in investigating cross border ML crimes is that the tracing of they are often complex networks however there were perceived gaps in the financial crimes investigations which can stymie the quality of information being shared and received. There is a recognized need for training in investigations of financial crimes which involve cross border issues of legal structures to enable competent authorities to produce reliable, relevant and quality reports internally and when requesting assistance from other jurisdictions.</p>
<p>The type of legal structure appearing to be most frequently abused are sole proprietorships. There has also been incidence of analysed cases for private limited liability companies however, such companies were found to be subject to strong regulatory measures thereby reducing their risk of abuse. There have also been a few STRs filings in relation to public limited liability companies, however these reports did not result in intelligence reports being disseminated for further investigations.</p>
<p>Based on open-source research and information, sole proprietorships have been found to be most frequently abused for money laundering based on allegations. The ownership structure of sole proprietorship is owned and controlled by natural persons and does not have a separate legal personality. External companies do not feature prominently in enforcement data but were identified as posing a threat of ML abuse.</p>
<p>Prominent jurisdictions involved in the creation of legal structures are United States, Canada, UK, Singapore, British Virgin Islands, Cayman Islands and St. Lucia.</p>
<p>The ability to seek and obtain BO data in relation to foreign legal structures poses a challenge, despite being available via public registers (most often times subject to a fee), through informal data sharing arrangements between LEAs and FIUs or bilateral information sharing treaties, or formal mutual legal assistance requests.</p>
<p>The most common sectors of operation/asset ownership for legal persons such as private limited liability companies are the extractive industries.</p>
<p>The level of involvement of PEPs in private limited liability companies, public limited liability companies, NPO companies, external companies, were found to be low. Other types of legal structures such as government/stated owned companies, statutory bodies, public corporations by their nature involving PEPs, were not found in any identified cases of ML for such structures.</p>

Professionals such as notaries, lawyers, accountants, etc are required in the registration and formation of all types of legal structures, save and except, partnerships and sole proprietorship. It was recognised that these professionals are not subject to AML/CFT regulation. As such there was insufficient data to give due consideration to this criterion.

TABLE: ML/TF TRENDS AND TYPOLOGIES IDENTIFIED BASED FOR LEGAL STRUCTURES

TYPE OF LEGAL STRUCTURE	TPOLOGY IDENTIFIED
Private Limited Liability Companies	Transaction Structuring
Public Limited Liability Companies	Anomalous/Complex ownership/control structure
Former Act Companies	Anomalous/Complex ownership/control structure
Government/State Owned Companies	Anomalous/Complex ownership/control structure
Not-For-Profit Companies	Use of trusts or foundations in ownership/control structure with little transparency as to BO
External Companies	Control through power of attorney, anomalous complex ownership/control structures, multijurisdictional splitting, Use of bearer shares (where permitted in foreign jurisdiction)
Friendly Societies	Use of trusts or foundations in ownership/control structure with little transparency as to BO
Cooperative Societies and Credit Unions	Use of trusts or foundations in ownership/control structure with little transparency as to BO
All forms of trusts	Use of trusts or foundations in ownership/control structure with little transparency as to BO
Public Corporations	Anomalous/Complex ownership/control structure

Statutory Bodies/Agencies	Anomalous/Complex ownership/control structure
Partnerships	Structuring transactions
Sole Proprietorships	Structuring Transactions

SEE APPENDIX: FOR GUIDANCE ON TYPOLOGY

TABLE: THREAT RATINGS FOR LEGAL STRUCTURES

TYPE OF LEGAL STRUCTURE	THREAT RATING
Private Limited Liability Companies	Medium
Public Limited Liability Companies	Low
Former Act Companies	Low
Government/State Owned Companies	Low
Not-For-Profit Companies	Medium
External Companies	Medium
Friendly Societies	Medium
Cooperative Societies and Credit Unions	Low

All forms of trusts	Medium
Public Corporations	Very Low
Statutory Bodies/Agencies	Very Low
Partnerships	Low
Sole Proprietorships	High

9. ML/TF INHERENT VULNERABILITY ASSESSMENT OF LEGAL STRUCTURES

TABLE: REGULATORY FRAMEWORK FOR LEGAL PERSONS

FEATURES	Private Limited Liability Companies	Public Limited Liability Companies	Former Act Companies	Government/ State Companies	Not-For- Profit Companies	External Companies
Is there a legal or regulatory requirement to disclose control/management for the entity to any registry/regulator/intermediary?	Yes	Yes	Yes	Yes	Yes	Yes
Is there a legal or regulatory requirement for the entity to declare/report shareholding to any registry/any regulator/intermediary?	Yes	Yes	Yes	Yes	Yes	Yes
If yes to above, which legal structures disclose beneficial ownership information?	Yes	Yes	Yes	Not beneficially held by natural persons, but vested in the Government or State	Yes	Not always
Is there a specific time when BO information has to be reported?	Yes	Yes	Yes	Yes	Yes	Not specifically

Which type of legal structure normally report BO information?	Yes	Yes	Yes	Not beneficially held by natural persons, but vested in the Government or State	No	Not always
Is BO information checked or verified for this type of legal structure by Registry?	No	No	No	No	No	No
Is a trust, company service provider, notary, or other professional intermediary required to create the legal person?	Yes	Yes	Yes	Yes	Yes	Yes
Is this type of legal structure required to obtain a unique tax identification as a separate legal personality?	Yes	Yes	Yes	Yes	Yes	Yes
Are tax filings required for this type of legal structure (even if there are no direct tax liabilities)?	Yes	Yes	Yes	Yes	Yes	Yes
Is there a prohibition or restriction on someone acting as a nominee director for this type of legal structure?	Yes	Yes	Yes	Yes	Yes	Yes
Is there a prohibition or restriction on someone acting as a nominee shareholder for this type of legal structure?	No	No	No	No	No	No

Are bearer shares allowed for this type of legal structure?	No	No	No	No	No	Not specific prohibition on this for external companies who have bearer shares
What is the minimum number of natural persons required to form the type of legal structure?	1 person	A minimum of 2 ³⁰ persons	1 person	1 person	1 person	1 person
Are there any residency requirements ³¹ for the company directors or shareholders of this type of legal structure?	No	No	No	No	No	Yes ³²

³⁰ Section 60 of the Companies Act

³¹ There is a residency requirement in relation to the treatment of tax under the Income Tax Act.

³² Section 318 of the Companies Act requires an external company must file with the Registrar a fully executed power of attorney in the prescribed form that will empower some person name in the power and resident in Guyana to act as the attorney of the company for the purpose of receiving service of process of in all suits and proceedings by or against the company in Guyana and of receiving all lawful notices. External Companies are also restricted from holding land in Guyana and may do so by authorized license of the President: Section 333.

TABLE: REGULATORY FRAMEWORK FOR ALL OTHER TYPES OF LEGAL STRUCTURES

FEATURES	Friendly Societies	Cooperative Societies	All forms of Express Trusts	Public Corporations	Statutory Bodies/Agencies	Partnerships	Sole Proprietorships
Is there a legal or regulatory requirement to disclose control /management for the entity to any registry?	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Is there a legal or regulatory requirement to declare/ report ownership to any registry?	Yes	Yes	No	Yes	Yes	Yes	Yes
If yes to above, which legal structures disclose beneficial ownership information?	Yes	Yes	No Applicable	Not Applicable	Not Applicable	Not Applicable ³³	Yes
Is there a specific time when BO information must be reported?	Yes	Yes	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Yes
Which type of legal structure normally report BO information?	Yes	Yes	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Yes

³³ Unless filed under Business Names (Registration) Act as an partnership with no separate legal personality, otherwise partnerships are created by way of private arrangements.

Is BO information checked or verified for this type of legal structure by Registry?	No ³⁴	No ³⁵	Not Applicable	Not Applicable	Not Applicable	Not Applicable	No
Is a trust, company service provider, notary, or other professional intermediary required to create the legal structure?	Yes	Yes	Yes	Yes, where applicable	Yes, where applicable	No	No
Is this type of legal structure required to obtain a unique tax identification as a separate legal personality?	Yes	Yes	No	Yes, where applicable	Yes, where applicable	No	No
Are tax filings required for this type of legal structure (even if there are no direct tax liabilities)?	Yes	Yes	No	Yes, where applicable	Yes, where applicable	No ³⁶	No ³⁷
What is the minimum number of natural persons required to form the type of legal structure?	Mini. of 7 members	Mini. of 7 members	2-3 persons	Not Applicable	Not Applicable	Mini. of 2 persons	1 person
Are there any residency requirements for this type of legal structure?	Yes	Yes	No	Not Applicable	Not Applicable	No ³⁸	No ³⁹

³⁴ The members of the Committee of Management undergo due diligence by the CCDO.

³⁵ The members of the Committee of Management undergo due diligence by the CCDO.

³⁶ Not required to register or maintain registration of a partnership business name registration under the Business Names (Registration) Act, but require on personal tax filing of individuals under Income Tax Act.

³⁷ Not required to register or maintain registration of a sole proprietorship business name registration under Business (Names) Registration Act, but required on personal tax filing of individuals under Income Tax Act.

³⁸ There is no residency requirement for persons registering a partnership under the Business Names (Registration) Act however there must be a local address for registration.

³⁹ There is no residency requirement for person(s) registering a sole proprietorship under the Business Names (Registration) Act however there must be a local address for registration.

TABLE: ML/TF RISK INHERENT VULNERABILITY RATING

TYPE OF LEGAL STRUCTURE	VULNERABILITY RATING	REASONS
Private Limited Liability Companies	Medium	Easy to register with minimal requirements
Public Limited Liability Companies	Low	Difficult to register with several requirements
Former Act Companies	N/A	Not Applicable, no longer enforced
Government/State Owned Companies	Low	Difficult to register with several requirements
Not-For-Profit Companies	Medium	Easy to register with minimal requirements with no BO information
External Companies	High	Easy to register with moderate registration requirements and no specific requirement for BO information on registration, often ambiguous ownership/control structures
Friendly Societies	Medium	Difficult to register with several requirements including a minimum of seven (7) members
Cooperative Societies and Credit Unions	Low	Difficult to register with several requirements including a minimum of seven (7) members
All forms of trusts	High	Easy to register with use of professional intermediary (unregulated) and no requirement for BO information
Public Corporations	Very Low	Difficult

Statutory Bodies/Agencies	Very Low	Difficult
Partnerships	Low	Easy to register with minimal requirements of at least two (2) persons
Sole Proprietorships	Very High	Easy to register with minimal requirement of one (1) person

CASE EXAMPLE: LEGAL PERSON ESTABLISHED TO CONCEAL BENEFICIAL OWNERSHIP LINKED TO CORRUPTION IN FOREIGN JURISDICTION

On the 25th of March 2021, a commercial bank raised suspicions that a locally registered company (herein called “123 (Guyana) Ltd.”) may be operating as a shell company for a Trinidadian born, Canadian citizen who resided in Panama (herein called “Mr. X”). There was suspicion that Mr. X was associated with and benefited from the proceeds of corruption from the government of Trinidad and Tobago.

Mr. X was said to be involved in fabrication and general services in the residential sector. The business address was subsequently changed at least two(2) times following its initial incorporation with little information to suggest that it was involved in active business operations.

A company account (AC No. 1234567) was established at a local commercial bank in September 2019 with a Guyanese National, *Mr. A* as the sole signatory to the account.

Following the establishment AC No. 1234567, *Mr. A* requested a foreign currency account with the same institution. At this point, the beneficial owner of the company was confirmed as Mr. X, who was suspected to be associated with proceeds of corruption within Trinidad and Tobago. The bank denied the request to open the foreign currency account.

During the period September 2019 to March 2021, 123 (Guyana) Ltd. received multiple wire transfers totalling G\$1.37B (appx. USD \$6.3M). These inflows were primarily received from two(2) Trinidadian companies. It appears that one of the Trinidadian companies sending the funds was the parent company of the local 123 (Guyana) Ltd of which Mr. X was the ultimate beneficial owner.

On 9th December 2020, *Ms. B* and *Mr. C* were added as signatories to Bank AC 1234567 while *Mr. A* was removed. With this change in signatories, authorization limits were established to instruct the bank on which officers of the company were allowed to sign based on the value of the transaction.

On the 17th of March 2021, Mr. X was added to the company account in the capacity of Manager. The correspondence advised that Mr. X would have **unlimited signing authority**.

It is apparent that the 123 Guyana Ltd was used to conceal and or disguise proceeds from unknown and possibly criminal activities related to Mr. X. This case is currently under investigation.

CASE EXAMPLE: ILLEGAL SALE OF STATE LANDS LEASED TO A PRIVATE LIMITED LIABILITY COMPANY

A Guyanese Attorney-At-Law/ former politician (herein called the Subject) was suspected of corruption which may have been facilitated via his legal practice and previous influential status. The suspected offence related to the illegal sale of commercial state lands valued in excess of G\$200M, which was leased to one of his clients -ABC Ltd, an incorporated company.

ABC Ltd, which was incorporated in December 2014 and seemed to have no significant economic activity, acquired a leasehold interest from a government agency in multiple plots of land in a commercial zoned area in May 2018. The consideration paid to the Government was approximately G\$4M (including tax) annually.

In October 2019, the Subject acting on behalf of his client - ABC Ltd, entered into an agreement to sell its leasehold interest to a foreign company XYZ Inc.

The consideration agreed between ABC Ltd and XYZ Inc. for transfer/sale of the lease was G\$200M.

A 20% advance, double the industry standard, was agreed to be paid to the Subject within seven (7) days of signing the agreement.

The Subject established an account at a local bank in his name (referred to as the Client Account), to receive payments on behalf of his client (ABC Ltd.)

The sum of G\$41.3M was credited to the Client Account in keeping with the agreement. The balance of G\$158.7M was to be paid by the purchaser within six (6) weeks of the signing of the Agreement of Sale., which was credited to the Client Account in November 2019.

It is alleged that the Subject abused his political status and acted as a nominee to ABC Ltd. thus directly benefited from the illegal sale of the state land. This case is currently still under investigation.

TABLE: RISK ASSESSMENT OF LEGAL STRUCTURES

Type of Legal Structure	Scale	Cross Border Risk Exposure	Ease Speed & Costs of Formation/	Attractiveness for Non-Resident Use	Quality & Accessibility of Basic Information	Incidence of analysed ML/TF cases	Existence of Possible Typologies	Total Risk Rating
Private Limited Liability Companies	H	M	L	M	M	L	M	M
Public Limited Liability Companies	L	M	H	L	M	L	L	M
Former Act Companies	M	M	N/A	N/A	M	VL	L	L
Government/State Owned Companies	L	L	H	L	M	VL	VL	L
Not-For-Profit Companies	L	M	L	M	L	VL	H	M
External Companies	M	VH	M	H	L	VL	H	H
Friendly Societies ⁴⁰	L	M	M	M	M	VL	M	M
Cooperative Societies & Credit Unions ⁴¹	L	L	M	L	M	VL	L	L
All forms of trusts	M	M	L	H	M	VL	H	H
Public Corporations	VL	L	H	L	N/A	VL	VL	VL
Statutory Bodies/Agencies	VL	L	H	L	N/A	VL	VL	VL

⁴⁰ Based on total active societies (See Table Above for this Breakdown)

⁴¹ Based on total active societies (See Table Above for this Breakdown)

Partnerships	VL	L	L	M	L	VL	L	L
Sole proprietorships	VH	H	VL	VH	VH	L	VH	VH

10. PREVENTIVE AND MITIGATING MEASURES

The Deeds and Commercial Registry has undertaken comprehensive work in the digitization of its records, including all records on BO information together with training for relevant staff in its AML Department.

The Registries have taken several steps in mitigating the misuse of legal persons. These includes:

❖ **Strengthening Efforts in Obtaining Basic and Beneficial Ownership Information**

Commercial Registry:

- Strengthened & Updated Companies Act which includes pertinent amendments⁴² in relation to definition and classification of ‘NPOs’ and ‘body corporates.’
- Strengthened its efforts to obtain basic and beneficial ownership information by the issuing and implementation of a Beneficial Ownership Standard Operational Policy by the Commercial Registry and BO declaration form.¹

Chief Cooperative Development Office and Registrar of Societies:

- As at 2019, all the members of the Committee of Management of societies, before registration, must undergo customer due diligence and must undergo an AML/CFT awareness session with the CCDO. All new societies must all include in their Rules/Constitution a specific declaration to adhere to the AML/CFT Act 2009, as amended.
- When a Friendly Society is registered, it is required to lodge a copy of its certificate of registration with the Deeds Registry.⁴³
- All registered societies are required within three (3) months of registration, to open, keep and maintain a bank account with a financial institution in the societies’ name in which they must designate authorized persons for the control/use of the societies funds, and which is implemented through the issuance of an approval letter from the CCDO to the financial institution.

❖ **Applying a Risk Based Approach**

Commercial Registry:

- Recognizing that certain legal persons operating in extractive sectors pose a higher risk, there has been regulation in those sectors to establish a FIT & Proper requirement and for the disclosure of

⁴² AML/CFT Amendment Act 2023 and Regulations 2023

⁴³ See Friendly Societies Act 36:04

BO information.⁴⁴ This allows the Commercial Registry to allocation and prioritize the use of financial and human resources proportionately.

Chief Cooperative Development Office and Registrar of Societies:

- The WG group recognised that for Societies the risk of ML was low for cooperative societies and was medium for friendly societies and have accordingly began enhancing its supervisory function in relation to friendly societies. Reliance was also placed on the findings of the NPO risk assessment which found that friendly societies were a low risk for TF.

❖ **Promoting Awareness through Sensitization Efforts**

Commercial & Deeds Registries:

- Sensitisation sessions on ML/TF risks associated with Legal Persons and Arrangements- including specific agencies such as the Guyana Gold Board (GGB) training which included a presentation from the Commercial Registry; training by the FIU with the Deeds and Commercial Registry sharing about FATF 25 & 25 and abuse of LPs hence to importance of BO information; Collective issuance of a public warning by GSC, FIU. BOG- Ponzi scheme & similar fraud schemes; issuance /publication of typologies by FIU on: a business -using a fictitious agreement of sale as source of fund for large cash deposit; Gold Jewellery Trade. These are on FIU website accessible & available to public and CAs on the FIU website.

Chief Cooperative Development Office and Registrar for Societies:

- The CCDO conducted a sensitization and awareness outreach with all its active friendly societies in July, 2023 on AML/CFT awareness and Guyana’s Fourth Round of Mutual Evaluation Process.
- Societies already registered are required to be registered with the FIU and undergo AML/CFT awareness sessions.
- The CCDO makes special budgetary provisions for AML/CFT awareness sessions throughout all regions.

❖ **Intensifying The Implementation of Sanctions**

Commercial Registry:

- Issuing of Notice in newspapers requesting all companies to submit updated BO information to the Commercial Registry and the likely sanctions for non-compliance were included for non-compliance. Public Notices: <https://dcra.gov.gy/news>

⁴⁴ See Local Content Act

- Issuing of letters to legal persons to submit and file Audited Financials⁴⁵ including updated BO information.
- Striking/Removing legal persons from the register for non-compliance pursuant to Section 487(1)(a) of the Companies Act. This process is a 28 (twenty-eight) days process from the date of receipt of the letter issued by the Registrar and has proven to be very effective in ensuring legal persons comply with the requirements of the Companies' Act.

Chief Cooperative Development Office and Registrar of Societies:

- The Chief Cooperative Development Office (CCDO) is currently conducting an integrity audit of all its inactive societies to determine if they should be cancelled or remain registered. This includes on-site inspections and meetings by the appointed auditor and members of the respective cooperative societies.
- Further, the CCDO has an on-going discussion with Ministry of Education in relation School Trip Cooperative Societies that were found to be inactive and for cancellation. This amounts for approximately 300 inactive cooperative societies.
- Also, the CCDO is conducting an occupation survey on all Housing Cooperative Societies to facilitate the members who have not acquired title/transport to process same, thereafter these societies will be cancelled having fulfilled their respective purpose. This amounts for approximately 100 Housing Cooperative Societies.

⁴⁵ Section 153 of the Companies Act

11. EASE, ACCESS, AND QUALITY OF BENEFICIAL OWNERSHIP

SUPERVISORY AUTHORITIES

Supervisory Authorities across all regulated/supervised sectors:

- The accessibility of BO information by supervisory authorities was available on request from the relevant registries. There was no finding that BO was not available when requested by supervisory authorities.
- The timeliness of the access to BO information was found to be within 1-5days by 67% of supervisory authorities and 33% more than a week. There was no finding that BO information took more than a month to be obtained from the relevant registries by supervisory authorities.
- BO information was found to be useful. There was no finding that BO information was not useful to the supervisory authorities when requested and obtained.
- BO information was also found to be accurate. There was no finding that BO information was not accurate, but the BO information requested and received by supervisory authorities ranged from being very accurate to mostly accurate from the Registries.
- There is a disclosure requirement of BO information by reporting entities under each supervisory authority through the AML/CFT Act and their respective legislative framework.
- The prevalence of the use of complex and sophisticated structures were found to be low, as most business activity involved natural persons registered as sole proprietorships or simple legal structures without much sophistication, particularly for private limited liability companies. As such there is not much difficulty in accessing and ascertaining basic beneficial ownership information for private limited liability companies.
- Overall ease and attractiveness of doing business was moderate with some barriers to entry but would vary based on the type of structure.

The table below illustrates how the ease, access and quality of beneficial ownership information by supervisory authorities from the Registries was analysed based on responses received from supervisory authorities.

SUPERVISORY AUTHORITIES				
CRITERIA				
Ease Of Access to Beneficial Ownership Information	BO information is readily available	BO information is available on request	BO information is not accessible	
Legal Persons	8%	92%	0%	
Legal Arrangements	0%	92%	0%	

Timeliness Of Access	Available Immediately	1-5 Days	More than a Week	More than a Month
Legal Persons	0%	67%	33%	0%
Legal Arrangements	0%	50%	42%	0%
Quality Of BO Information	Always	Most Of the Time	Sometimes	Hardly
Up to Date and Current	42%	25%	25%	0%
	Very Useful	Useful	Somewhat Useful	Not Useful
Usefulness	58%	33%	0%	0%
	Very Accurate	Mostly Accurate	Partially Accurate	Not Accurate
Accuracy	45%	27%	27%	0%
Disclosure Requirement of BO	Yes	No	Not Applicable⁴⁶	
Requirement for BO Information to be disclosed to reporting entities for legal persons and arrangements	75%	0%	25%	

⁴⁶ For reporting entities who do not have a legal person or arrangement as a customer for the period of this assessment.

REPORTING ENTITIES

Reporting Entities across all regulated/supervised sectors:

- There was a medium level of business activities with legal persons and a low level of business activities with legal arrangements.
- There was a low level of cash transactions/dealings in relation to legal persons and legal arrangements.
- There was a low prevalence of the involvement of PEPs and high-risk jurisdictions relative to legal persons and legal arrangements who were in the control/ownership structures.
- The most common legal structures were not sophisticated or complex and many Reporting Entities had a low level of customers who were legal persons and arrangements.
- There was a low level of STRs filings in relation to legal persons and arrangements as a result of the medium-low business activities with such structures.
- Costs associated with the formation of such structures were low.
- There is a low level of tax benefit, incentive and/or exemption for most types of legal structures.
- Majority rated the timeliness of access to BO information as within 1-5days to more than a week, with a minority rating the time to obtain BO information as more than a month.
- Overall ease and attractiveness of doing business was moderate with some barriers to entry.

The table below illustrates how the ease, access and quality of beneficial ownership information by reporting entities from the Registries was analysed based on responses from reporting entities across all sectors.

REPORTING ENTITIES				
CRITERIA				
Business Activity	HIGH	MEDIUM	LOW	
Prevalence of Legal Persons/Arrangements relative to business activity	0%	18%	82%	
PEPs involved through legal persons / arrangements in the entity's business activity	0%	0%	100%	
Prevalence of Non-Guyanese nationalities behind the use, ownership, and/or control of legal persons/arrangement	0%	9%	91%	

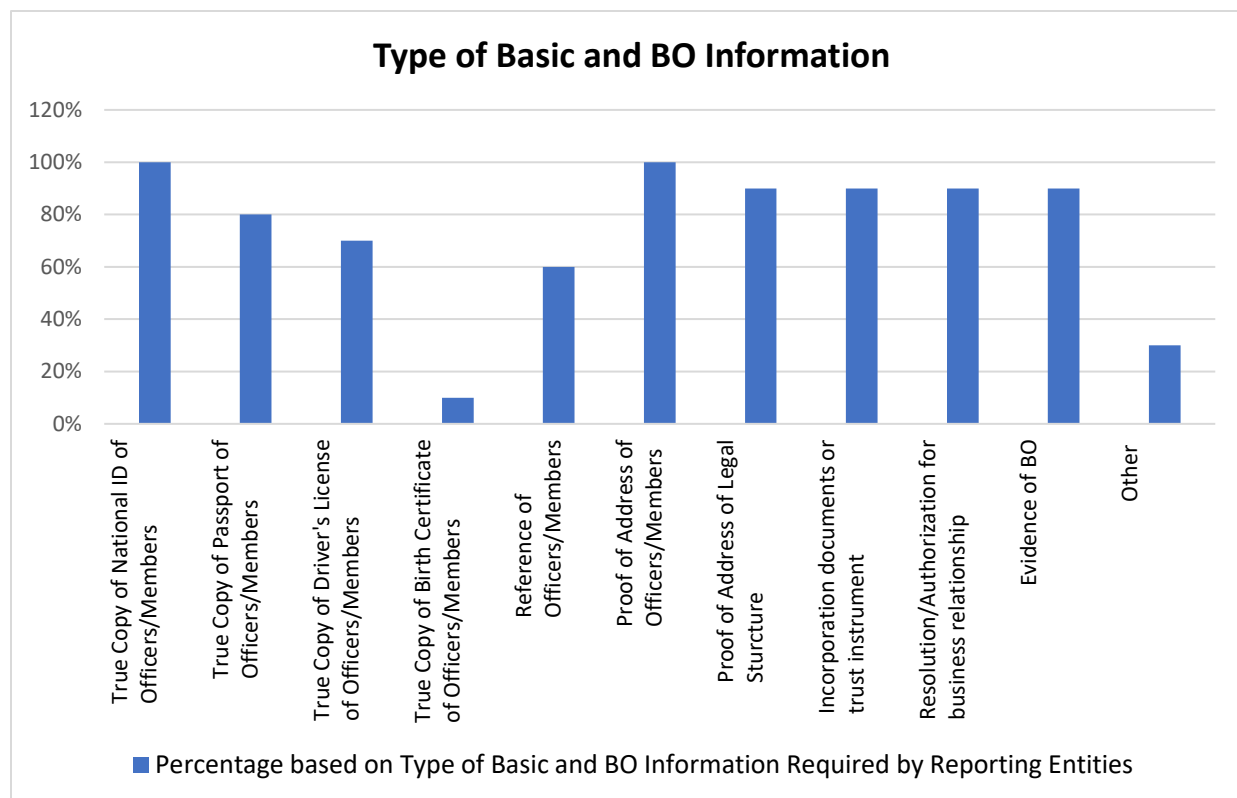
High risk jurisdictions in which foreign or local legal persons/arrangements are connected to the entity's business activity	0%	0%	100%	
Use of Complex and Sophisticated Structures	Very Complex and Sophisticated	Simple Legal Structures without much sophistication and complexity	Not Many Legal Structures but mostly Natural Persons	
The use of complex and sophisticated legal structures relative to the entity's business activity	0%	45%	55%	
Beneficial Ownership Information	EASY	MODERATE	CHALLENGING	
Difficulty in identifying and verifying basic and beneficial owners	27%	50%	23%	
	BO information is available on request	BO information is readily available	BO information is not accessible	
Ease of access to BO information on legal persons	68%	9%	23%	
Ease of access to BO information on legal arrangements	73%	5%	23%	
Timeliness of Access to BO	Available Immediately	1-5 Days	More Than a Week	More than a month
Average time to get BO information for legal arrangements	0%	32%	32%	36%
Average time to get BO information for legal persons	0%	32%	36%	32%
Use Of Public Registries	Commercial Registry	Deeds Registry	Registrar of Societies (CCDO)	
Legal Persons	59%	36%	5%	
Legal Arrangements	45%	50%	5%	

CASE EXAMPLE: INSUFFICIENT BENEFICIAL OWNERSHIP INFORMATION

During 2022, the GSC examined two (2) companies during its on-site examination/inspection where it found two (2) legal persons, being customers of the reporting entities to have insufficient information relating to BO information of these legal persons. These reporting entities ***were instructed*** to take remedial actions in its letter of findings. As a consequence, these deficiencies were remedied through written correspondence and as such no sanction was imposed on these reporting entities, as they took remedial action in a timely manner based on the recommendation n of the GSC.

TYPE OF BASIC AND BENEFICIAL INFORMATION REQUIRED WHEN FORMING A BUSINESS RELATIONSHIP WITH A CUSTOMER THAT IS LEGAL PERSON OR ARRANGEMENT

This diagram illustrated that 90% of all responses in relation to legal structures required a form of identification of the natural persons of the structure, proof of address of the structure, incorporation documents or trust instrument, resolution/authorization to enter into the business relationship, evidence of beneficial ownership information on the structure⁴⁷.



⁴⁷ It is to be noted that some reporting entities representing the remaining 10% who participated in the questionnaire exercise, did not have any legal structure and as such did not answer this question.

12. COOPERATION AND INFORMATION SHARING

Mechanism for Domestic Cooperation for the sharing of BO Information

There are formal and informal channels for the sharing of BO information domestically. The use of these channels proved helpful in the past as demonstrated in the example below.

Type of LP	High: 8-10	Medium High 6-7	Medium 5	Medium Low 3-	Low 1-2
Sole Proprietorship	✓				
Partnership	✓				
Private Limited	✓				
Public Limited	✓				
Non-Profit		✓			
Cooperatives		✓			

Mechanism for International Cooperation for the sharing of BO Information

Upon receiving a request for BO information from foreign counterparts/international organisations a request is made to the Commercial Registry for the BO information requested. Upon receipt of information from the Commercial Registry the information is provided to the requesting international counterpart/organisation.

Type of LP	High: 8-10	Medium High 6-7	Medium 5	Medium Low 3-	Low 1-2
Sole Proprietorship		✓			
Partnership		✓			
Private Limited		✓			
Public Limited		✓			
Non-Profit			✓		
Cooperatives			✓		

CASE EXAMPLE: SHARING OF INFORMATION AMONG SUPERVISORY AUTHORITIES

There was one (1) legal person (entity), not supervised by the GSC under AML/CFT regime but for which the GSC was one of the primary regulators as that entity was a registered as a reporting issuer under the Securities Industry Act by virtue of being a ‘public company.’

On conducting its due diligence function as the primary regulator of the reporting issuer, the GSC discovered that there was insufficient and inadequate BO information of a shareholder who was a legal entity, in that the natural persons of this legal entity (shareholder) could not be identified nor verified by the reporting issuer.

The reporting issuer was also regulated and supervised under the AML/CFT regime by another Competent Authority/Supervisory Body, in which the GSC communicated the issue of insufficient and inadequate BO information. This was also communicated to the BOG who the regulator and supervisory authority for LFIs. This resulted in the bank account of the reporting entity being closed/suspended and their license/registration from operations being suspended, subject to the reporting entity providing the necessary BO information.

As such the Competent Authority/Supervisory Body took proportionate and dissuasive action in barring the continued operation of the entity from conducting activity in that regulated sector. Even though information on the natural persons was eventually provided it could not be verified. As such the suspension still operated against the reporting entity.

13. OVERALL ML/TF RISK OF LEGAL STRUCTURES

The Overall risk of legal persons and arrangements, save and except sole proprietorships, was rated as **MEDIUM** for ML/TF abuse.

TYPE OF LEGAL STRUCTURE	THREAT	INHERENT VULNERABILITY	OVERALL RISK
Private Limited Liability Companies	Medium	Medium	Medium
Public Limited Liability Companies	Medium	Low	Medium
Former Act Companies	Low	N/A	Low
Government/State Owned Companies	Low	Low	Low
Not-For-Profit Companies	Medium	Medium	Medium
External Companies	Medium	High	High
Friendly Societies	Medium	Medium	Medium
Cooperative Societies & Credit Unions	Low	Low	Low
All forms of trusts	Medium	High	High
Public Corporations	Very Low	Very Low	Very Low
Statutory Bodies/Agencies	Very Low	Very Low	Very Low
Partnerships	Low	Low	Low
Sole Proprietorships	High	Very High	Very High

14. KEY FINDINGS

- The WG found External Companies to be a high risk as there is no requirement for beneficial ownership information prior to registration or at the time of registration. Further, external companies are formed by way of a power of attorney, for which was recognized as a typology for legal persons. External companies that are registered in jurisdictions which permit the use of bearer shares, although prohibited in Guyana, poses its own challenges for registration of these companies as well as having complex control and ownership structures. As such there should be a review of the current legislation with a focus on identifying these challenges for proposed legislative amendments to reduce the risk of abuse of external companies for ML/TF purposes.
- Although it is not mandatory for all forms of express trusts to be registered with the Deeds Registry such as NPOs, NPO Companies, and some forms of Societies (which fall under a separate regulatory framework), all other forms of express trusts are not regulated, save it is a requirement for a trust to be created in writing through an intermediary, legal professional and/or notary public. It is recognized, however, that the mechanisms in place for such professionals are not sufficient to ensure BO information is obtained, verified, recorded or kept up-to-date. Trusts that are filed with the Deeds Registry remain valid after registration and are not subject to any further requirements, unlike other legal structures where mitigating and preventative measures may be implemented through various sanctions. As such trusts filed with the Deeds Registry was found to be high risk given its inherent nature and threats posed.
- Sole proprietorships, while not having 'legal personality' which creates a separate legal identity, was identified in this report to highlight the vast and significant use, nature and ease of registration of this type of structure. As such, the threat, vulnerability and overall risk of sole proprietorships was found to be very high in comparison to the use of legal persons and arrangements for ML/TF.
- Cooperatives, Credit Unions, Government/State Owned Companies were found to be a low risk by the WG. This was as a result of the threat assessment which was found to be low as well as their inherent vulnerability. Comparatively, private limited, public limited liability companies, NPO companies and friendly societies were found to be medium risk.

15. RECOMMENDATIONS

➤ **Enhance the Powers of the Deeds and Commercial Registry**

Overall, the powers of the Commercial and Deeds Registry Authority should be widened to impose a wider range of sanctions against legal person, arrangements, and their officers/members. This will enhance the efforts of the Deeds and Commercial Registry to prevent and mitigate ML/TF risks. While, the laws of Guyana, particularly the Companies Act, does not make specific reference to ‘nominee directors’, this should be amended to expressly prohibit the use of nominee directors in the manner in which the use of bearer shares is prohibited. Alternatively, if the Companies Act is amended to specifically provide for the use of nominee directors, a strong regulatory framework should be implemented to ensure that the Commercial and Deeds Registry Authority can identify the ultimate beneficial owners together with provisions to verify such information.

The functions and powers of the Deeds Registry in relation to Trusts should be enhanced through legislative amendments to include the obtaining, verifying and updating of Beneficial Ownership Information in relation to trusts by trustees and/or through its professional intermediaries.

➤ **Digitise the Deeds and Commercial Registry**

The Commercial Registry’s Database should be digitized and made readily available to the supervisory authorities/competent authorities as opposed to available on request. This will enhance access to basic and beneficial ownership information, allow for instant or timely verification of information by Supervisory Authorities, Competent Authorities, Legal and other professionals involved in the registering and conducting of business with legal entities. It is however recognized that the Commercial Registry is currently in a transformative phase of digitizing its records which should be completed by Q4 of 2023.

➤ **Establish a Criminal Records Electronic Database**

A Criminal Records Electronic Database with an interconnected or integrated system should be established. This database should be made available to all Supervisory Authorities, Competent Authorities, Reporting Entities, and other professionals who register or conduct business with legal entities to enhance the verification of BO information. There were challenges in the data available on legal persons and the natural persons acting behind these structures to assist in the

assessment of the threat. As such an electronic database, as against a manual, would enhance the efforts of law enforcement authorities as well as supervisory authorities/competent authorities. Notwithstanding this, it is a requirement for the natural persons applying to register/license a regulated business to undergo a fit and proper assessment and to obtain a police clearance. However, the timeliness of obtaining same is usually challenging, this was found to be particularly the case for societies in which the members are required to undergo a due diligence process which is conducted by the Commissioner of Police and can take several months, depending on the location of the members.

➤ **Promote Public Awareness & Outreach Activities**

Public Awareness and Education Outreaches/ Activities with both the public and private sector on the legislative requirements of Beneficial Ownership Information and the recent amendments to the AML/CFT Act should be conducted to improve understanding and promote a high level of compliance in relation to the submission of BO information and updated BO information when requested by the Commercial and Deeds Registry Authority, Supervisory Authorities, Competent Authorities and Reporting Entities. These activities can inform the public of the recent amendments and requirements under the AML/CFT framework, promote an understanding of AML/CFT obligations and serve as a deterrent to criminals who may have an interest in abusing legal entities for ML/TF purposes.

16. CONCLUSION

In accordance with Guyana’s National Policy and Strategy For Combatting Money Laundering, Terrorism Financing and the Financing of Terrorism 2021-2025 this assessment was conducted to ascertain the risk in the abuse for ML/TF through legal persons and arrangements.

The findings and ratings of this report are based on the prevailing conditions and the regulatory landscape as at 30th June, 2023 when the risk assessment was conducted and now updated in August, 2023.

The Risk of Sole Proprietorships was rated as VERY HIGH RISK while External Companies were rated as HIGH RISK. Private Limited Companies, Public Limited Companies, Not-for-Profit organisations and Friendly Societies were rated as MEDIUM RISK. Former Act Companies, Government/State Owned

Companies, Cooperative Societies and Credit Unions, and Partnerships were rated as LOW RISK; and Statutory Bodies/Agencies and Public Corporations were rated as VERY LOW RISK.

The Vulnerability for Legal Persons and Arrangements are as follows: Sole Proprietorship (VERY HIGH VULNERABILITY);⁴⁸ External companies and all forms of Trusts (HIGH VULNERABILITY); Private Limited Liability Companies, Public Limited Companies, Friendly Societies, Not-for Profit Companies (MEDIUM VULNERABILITY); Public Limited Companies, Government/State-Owned Companies, Partnerships, Cooperative Societies and Credit Unions (LOW VULNERABILITY); and Public Corporations, Statutory Bodies/Agencies (VERY LOW VULNERABILITY).

In conclusion, the overall risk was found to be MEDIUM.

⁴⁸ Note, that Sole Proprietorship is not considered having Legal Personality, however, this was considered in the assessment as this type of structure being misused for Money Laundering.

17. APPENDIX: GUIDANCE ON TYPOLOGIES

GUIDANCE ON TYPOLOGIES AND DESCRIPTION	
Typology	Description
Multijurisdictional splitting	Networks of legal structures that split entity formation, asset ownership/administration, location of professional intermediaries, and location of bank account across different countries in order to prevent detection of illicit activity and to evade regulations.
Foreign ownership/control by shell companies	Cross-border ownership/control structures of domestic legal structures that are owned or controlled by foreign-registered legal structures. Ownership is held by legal structures, rather than by foreign natural persons.
Anomalous complex ownership/control structures	Anomalous, complex, and opaque chains of ownership/control structures that involve many intermediate layers with shares often registered in the name of other legal structures. This can include circular ownership structures and fragmented ownership structures.
Control through power of attorney	Criminals avoiding identification as beneficial owners by exerting effective control over legal structures through a power of attorney. If the typology analysis detects that control over legal structures is commonly exerted through other means, e.g., through debt instruments or derivative securities or through minority shareholders acting in concert.
Use of trusts or foundations in ownership/control structures	Legal structures that are owned by trusts or foundations that provide for the separation of legal ownership from beneficial ownership, and often have low transparency of ownership/control.
Use of nominee directors/nominee shareholders/“frontmen”	Nominee directors or nominee shareholders can be used to conceal the identity of the beneficial owner of a company or asset (circumventing due diligence, AML controls, or sanctions), as well as to conceal illicit wealth (by concealing beneficiary of income), overcoming jurisdictional controls on company ownership (e.g., those requiring citizens to be directors), and circumvent directorship or shareholder bans imposed due to misconduct. A “front man” or “straw man” will

	purport to be the beneficial owner of a legal structure to hide the identity of the actual beneficial owner.
Use of legal persons as company directors	Absence of an effective framework for identification of beneficial owners, using legal persons as company directors, i.e., nominee directors, can be used to conceal the identity of the beneficial owner on whose behalf the company director is acting.
Use of bearer shares	Criminals using legal entities with ownership held in the form of bearer shares to conceal beneficial ownership. Bearer shares accord legal ownership to the person who physically possesses the share certificate.
Use of funds/hedge funds	Criminals channelling illicit funds through private investment funds or hedge funds to circumvent AML controls, commit ML, evade sanctions, or invest illicit wealth.
Use of international business companies (IBCs)/exempt companies	Criminals using international business companies or other exempt companies to avoid jurisdictional registration or disclosure obligations and conceal illicit activity and/or beneficial ownership
Use of fictitious entities	Criminals using entirely fictitious entities that are not legally formed or registered anywhere and do not have legal personality – for ML/TF purposes or to commit predicate crimes.
Abuse of professional privilege	Using legal, accounting, notary, tax, or banking professionals to form or administer legal structures in order to benefit from professional privilege or confidentiality protections and thereby circumvent beneficial ownership disclosure obligations. This may involve listing lawyers/notaries/Trust and Company Service Providers (TCSPs)/accountants or lower-level employees as beneficial owners.
Use of large professional firms	Using large professional firms (law, accounting, TCSPs, banks) to form or administer legal structures, open accounts on behalf of clients, wire transfer funds, or perform other services – as opposed to small or medium-sized firms or individual professional service providers.

<p>Use of fake IDs for formation/ registration</p>	<p>Providing fake identification documents during the formation process of a legal structure or at the opening of a corporate bank account to evade due diligence and ML controls.</p>
<p>Use of deceptive names of legal structures</p>	<p>Intentionally giving legal structures deceptive names (e.g., names that imitate other well-known existing companies) to mislead business partners, compliance officers, and others dealing with the legal structure and obfuscate its true nature and its true beneficial owners</p>
<p>Transactions Structuring</p>	<p>a series of related transactions that could have been conducted as one transaction instead of smaller transactions with the aim of avoiding scrutiny from regulators or law enforcement</p>