



CASE STUDY WORKSHOP

What would your table do in these typical scenarios?

Overview

- CASE STUDY A
- CASE STUDY B
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- CASE STUDY D



Case Study A

ABC Ltd, a licensed Company Manager has four overseas agents. ABC Ltd had overseas agents' agreements with its agents since 2005.

On 6 September 2010, ABC Ltd as the registered agent received an official request for Mutual Legal Assistance from the Financial Crimes Investigative Unit (FCIU) to produce evidence to the Magistrate's Court of Anguilla. The request involved the identification and verification of the beneficiaries of one its companies. This information was held by one the overseas agents. ABC Ltd therefore made the request to the overseas agent on the 7 September 2010. On 30 September 2010, the overseas agent provided the necessary information.



AML/CFT issues of Case Study A

- Revise Overseas Agent agreement to ensure compliance with the AML/CFT Regulations, and Code 2009.

Section 26 of the AML/CFT Code 2009

- Before relying on an intermediary or an introducer to apply CDD measures, a service provider shall satisfy itself that the intermediary or introducer is a regulated person/foreign regulated person; and assess the risk of relying on the intermediary or introducer
- Where the service provider intends to rely on the intermediary and introducer, to obtain in writing the necessary information.
- Section 13(2) of the AML/CFT Regulations states that where a service provider relies on an introducer or intermediary to apply customer due diligence measures, the service provider remains liable for any failure to apply those measures.



AML/CFT issues of Case Study A cont'd

Guidelines for Introduced Business Issued under section 48 of the FSC Act

- That intermediaries and introducers are able to provide the local licensee or registered agent with all due diligence and other information and/or documents requested by the Commission, within 72 hours of such a request. The information and documents must be made available to the Commission in Anguilla.



Case Study B

A registered Anguillian IBC opened a bank account in Anguilla with a complex structure to receive monies from e-commerce activities. Complaints were made to the FIU in relation to this company and analysis confirmed that the company was allegedly involved in a credit card scam with victims from the United States of America, the United Kingdom and Europe. The account held by the IBC saw a flow through of over US\$1.5 million within a year. Matter has been disseminated to LEA for further investigations.



AML/CFT issues of Case Study B

- Complex structure (a number of different companies concealing the underlying beneficiary).
- Higher risk (enhanced due diligence and enhanced risk measures)
 - Nature of business
 - Type of transactions (amount and frequency)
 - Source of transactions
 - On-going monitoring



Case Study C

An International Bank expanded its client base in 2009. In a regulatory examination, its AML/CFT standards were found to be unacceptable. The bank failed to “control its relationships with new customers nor did it monitor existing relationships. Shortcomings were found in nearly three quarters of the politically exposed persons and high risk customer files reviewed.” *The Telegraph 26 March 2012*



AML/CFT issues of Case Study C

- Expansion of client base
 - Focus on profitability and reduced focus on AML/CFT compliance.
- Section 10(2) of the AML/CFT Code states that a service provider shall apply a risk-sensitive approach to determine the extent and nature of the CDD measures to be applied to the customer and to any third party or beneficial owner. The CDD information should comprise of identification information and relationship information.



AML/CFT issues of Case Study C cont'd

Section 11(2) of the AML/CFT Code

Relationship information shall include –

- a. The purpose and intended nature of the business relationship;
- b. The type, volume and value of the expected activity;
- c. The source of funds and the source of wealth of the customer, third party or beneficial owner;
- d. Details of any existing relationships with the service provider;
- e. Unless the customer is resident in Anguilla, the reason for using a service provider based in Anguilla; and
- f. Such other information concerning the relationship that, on a risk-sensitive basis, the service provider considers appropriate.



AML/CFT issues of Case Study C cont'd

Section 4(5) of the AML/CFT Regulations

“Ongoing monitoring” of a business relationship means—

- a. scrutinising transactions undertaken throughout the course of the relationship, including where necessary the source of funds, to ensure that the transactions are consistent with the service provider’s knowledge of the customer and his business and risk profile; and
- b. keeping the documents, data or information obtained for the purpose of applying customer due diligence measures up-to-date and relevant by undertaking reviews of existing records.



AML/CFT issues of Case Study C cont'd

Section 5(1) of the AML/CFT Regulations

“Politically exposed person” means a person who is –

- a. an individual who is, or has been, entrusted with a prominent public function by –
 - i. a country other than Anguilla; or
 - ii. an international body or organization;
- b. an immediate family member of a person referred to in paragraph (a);
- c. a known close associate of a person referred to in paragraph (a);



AML/CFT issues of Case Study C cont'd

Section 12(1) of the AML/CFT Code

A service provider shall establish, maintain and implement appropriate risk management systems to determine whether a customer, third party or beneficial owner is a PEP and those risk management systems shall take into account that a person may become a PEP after the establishment of a business relationship.



Case Study D

An insurance manager in his review of the insurer's claims notices that one of the policy holders , “with whom it had two life-insurance contracts, was involved in Mafia activities in his/her country. The contracts were of 33 years duration. One provided for a payment of close to the equivalent of US\$1 Million in case of death. The other was a mixed insurance with value of over half this amount.” *International Association of Insurance Supervisors – Guidance Paper on Anti-Money Laundering and Combatting the Financing of Terrorism.*



AML/CFT issues of Case Study D

Guidance Notes on the Responsibilities of Insurance Manager section 4 (iv)(m).

- “Ensuring compliance with the Anti Money Laundering Regulations and submitting Suspicious Transaction Reports as and when applicable.”
- Internal audit of AML/CFT policies and procedures.
- Filing of SARs.
- Risk assessment.

