



United States Department of the Treasury
Financial Crimes Enforcement Network

FinCEN Advisory

Subject:
**Transactions
Involving
Grenada**

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Banks and other financial institutions operating in the United States are advised to give enhanced scrutiny to all financial transactions originating in or routed to or through Grenada, or involving entities organized or domiciled, or persons maintaining accounts, in Grenada. The need for such enhanced scrutiny is discussed in the remainder of this Advisory.

Grenada is a commonwealth country located in the Caribbean to the north of Trinidad and Tobago. It is 340 square kilometers, with a population of approximately 99,000. Grenada's gross domestic product was estimated at \$394 million in 2000.

Grenada's domestic financial sector is composed of five commercial banks, 15 registered domestic insurance companies, 19 registered cooperative societies, 22 credit unions and two money remitters. The offshore financial sector has 22 offshore banks, 14 licensed trust companies, two company managers, two internet gaming companies, six offshore insurance companies, and 4,000 international business companies.

The counter money laundering regime embodied in the legal, supervisory, and regulatory systems of Grenada suffer from serious systemic problems as follows:

- Absent a court order, Grenadan financial supervisors cannot compel supervised financial institutions to produce customer account information.
- Grenada's secrecy laws prevent supervisory authorities from disclosing customer account information to law enforcement authorities for money laundering investigations.
- Grenadan supervisory authorities have limited ability to share information and cooperate with foreign counterparts in money laundering investigations.
- Grenada's failure to respond in a timely fashion to U.S. law enforcement requests for information pursuant to the mutual legal assistance treaty also suggests Grenada lacks effective procedures for assisting its foreign counterparts in money laundering investigations.

These deficiencies, among others, caused Grenada to be identified in September 2001 by the Financial Action Task Force on Money Laundering (the "FATF") as non-cooperative "in the fight against money laundering." The FATF, created at the



1989 G-7 Economic Summit, is a 31 member international group that works to combat money laundering.

Grenada recently has taken some positive steps to strengthen its anti-money laundering regime. The Bank Superintendency has issued counter money laundering regulations that went into effect on May 1, 2001. The Supervisory Authority has published Anti-Money Laundering Guidelines that contain “know your customer” rules for financial institutions. On January 18, 2002, Grenada enacted the International Financial Services (Miscellaneous Amendments) Act, which is comprised of amendments to the International Companies Act, International Insurance Act, Company Management Act, Offshore Banking Act, Grenada International Financial Services Authority Act, and the Money Laundering (Prevention) Act. These amendments partially address some of the previously identified deficiencies by introducing a “fit and proper” provision for applicants for offshore bank and international insurance company licenses, requiring registration of bearer shares, and introducing new penalties for non-compliance with certain provisions of these Acts.

Nonetheless, the legal, supervisory, and regulatory systems of Grenada at present create significant opportunities and tools for the laundering and protection of the proceeds of crime, and allow criminals who make use of those systems to increase significantly their chances to evade effective investigation or punishment. The structural weaknesses in Grenadan laws increase the possibility that transactions involving banks or other entities and accounts maintained in Grenada will be used for illegal purposes.

Thus, banks and other financial institutions operating in the United States should give enhanced scrutiny to any transaction originating in or routed to or through Grenada, or involving entities organized or domiciled, or persons maintaining accounts, in Grenada. A financial institution subject to the suspicious transaction reporting rules contained within 31 C.F.R. Part 103, and in corresponding rules of the federal financial institution supervisory agencies, should carefully examine the available facts relating to any such transaction to determine if such transaction requires reporting in accordance with those rules. Institutions subject to the Bank Secrecy Act but not yet subject to specific suspicious transaction reporting rules should consider such a transaction with relation to their reporting obligations under other applicable law.

It should be emphasized that the issuance of this Advisory and the need for enhanced scrutiny does not mean that U.S. financial institutions should curtail legitimate business with Grenada.

To dispel any doubt about application of the “safe harbor” to transactions within the ambit of this Advisory, the Treasury Department will consider any report

relating to a transaction described in this Advisory to constitute a report of a suspicious transaction relevant to a possible violation of law or regulation for purposes of the prohibitions against disclosure and the protection from liability for reporting of suspicious transactions contained in 31 U.S.C. 5318(g)(2) and (g)(3).

United States officials stand ready to provide appropriate technical assistance to Grenadan officials as they work to remedy the deficiencies in Grenada's counter-money laundering systems that are the subject of this Advisory.



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