



Anti-Money Laundering Newsletter

Quarterly News Update – March 2020

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- Bermuda's measures to combat money laundering and terrorist financing
- Jamaica Stock Exchange to begin digital asset trading in June 2020
- Cayman Islands Monetary Authority (CIMA) guidance notes amendments
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Enforcement/administrative actions:

- Trinidad and Tobago's removal from the Financial Action Task Force's (FATF) 'grey list'

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- Office of Foreign Assets Control (OFAC) sanctions entities for facilitating the exportation of workers from North Korea
- The Financial Crimes Enforcement Network (FinCEN) encourages financial institutions to communicate concerns related to the coronavirus disease 2019 (COVID-19) and to remain alert to related illicit financial activity
- FATF: COVID-19 and measures to combat illicit financing

Upcoming conferences/webinars:

- The second line of defense: what it means and making it stronger
- On fighting evil: AFC vs. human trafficking and modern-day slavery
- Integrating artificial intelligence (AI), machine learning and robotics into legacy AFC systems

Regulatory updates:

Bermuda's measures to combat money laundering and terrorist financing

31 January 2020

This report provides a summary of the Anti-Money Laundering/Countering Financing of Terrorism (AML/CFT) measures in place in Bermuda as at the date of the on-site visit September 24 – October 5, 2018. It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of Bermuda's AML/CFT system and provides recommendations on how the system could be strengthened.

[Full article](#)

Jamaica Stock Exchange to begin digital asset trading in June 2020

5 February 2020

The Jamaica Stock Exchange (JSE) will commence trading of digital assets on its stock exchange from June 2020. Blockstation, a Canadian-based partner company, will be providing the platform for trading to occur, which will be hosted in Jamaica. The JSE announced its partnership with the company approximately one year ago and have conducted two trials for the trading of digital securities since then. The initiative emerged due to an upsurge in the virtual currency market and the continuing popularity of the cryptocurrency, bitcoin. Four companies have pledged the initial batch of security tokens, which operate similar to shares of a company. These are BRED, based in Ontario, WiPay from Trinidad and Tobago, VeleV Capital, an investment company from Canada, and Lotus Energy, a renewable energy-based company from Australia.

[Full article](#)

CIMA guidance notes amendments

February 2020

There were a number of amendments made to CIMA's Guidance Notes on the Prevention and Detection of Money Laundering and Terrorist Financing.

This document is intended to provide general guidance to Financial Service Providers (FSPs). FSPs should be aware of the enforcement powers of the Supervisory Authorities under the Anti-Money Laundering Regulations (2020 Revision) (AMLRs) and amendments thereto as they relate to supervisory or regulatory guidance.

Amendments were made to the following subsections:

- Guidance Notes ([Amendment](#)) February 2020
- Guidance Notes ([Amendment](#)) (No.2): Assessing Risks and Applying a Risk-based Approach, February 2020
- Guidance Notes ([Amendment](#)) (No.3): Targeted Financial Sanctions, February 2020
- Guidance Notes ([Amendment](#)) (No.4): Ongoing Monitoring, February 2020
- Guidance Notes ([Amendment](#)) (No.5): Virtual Asset Service, February 2020

[Full article](#)

Guidance on digital ID

6 March 2020

Digital payments are growing at an estimated 12.7% annually, and are forecast to reach 726 billion transactions annually by 2020. By 2022, an estimated 60% of world GDP will be digitalised. For the FATF, the growth in digital financial transactions requires a better understanding of how individuals are being identified and verified in the world of digital financial services. Digital identity (ID) technologies are evolving rapidly, giving rise to a variety of digital ID systems. This Guidance is intended to assist governments, regulated entities and other relevant stakeholders in determining how digital ID systems can be used to conduct certain elements of customer due diligence under FATF Recommendation 10.

An understanding of how digital ID systems work is essential to apply the risk-based approach recommended in this Guidance. Section II of the Guidance briefly summarises the key features of digital ID systems that are explained in detail in Appendix A.

[Full article](#)

Enforcement/administrative actions:

Trinidad and Tobago's removal from the FATF's 'grey list'

26 February 2020

The Caribbean Financial Action Task Force (CFATF) is pleased to announce and congratulate Trinidad and Tobago on their removal on February 20, 2020 from the FATF's compliance document, often externally referred to as the 'grey list' (previously called "Improving Global AML/CFT Compliance: On-going Process").

This achievement comes after Trinidad and Tobago addressed the identified strategic deficiencies from its Mutual Evaluation Report. Trinidad and Tobago will continue to be monitored by the CFATF in the Mutual Evaluation Follow-Up Process.

The CFATF Chairman, Director of the Office of National Drug and Money Laundering Control Policy of Antigua and Barbuda, also extended congratulations to Trinidad and Tobago and the Attorney General and Minister of Legal Affairs of Trinidad and Tobago, who led the country to being the first in the CFATF to be removed from the 'grey' list.

[Full article](#)

International updates:

Treasury sanctions entities for facilitating the exportation of workers from North Korea

14 January 2020

The US Department of the Treasury's OFAC announced two North Korea-related designations focusing on the Government of North Korea's continued supply of illicit labour to overseas markets. The Government of North Korea continues to use the illicit exportation of North Korean labour to generate income overseas in contravention of United Nations (UN) sanctions.

The action targets a North Korean trading corporation and a China-based North Korean lodging facility that facilitate North Korea's practice of sending labourers abroad. North Korea's continued export of North Koreans as illicit labourers is part of an ongoing attempt to undermine and evade UN Security Council Resolutions (UNSCR) 2375 and 2397; UN Member States were obligated to expel all North Korean labourers by December 22, 2019, in a manner consistent with UNSCR 2397. This action demonstrates OFAC's continued commitment to the implementation and enforcement of US and UN sanctions.

[Full article](#)

FinCEN encourages financial institutions to communicate concerns related to the COVID-19 and to remain alert to related illicit financial activity

14 March 2020

On March 13, 2020, President Trump declared a National Emergency in response to COVID-19. FinCEN requests financial institutions affected by the COVID-19 pandemic to contact FinCEN and their functional regulator as soon as practicable if a COVID-19-affected financial institution has concern about any potential delays in its ability to file required Bank Secrecy Act (BSA) reports. Financial institutions seeking to contact FinCEN should contact FinCEN's Regulatory Support Section (RSS). FinCEN's RSS will continue to be available to support financial institutions for the duration of the COVID-19 pandemic.

Financial institutions are encouraged to keep FinCEN and their functional regulators informed as their circumstances change.

FinCEN also advises financial institutions to remain alert about malicious or fraudulent transactions similar to those that occur in the wake of natural disasters. FinCEN is monitoring public reports and BSA reports of potential illicit behaviour connected to COVID-19 and notes the following emerging trends:

- Imposter Scams – Bad actors attempt to solicit donations, steal personal information, or distribute malware by impersonating government agencies (e.g., Centres for Disease Control and Prevention), international organisations (e.g. World Health Organisation (WHO)), or healthcare organisations.
- Investment Scams – The US Securities and Exchange Commission (SEC) urged investors to be wary of COVID-19-related investment scams, such as promotions that falsely claim that the products or services of publicly traded companies can prevent, detect, or cure coronavirus.
- Product Scams – The US Federal Trade Commission (FTC) and US Food and Drug Administration (FDA) have issued public statements and warning letters to companies selling unapproved or misbranded products that make false health claims pertaining to COVID-19. Additionally, FinCEN has received reports regarding fraudulent marketing of COVID-19-related supplies, such as certain facemasks.
- Insider Trading – FinCEN has received reports regarding suspected COVID-19-related insider trading.

Financial institutions are encouraged to review information from other relevant functional regulators as updates are available. FinCEN will continue to monitor this situation and will release updated information for financial institutions as appropriate.

[Full article](#)

FATF: COVID-19 and measures to combat illicit financing

1 April 2020

As the global standard-setter for combating ML and TF and proliferation, FATF encourages governments to work with financial institutions and other businesses to use the flexibility built into FATF's risk-based approach to address the challenges posed by COVID-19 whilst remaining alert to new and emerging illicit finance risks. The FATF encourages the fullest use of responsible digital customer onboarding and delivery of digital financial services in light of social distancing measures. With people around the world facing confinement or strict social distancing measures, in-person banking and access to other financial services is difficult, and unnecessarily exposes people to the risk of infection. Use of digital/contactless payments and digital onboarding reduce the risk of spreading the virus. As such, the use of financial technology (Fintech) provides significant opportunities to manage some of the issues presented by COVID-19. In line with the FATF Standards, the FATF encourages the use of technology, including Fintech, Regtech and Suptech to the fullest extent possible.

Criminals are taking advantage of the COVID-19 pandemic to carry out financial fraud and exploitation scams, including advertising and trafficking in counterfeit medicines, offering fraudulent investment opportunities, and engaging in phishing schemes that prey on virus-related fears. Malicious or fraudulent cybercrimes, fundraising for fake charities, and various medical scams targeting innocent victims are likely to increase, with criminals attempting to profit from the pandemic by exploiting people in urgent need of care and the goodwill of the general public and spreading misinformation about COVID-19. National authorities and international bodies are alerting citizens and businesses of these scams, which include impostor, investment and product scams, as well as insider trading in relation to COVID-19. Like criminals, terrorists may also exploit these opportunities to raise funds.

Regulators, supervisors, financial intelligence units, law enforcement authorities and other relevant agencies can provide support, guidance and assistance for the private sector on how national AML/CFT laws and regulations will be applied during the current crisis. Such guidance can give financial institutions and other businesses reassurance that the authorities share their understanding of challenges and risks involved in the current situation, and of the appropriate actions to take.

[Full article](#)

Upcoming conferences/webinars

The second line of defense: what it means and making it stronger

29 April 2020 – 12pm-2pm ET

The first defensive line of AFC involves formalised policies and procedures. The third line is an independent audit to make sure systems are functioning. The linchpin connecting them is the second line of defense, which entails a designated (and independent) BSA/AFC officer with a direct line of communication to senior management; formalised ongoing training of both compliance personnel and front-line staff; and adequate human and information technology (IT) resources. In a world of cybercrime, complex sanctions and sophisticated fraud schemes, fortifying the second line is of crucial importance. This webinar and its expert panelists will show you how.

Learning Objectives:

- Conducting an institutional risk assessment to identify AFC systemic needs such as human capital requirements and technological support
- Attaining senior management buy-in to obtain appropriate resources and establish second line functions as a key component of a culture of compliance
- Working with business lines and internal audit to formalise continuous assurance protocols such as periodic reviews to assess second line of defense efficacy

[More details](#)

On fighting evil: AFC vs. human trafficking and modern-day slavery

20 May 2020 – 12pm-2pm ET

Migrant smuggling, forced labour and captive sex workers: All are examples of the horrific financial crime of human trafficking. The International Labour Organisation estimates human trafficking generates \$150 billion annually worldwide — money that must be laundered. That puts AFC specialists at the forefront of fighting these crimes, along with ACAMS, for whom battling human trafficking is a core corporate mission. The panelists detail common financial typologies of traffickers, and analyse tools for combating them, including data-driven monitoring and partnering with law enforcement and NGOs.

Learning Objectives

- Examining current human trafficking trends to enhance monitoring systems and data analytics to strengthen red flag detection and resolution
- Reviewing relevant NGOs such as Stand Against Human Trafficking and Project Protect to enrich institutional knowledge and facilitate staff awareness training
- Collaborating with peer groups and law enforcement to stay current on human trafficking trends, assess institutional risks and adjust oversight as warranted

[More details](#)

Integrating AI, machine learning and robotics into legacy AFC systems

03 June 2020 – 12pm-2pm ET

AI, machine learning and robotic process automation (RPA) are playing ever-larger roles in AFC programmes, but it is up to knowledgeable compliance professionals to optimise the benefits of tech innovations in areas such as reducing false positives and detecting financial crime networks. This timely webinar provides cutting-edge insights on strategically merging tech-based oversight into legacy AFC systems to heighten operating efficiencies, augment human capital and bolster risk management.

Learning Objectives

- Assembling internal stakeholders including business lines and IT staff to identify data needs most conducive to AI, machine learning and RPA applications

- Creating formal integration plans to ensure compatibility of tech- and rules-based oversight systems and pre-empt data quality issues such as algorithmic bias
- Conducting a post-integration review to confirm data integrity, adherence to risk institutional risk tolerance standards and adjust IT architecture as needed

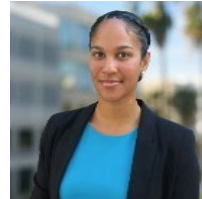
[More details](#)

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For any feedback/suggestions or if you need help with managing your AML risks, please reach out to us.



This is a quarterly newsletter capturing key regulatory AML updates and enforcement actions. This edition covers updates for the months January – March 2020. Any updates beyond this time will be captured in the next edition.

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