



CAYMAN ISLANDS
GOVERNMENT

Ministry of Finance Financial Services Secretariat

Remarks by the Attorney General, the Honourable Samuel Bulgin at the Global Compliance Solutions Annual Conference on 15 October 2010 at the Grand Cayman Marriott Beach Resort

Check Against Delivery

Many thanks for that kind introduction.

I would like to extend my sincere thanks to the organizers of this event for inviting me to be here with you this morning.

The Global Compliance Solutions Annual Conference has certainly distinguished itself as an important gathering among practitioners and other professionals to discuss several key developments in the prevention of financial crime.

These meetings are vital to information and intelligence-sharing among the compliance community, which in turn help create a stronger network of professionals all focused on doing our collective part to fight global financial crime.

I know that you received an update on some of the Cayman Islands Government's initiatives in the AML/CFT area yesterday by Mr Langston Sibblies, Deputy Managing Director and General Counsel to the Cayman Islands Monetary Authority specifically tied to international cooperation regimes in AML/CFT, regulation and tax information.

I would like to build on Mr Sibblies remarks and take some time this morning to tell you about how the Cayman Islands Government as a whole is continually reinforcing our commitment to fighting financial crime and what the compliance community should know about our efforts in this important area of Cayman's financial services sector.



Many of you in this audience are aware of the ‘network’ approach the Cayman Islands maintains in upholding our commitment to fighting financial crime. Similar to many developed countries around the world, the Cayman Islands’ AML/CFT enforcement regime operates through a partnership of institutions and authorities, including the Cayman Islands Monetary Authority, the Financial Reporting Authority (a member of the Egmont Group), the Financial Crime Unit of the Royal Cayman Islands Police, the MLAT Central Authority, Customs and the Attorney General’s Chambers.

This network has been built brick by brick over time to not only ensure compliance with international standards, but also for effective enforcement given the size and stature of Cayman’s financial services sector.

These institutions and authorities are guided by the Anti-Money Laundering Steering Group, which is a statutory body charged with policy and implementation oversight in relation to the AML/CFT regime of which I am Chair.

The Financial Services Secretariat – a newly-formed specialist unit within the Ministry of Finance consisting of experts in policy, legislation and communications – also supports cooperation and information-sharing among Government institutions and authorities with AML/CFT responsibilities, as well as the AMLSG.

The Cayman Islands Government recognises the compliance industry’s vital role in supporting our jurisdiction’s AML/CFT regimes through the application of statutory requirements for fitness and probity to a full range of financial services sector participants covered by the regulatory regime.

This includes adherence to the Money Laundering Regulations under the Proceeds of Crime Law which impose comprehensive statutory AML/CFT obligations on relevant financial business in relation to customer due diligence measures, recordkeeping, systems of internal control and suspicious activity reporting; and training.

This coverage is broad and is a unique feature of the Cayman Islands approach as it encompasses sectors not commonly regulated in many jurisdictions, such as trust service providers, fund administration, company service providers and money transmitters.

It is this comprehensive approach that exists in the Cayman Islands which has been a contributing factor to our financial services sector’s ability to continue to evolve with the changing global markets, as it is decidedly our experience that the presence – rather than the absence – of a strong legal and regulatory framework is a key driver of commercial success.

And in a number of respects, the anti-money laundering regime in the Cayman Islands has outpaced international standards, for example, in the breadth of activity coverage; in the undertaking of retrospective due diligence on all clients existing prior to the implementation in 2000 of upgraded AML legislation; the breadth of the statutory obligation to report suspicious activity under the AML legislation; and the immobilization of bearer shares.



The effectiveness of our regimes has also contributed to significant international cooperation efforts between the Cayman Islands and many countries around the world.

Looking at the U.S. specifically, since the Mutual Legal Assistance Treaty came into effect in 1990, our two governments have cooperated in some 243 requests for assistance under the Treaty, resulting in successful law enforcement actions.

Domestically since 2003, there have been five successful prosecutions for money laundering in the Cayman Islands, the last being in December 2006. The predicate offences underlying these charges ranged from advance fee fraud, theft, frauds and conspiracy to defraud. Prison sentences ranged from 12 months to 5 years and fines levied ranged from \$6,000 to \$1 million. Forfeiture amounts have ranged from CI\$143,000 to US\$500,000 against two of the defendants.

These types of results are achieved through continuous investment and reinforcement in the legal and regulatory frameworks which seek to deter and ultimately prevent financial crime.

In fact, with the most recent consolidation and strengthening of financial crime legislation into the far-reaching Proceeds of Crime Law, as well as the introduction of the Anti-Corruption Law, Cayman's AML/CFT regime is one of the most rigorous in the world.

The Anti-Corruption Law in particular, as the newest piece of legislation which took effect on 1 January of this year, deals with prevention of corruption, criminalization of bribery and international cooperation.

The ACL also forms the basis on which the UN Convention on Corruption can be extended by the UK, recognising that many provisions of the UNCC were present in Cayman's regime for several years. The ACL also effectively ensures that the Cayman Islands are fully implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

The Cayman Islands AML/CFT commitment also extends to involvement in promulgating international standards.

Many of you are aware that the Cayman Islands is a founding member of the Caribbean Financial Action Task Force, established in 1990, and has undergone three peer review evaluations by that body in 1995, 2002 and 2007 in addition to external evaluations by KPMG in 2000, the Financial Action Task Force in 2001 and the International Monetary Fund in 2003 and 2009.

Each of these assessments has validated the strength and stability of the Cayman Islands AML/CFT regimes and we are working towards preparations for a fourth-round CFTAF evaluation expected in 2012. These evaluations also provide a useful third-party 'health-check,' as constant vigilance and regular review of enforcement measures is required to combat the increasing complexity of financial crime.



In that regard, the Cayman Islands Government is very much looking forward to hosting the 32nd Annual CFATF Plenary from 2-4 November 2010 which will also mark the commencement of the Cayman Islands Chairmanship of the CFATF, hence increasing the jurisdiction's presence in global anti-money laundering and combating of terrorist financing standard-setting affairs.

As incoming Chair, the Cayman Islands is tasked with carrying forward the work programme for the organisation over the next year and ensuring that members adhere to strict anti-money laundering standards. We look forward to this opportunity to enhance already solid relationships with CFATF and FATF members.

Without question, the Cayman Islands Government will be continuing to make the necessary investments and improvements to our AML/CFT regimes for the future. This is particularly important as international standards are under the microscope in the context of 'lessons learned' from the global financial crisis.

As a jurisdiction, we believe that the strength and stability of the Cayman Islands through a period of significant upheaval in the financial markets, coupled with the best-in-class regimes we have built and which have been tested both by standard setters and in practice place, make us uniquely qualified to take an active role in helping shape future standards.

This is a position we fully expect to leverage in the coming years and we look forward to providing the compliance community with continued updates on our progress in this regard and greatly appreciate your continued support.

Best wishes for a productive and successful conference.

Thank you.