

# 2014 ONDCP ANNUAL REPORT



motto  
TAKING THE PROFIT  
OUT OF CRIME

## VISION

To become the Caribbean's lead law enforcement agency combating illegal drug trafficking, money laundering and terrorism financing

## MISSION

To eradicate transnational drug trafficking, money laundering and the financing of terrorism

## GUIDING VALUES

Loyalty  
Accountability  
Professionalism  
Integrity  
Objectivity



St. John's Anglican Cathedral





## GOVERNMENT OF ANTIGUA AND BARBUDA

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7th January 2015

Hon. Gaston Browne  
Prime Minister  
Office of the Prime Minister  
Queen Elizabeth Highway  
St. John's

Dear Prime Minister

### ONDCP ANNUAL REPORT 2014

I am pleased to submit the 2014 Annual Report which gives an account of the activities of the Office of National Drug and Money Laundering Control Policy (ONDCP) in execution of its functions throughout the reporting period. This report is submitted in accordance with Section 4 (3) of the ONDCP Act 2003. It highlights the collective efforts of the officers and members of the agency against drug trafficking, money laundering and organized crime.

Yours truly,

Edward Croft, CMG, OBE, CAMS  
Lt Col  
Director

## DIRECTOR'S MESSAGE

It is my distinct pleasure to report on the outcome of the efforts of the ONDCP for the year 2014.

In the fight against transnational drug trafficking, money laundering and the financing of terrorism, the Office of National Drug and Money Laundering Control Policy (ONDCP) has worked diligently throughout 2014 in taking the profit out of crime and I now present the results of the execution of its functions. It is stated, *"The price of success is hard work, dedication to the job at hand, and the determination that whether we win or lose, we have applied the best of ourselves to the task at hand."* Vince Lombardi. It is important to note that this year's report builds on the successes of previous ones.

The requirement to safeguard and protect the financial system and the economy of Antigua and Barbuda creates the need for an adequate system for the supervision of Anti-Money Laundering / Combating the Financing of Terrorism (AML/CFT) systems employing highly trained individuals with appropriate technical skills. These skills contribute to the expertise necessary to enable the identification and detection of threats created by the insertion into the financial system of funds of criminal origin or intended for terrorist activity. It is incumbent on us to mitigate these threats effectively, and to do so depends on the deployment of AML/CFT systems implemented to the required international standards by all relevant sectors of the business community: financial institutions, non-bank financial institutions, non-financial businesses and professions, and nonprofit organisations.

The Supervisory Authority through the Financial Compliance Unit (FCU) made significant strides to improve the supervision of financial institutions by carrying out AML/CFT examinations of forty-three (43) financial institutions. The number of examinations represents an increase of 110% over the previous year and the largest number of AML/CFT examinations conducted within a year to date. During the 2014 reporting period, there were three hundred and five (305) submissions of Terrorist Property Reports (TPRs) which indicates a 17% increase over 2013. Local commercial, development and international banks recorded full compliance in submitting TPRs.

The Financial Intelligence Unit (FIU) which serves as Antigua and Barbuda's central point of contact for financial intelligence formally trained seventy-five (75) institutions in 2014, training over five hundred (500) persons. The Unit dispatched nine (9) requests using the Egmont secure network and processed twenty-six (26) ministerial orders giving effect to the UN Security Council Terrorist Watch List. Over the reporting period, the Unit received two hundred and fifty three (253) Suspicious Activity Reports



(SARs) from reporting entities, a 19% increase from the previous year. Of this number, 33% are still being analyzed, 31% have resulted in inclusive determinations and thus have been filed for intelligence purposes, 24% are pending information requests from reporting institutions and domestic agencies and 4% continue to be monitored. Of the SARs received in 2014, sixteen (16) were disseminated to law enforcement. The FIU received seventy-seven (77) Significant Payment Reports which totaled in excess of USD\$3.9 million for 2014.

The Financial Investigations Department (FID) continues to identify the proceeds of crime by following the "paper trail", that is, the movement of monies and assets to ascertain their origin, destination, receiver and ultimately, location where hidden. In 2014 the FID has seen an improvement in its operational capabilities. The department seized cash amounts of USD\$ 221,558.00, XCD \$ 4,154.00, GBP £60.00, EURO €195.00 and CAD \$ 45.00. Additionally, the agency successfully forfeited cash amounts of USD \$10,042.00, XCD \$2,361.00 along with a motor vessel and GBP £35,200.00 through the sale of a confiscated property. Within the past 5 years (2009 to 2014), the department has investigated ninety-one (91) matters, fifty-four (54) of which are still active today while thirty-seven (37) have been disposed of.

During 2014, the Counter Narcotics Team seized 2,492.15lbs of Cannabis, 561.70 kilos of Cocaine, 1.2 grams of Crack Cocaine and 28 Oxycodone Hydrochloride Pills which have



an estimated wholesale value of XCD \$ 29,378,036.14. The operations resulted in the arrest and charging of twenty-six (26) persons. The counter narcotic effort spearheaded by the ONDCP for the past 11 years (2003 to 2014), have prevented over 36,000 lbs of Cannabis and over 1770.00 kilos (1.8 tons) or (3903.46 lbs.) of Cocaine from adversely impacting the citizens and residents of Antigua and Barbuda.

During the period under review, a 12 week training programme facilitated the orientation and training of new officers to the ONDCP's culture of law enforcement professionalism and has somewhat assisted with improving the outstanding human resources requirements of the agency. The agency continues to experience financial constraints since the budgetary allocation remains insufficient to allow for procurement of the necessary resources to improve and maintain operational effectiveness. A number of staff participated in various training courses and workshops nationally, regionally and internationally that allowed for the relevant additional skills and knowledge to be acquired.

In 2015 the agency will be the lead organization in partnership and consultation with stakeholders that include government agencies and departments, regulators and financial institutions in undertaking a National Risk Assessment (NRA) of the country's vulnerabilities to money laundering and terrorist financing. This is a most important undertaking as it relates to the country's preparation for undergoing an AML/CFT Mutual Evaluation in 2016. The World Bank is providing technical assistance in conducting the NRA.

Other critical resources needed are forensic accounting software and a Forensic Accountant / Analyst to assist with analyzing the complexities of financial investigations and linking the proceeds of crime to its origin and to its beneficial owners.

The ONDCP is built on four functional pillars: Financial Intelligence; Financial Compliance under the Supervisory Authority; Counter Narcotics Operations and Financial Investigations. The ONDCP is also responsible for formulating the National Anti-Drug Strategy. These pillars

are firmly supported by the Administration and Information Technology departments, and grounded in the law with counsel of the Legal Department.

As new trends and typologies develop in drug trafficking and money laundering, the ONDCP is kept busy maintaining itself at the cutting edge of law enforcement technology so to enable it to continue effectively to investigate, eradicate and prosecute these threats to national security.

In 2015 the ONDCP will continue to work towards improving its operational efficiency and effectiveness in all areas of its duties and responsibilities. It is hoped that the Agency will receive the necessary resources human, technical and equipment which will allow for an improved environment for continued operational successes. Attention will also be paid to the need for legislative changes which can bring about improvements to the operational functions of the Agency. It is desirable that certain relevant welfare issues should also be addressed to improve the safety, security and peace of mind of the men and women of the agency. Every effort will be made to continue to strive to be one

of Antigua and Barbuda's lead law enforcement agencies.

I wish to recognize the contribution of the distinguished men and women who have gone above and beyond the call of duty to demonstrate a commitment and loyalty usually only found in very exceptional units. It was Paul J Myer who said, *"Productivity is never an accident. It is always the result of a commitment to excellence, intelligent planning, and focused effort."* Highest consideration should be given for the efforts and results of the men and women of the ONDCP. I wish that the New Year is filled with peace, safety, improved efficiency and effectiveness, good health, love and respect. It is my fervent hope that all efforts will result in an improvement to national security and an enhancement in the capacity, to safeguard and protect the financial system and the economy of Antigua and Barbuda.



Gracebay Moravian Church est. 1797



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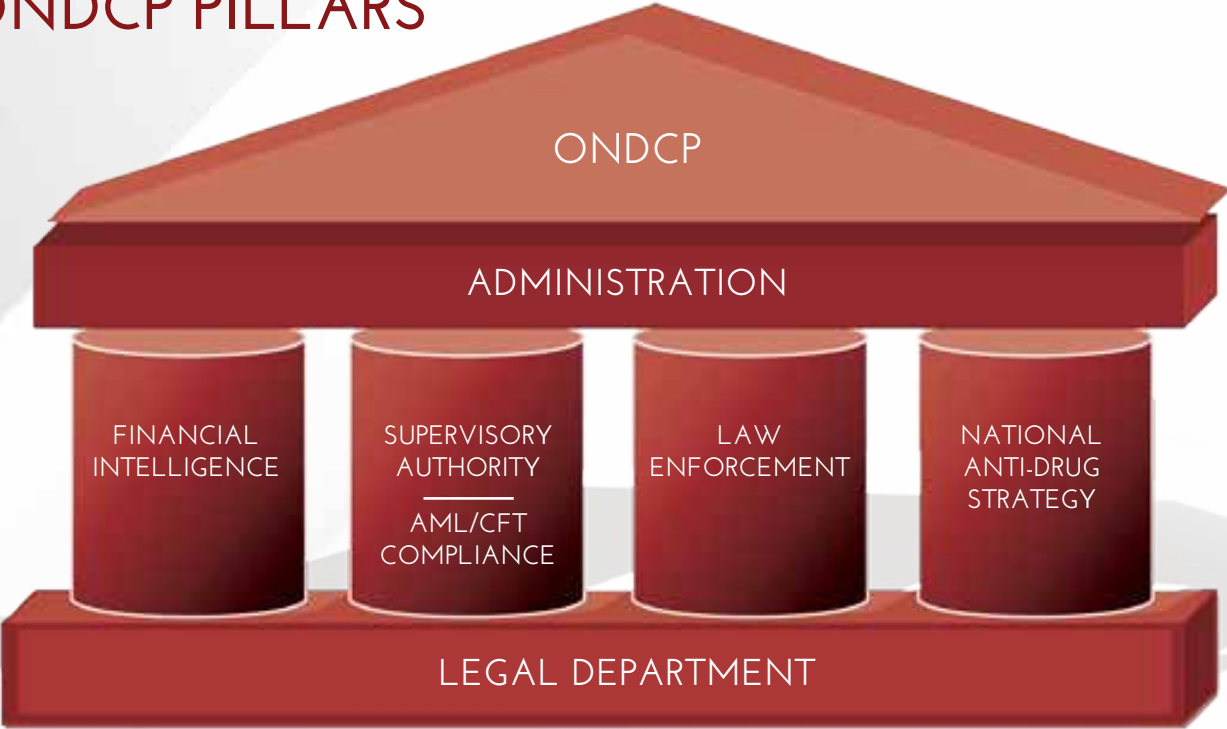
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# ACRONYMS AND ABBREVIATIONS

<b>AML</b>	Anti-Money Laundering	<b>FSRC</b>	Financial Services Regulatory Commission
<b>CCARP</b>	Caribbean Criminal Asset Recovery Programme	<b>ICE</b>	United States Immigration and Customs Enforcement
<b>CFATF</b>	Caribbean Financial Action Task Force	<b>IGIWR</b>	Interactive Gaming and Interactive Wagering Regulations 2007
<b>CFT</b>	Counter Financing of Terrorism	<b>IRS</b>	United States Inland Revenue Services
<b>CICTE</b>	Organization of American States/Inter-American Committee against Terrorism	<b>IT</b>	Information Technology
<b>CICAD</b>	Multidimensional Security/Inter-American Drug Abuse Control Commission	<b>LEOs</b>	Law Enforcement Offices
<b>CRO</b>	Criminal Records Office	<b>MOU</b>	Memorandum of Understanding
<b>DEA</b>	United States Drug Enforcement Administration	<b>MSB</b>	Money Services Business
<b>DIU</b>	Drug Intelligence Unit	<b>NAS</b>	Network Attached Storage Appliance
<b>DNFBP</b>	Designated Non-Financial Business Professionals	<b>NRA</b>	National Risk Assessment
<b>ECCB</b>	Eastern Caribbean Central Bank	<b>ONDCP</b>	Office of National Drug and Money Laundering Control Policy
<b>FATF</b>	Financial Action Task Force	<b>REDTRAC</b>	Caribbean Regional Drug Law Enforcement Training Centre
<b>FBI</b>	United States Federal Bureau of Investigations	<b>RMS</b>	Report Management System
<b>FCU</b>	Financial Compliance Unit	<b>RPFAB</b>	Royal Police Force Antigua and Barbuda
<b>FID</b>	Financial Investigations Department	<b>SAR</b>	Suspicious Activity Report
<b>FIU</b>	Financial Intelligence Unit	<b>TAST</b>	Tactical & Surveillance Team
		<b>TPR</b>	Terrorist Property Report

# ONDCP PILLARS



# ADMINISTRATION

## Overview

The Administration Department of the ONDCP works seamlessly with all other departments and units to provide the logistics and materials/equipment required for them to effectively and efficiently carry out their functions.

In celebration of the organisation's 17th Anniversary and to encourage camaraderie a week of activities was held during the period 3rd to 7th February, 2014. These activities included a service of thanksgiving, an educational session, a sports day, a debating competition and a culinary competition. The week culminated with a Staff Appreciation Luncheon where personnel were recognized for their hard work and dedication and more so for their adherence to the core values of the organization.

## Training and Development

In 2014, Officers were engaged in various training and workshop ventures nationally, regionally and internationally that allowed for additional skills and knowledge to be acquired. These included:

- Airport Interdiction
- The Caribbean Financial Action Task Force (CFATF) Assessors Training
- Strategic Analysis for Financial Units
- Intelligence Gathering & Analysis
- Targeting Analyst

- Introduction to and Techniques of Financial Investigations
- The 20th Annual Caribbean Regional Drug Commanders Training Conference
- Law Enforcement Leadership Development Programme
- Inter-Regional Seminar on enhancing asset disclosures in small island jurisdictions
- Recovering the Proceeds of Crime from Wildlife and Timber Workshop
- The Caribbean & Americas Gaming Regulation Forum
- Regional Counterdrug Operational Intelligence Analysis Seminar
- Regional Workshop on Cyber Security (Inter American Development Bank/OAS)
- The Assessor Training for the Establishment of the General Counterdrug Intelligence Training School (RCITS)
- Seminar for Judges & Prosecutors in Money Laundering Control
- The Functions and Operations of the Gaming Industry
- The Training Seminar for Standardized Data Collection System for Drug Control and Alcohol Treatment Agencies in the Caribbean



Training received by ONDCP officers on the functions and operations of the Gaming Industry.



Finance and Budget

The agency continues to experience financial constraints as it pertains to availability of funds to allow for procurement of vehicles, equipment and human resources. Special warrants had to be prepared and submitted to supplement costs/expenses incurred throughout the year.

Transport and Equipment Requirements

Due to the nature of the operations undertaken by the organization, the assigned vehicles, protective uniforms and other operational equipment have depreciated and require replacement and in some instances an upgrade in order for the officers to efficiently and effectively carry out their respective functions.

In addition the acquisition of office equipment inclusive of computers (hardware and software) would further improve the administrative capacity and contribute towards improved deliverables of the agency

Information Technology

The Information Technology (IT) Department is tasked with administering and maintaining all hardware and software computer components, including servers, clients, printers, and all elements of the organization’s network infrastructure. The Department liaises with third parties concerning the servicing of systems and/or equipment

outsourced to them. It is the department’s duty to ensure that these systems operate as best as possible to aid each member of staff in fulfilling their roles and objectives.

The department aspires to have a fully functioning cyber forensic arm to facilitate the handling of digital evidence from both mobile and traditional computer devices. Such capabilities would be advantageous for purpose of intelligence gathering and prosecution. This is achieved by ensuring IT staff are trained and receive qualifications of international standards from international bodies such as CompTIA and EnCase. These qualifications would assist the department in becoming fully independent, eliminating the need to outsource specific services and functions.

Outlook

Action has been taken towards ensuring that the necessary Regulations to address Pay and Allowances, Discipline, and Pension and Gratuity will be finalized in the near future to the benefit of the men and women of the Organization. Construction work to expand the physical facilities of the ONDCP Headquarters has increased the office space available in line with the expected increase in staff consistent with the human resource requirements as the organization continues to attract qualified men and women to join the fight against drug trafficking, money laundering and the financing of terrorism.

FINANCIAL INTELLIGENCE

Overview

The ONDCP’s Financial Intelligence Unit (FIU) operates within the legal framework established in the ONDCP Act 2003 and the Money Laundering (Prevention) Act (MLPA). The unit serves as Antigua and Barbuda’s central point of contact for financial intelligence in accordance with international FATF standards requiring countries to establish national centres to receive information pertaining to money laundering, its predicate offences and terrorism financing. The unit performs its primary functions of receiving, analyzing and disseminating information relating to disclosures of suspicious activities made by financial institutions and designated non-financial businesses and professions.

In fulfilling the requirements outlined in the 2012 FATF Recommendations which emphasized the “analysis” of information received, the FIU had a critical task. The Unit continued to fulfill its functions despite technological constraints, inadequate staffing and an entirely new complement of analysts. The Unit maintained contact with reporting entities and provided guidance and feedback on Suspicious Activity Reports (SARs) to ensure that quality information is submitted by institutions which substantially assists the analysis process.

In order to carry out its other core function with is AML/CFT training, the FIU also focused on outreach to sectors which maintain little or no contact with the Unit to raise awareness of their legal and regulatory obligations. The sessions served to sensitize the various institutions of sector specific AML/CFT vulnerabilities and to highlight

common suspicious activity indicators or red flags within the respective sectors.

Training and Financial Sector Outreach

There are currently twenty-six (26) categories of financial institutions being supervised by the Supervisory Authority. Participants within the supervised sectors total in excess of two hundred (200) institutions and the FIU, though small, has continued to engage reporting entities so that they comply with their regulatory obligations. In order to deal with the number of supervised institutions, in addition to training individual financial institutions, other seminars were conducted which encompassed entire financial sectors as a group so that increased coverage of institutions could be achieved. This allowed the Unit to formally engage seventy-five (75) institutions, a significant increase over the thirteen (13) institutions trained in 2013. The sessions ultimately served to facilitate communication and information exchanges among entities within the sectors and provided feedback to the unit on regulatory and operational issues from a broader, collective standpoint.

Acknowledging that our success largely depends on the ability of supervised institutions to effectively identify and report transactions, the Unit delivered targeted training sessions focusing on various areas including recognizing suspicious transactions, suspicious activity reporting, financial crimes and source of funds declarations. The Unit also took into account deficiencies noted in the FCU’s examinations of institutions and as a result highlighted training on areas including customer due diligence, internal reporting procedures and record keeping.



Director Edward Croft making a presentation on forfeiture and confiscation processes in Antigua and Barbuda to the Group of OAS Experts for the Control of Money Laundering. (Montevideo, Uruguay in Sep 25-26).

Training Statistics for the period 2013-2014

Year		2013		2014	
Financial Institutions	No. in Sector	No. Trained	No. Persons	No. Trained	No. Persons
Commercial Banks	8	4	304	2	200
Development Banks	1	0	0	1	33
Credit Institutions	1	0	0	1	2
Money Transmission Services	9	1	10	3	26
Real Property Businesses	35	0	0	24	34
Domestic Insurance	17	4	107	2	35
Dealers in Precious Metal /Art / Jewelry	17	0	0	10	85
Car Dealerships	7	0	0	7	25
Corporate Management and Trust Service Providers	22	1	4	17	55
Compliance Association	1	0	0	8	11
TOTAL	98	10	425	75	506



For the reporting year 2014 the FIU conducted fourteen (14) sessions which provided support to reporting entities, regulators, and industry associations. In addition, the Department issued advisories to financial institutions in relation to countries listed in the FATF’s and CFATF’s Public Statements concerning jurisdictions designated as high-risk and non co-operative. The Unit also issued an advisory on the increased incidents of email fraud/account hacking activity observed in the country and provided recommendations to reporting entities and the general public on how to avoid falling victim to this type of scheme.

Egmont Requests

The Unit continued to capitalize on its membership in the Egmont Group to share information with participating Financial Intelligence Units to add value to its analyses. Over the reporting period, the Unit received four (4) information requests from participating FIUs and dispatched nine (9) requests. Responses received from four (4) of those inquiries provided critical information on financial transactions and criminal investigations conducted in other jurisdictions which helped to form the basis of intelligence reports disseminated to law enforcement for investigation.

Terrorist Property Reports

In accordance with Section 34(3) of the Prevention of Terrorism Act, 2005, a financial institution is required to indicate whether or not it is in control or in possession of terrorist property. During the 2014 reporting period, the FIU received three hundred and seven (307) submissions of Terrorist Property Reports (TPRs) which all indicated that there were no terrorist assets held or terrorist transactions conducted by any of the reporting institutions. The FIU continues to disseminate updates to the list of specified terrorist entities issued by the United Nations Security Council to all relevant institutions.

UN Security Council Watch List

The United Nations Security Council publishes the names of terrorists, terrorist groups and financiers of terrorism, referred to as specified entities.

UN member States are required to use legally enforceable means to disseminate these declarations to financial institutions within two (2) days of the U.N. declarations being made. In 2014 the FIU maintained the lead role and co-ordinated with the Attorney General’s Office and the Ministry of Foreign Affairs in processing UN Security Council declarations listing and de-listing specified terrorist entities on its published watch list. The Unit processed twenty-six (26) Orders for the reporting period which were disseminated in an average time of 4.5 days. Thirteen (13) of the Orders were dispatched within an average time of 1.6 days while the remaining half had an average turnaround time of 7.3 days.

UN Security Council Watch List Disseminations Statistics- 2014

Amount of Disseminations	26
International Standards for Dissemination	2 days of the U.N. Resolutions being made
International Standards for Dissemination	13 Orders - 1.6 days 13 Orders - 7.3 days

Suspicious Activity Reports

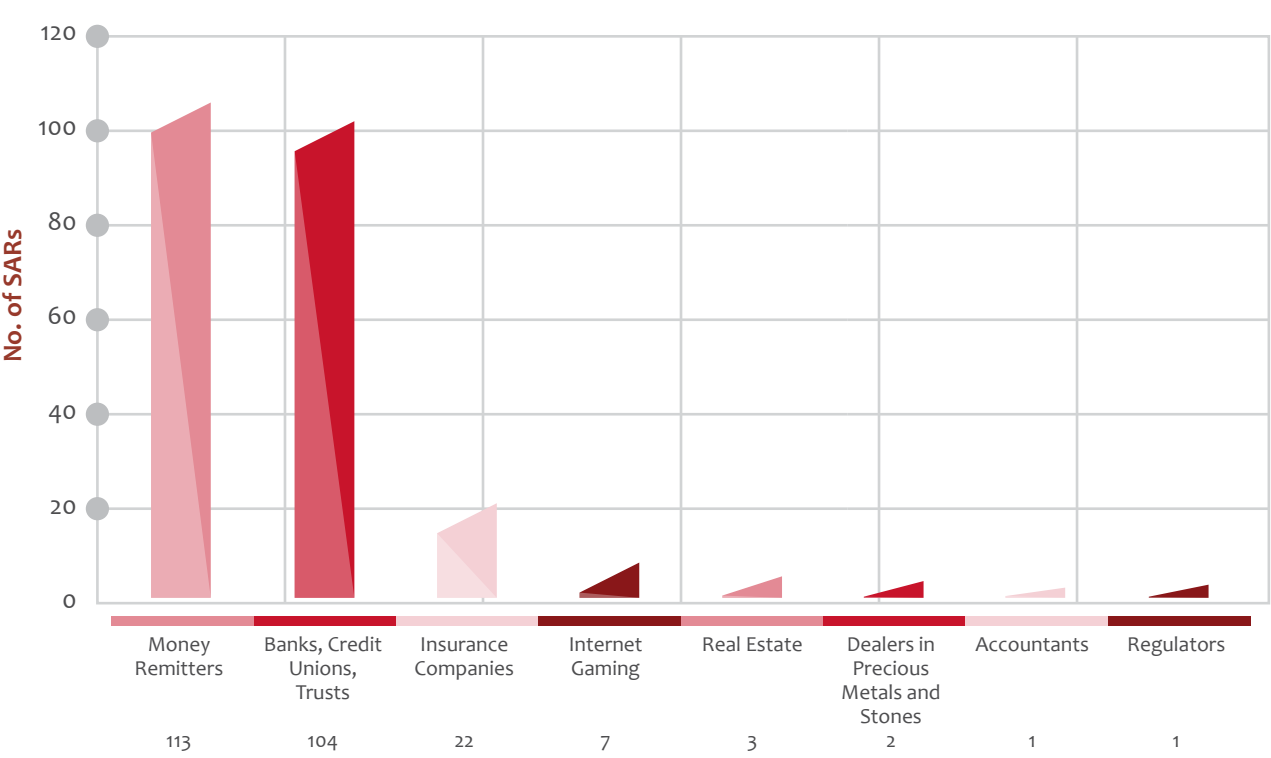
As mandated by Section 13 of the Money Laundering (Prevention) Act, financial institutions are required to pay special attention to complex, unusual or large business transactions, unusual patterns of transactions, and insignificant but periodic transactions which have no apparent economic or lawful purpose. Consequently, upon reasonable suspicion that a transaction or activity could constitute or be related to money laundering, the institution is required to promptly report the suspicious transaction or activity to the Supervisory Authority.

For the year 2014 the FIU received two hundred and fifty-three (253) SARs from reporting entities, a 19% increase over the two hundred and thirteen (213) reports submitted in 2013. There was a general increase in SARs across other sectors which is largely considered to be the result of outreach work and awareness raising activities conducted by the unit particularly in identifying and reporting suspicious transactions. However, we also note that the unit continues to receive a significant amount of defensive SAR filings which fuel our concern that financial institutions may be increasingly filing reports to avoid regulatory and criminal scrutiny.

Money Services Business (MSB), were given targeted training on suspicious activity indicators. MSBs showed a 31% increase in their submissions from eighty- six (86) in 2013 to one hundred and thirteen (113) in 2014, which is attributed to the FIU’s increased interaction with these businesses and their stricter adherence to customer due diligence procedures and internal controls.

The banking sector is recognized as the gateway for the highest value of illicit funds that enter the financial system. The sector realized a 50% increase in SAR submissions from 2013-2014. This was largely represented by an increase in reports from international banks which received formal training from the FIU in 2013 and maintained consistent interactions with the Unit during 2014. The Unit noted significant smurfing activity among MSB transactions where networks of senders and recipients were being used to transfer funds in what is considered to be an attempt to conceal the true ownership of the funds. Several matters of this nature have been referred to law enforcement and are currently under investigation.

Suspicious activity reports by sector



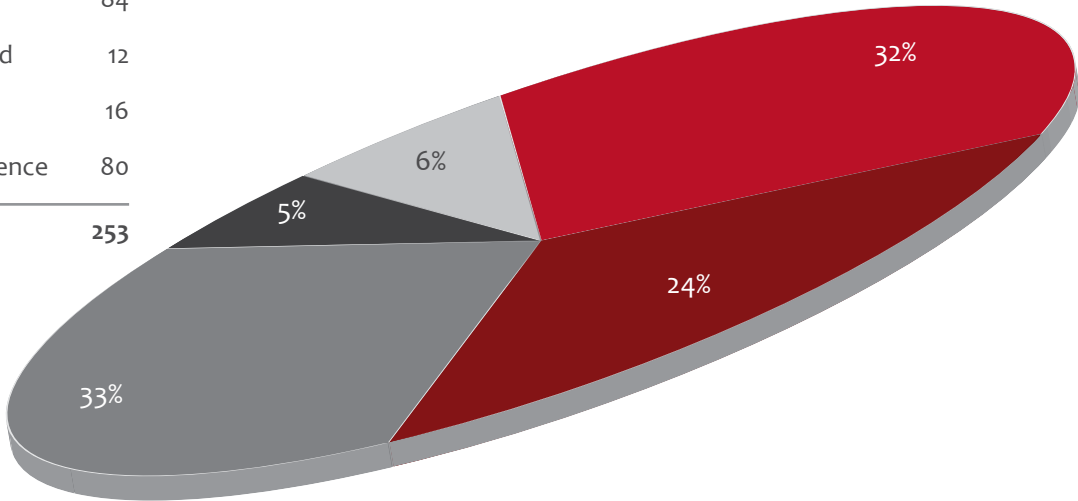
SARS and Action Taken

Of the two hundred and fifty-three (253) SARs received in 2014, 33% of the reports filed are still being analyzed to determine if the subjects and activities present any links to criminal elements. After analysis, 32% of the reports have resulted in inconclusive determinations and thus have been filed for intelligence purposes. Guidance and feedback has been provided to institutions that filed inadequately prepared SARs in order to bring about more effective SAR

reporting. 24% of the submission are pending information requests from reporting institutions and domestic agencies. The FIU strives to improve co-ordination with these entities to facilitate shorter turnaround time for information exchanges. 4% of the SARs continue to be monitored by the FIU so that any additional activity by subjects involved may be promptly flagged and the matter re-evaluated.

SARS and action taken

SARs Pending Info Request	61
SARs Under Analysis	84
SARs Being Monitored	12
SARs Disseminated	16
SARs filed for Intelligence	80
<b>SARS RECEIVED</b>	<b>253</b>





Disseminations

Of the two hundred and fifty-three (253) SARs received in 2014 sixteen (16) were disseminated to law enforcement. An additional twenty (20) disseminations from SARs received in previous periods resulted in a total of thirty-six (36) SARs being disseminated to law enforcement, a five-fold increase over the output in 2013. The table below represents a breakdown of the reports disseminated by type of suspicious activity.

SARs disseminated by type of suspicious activity

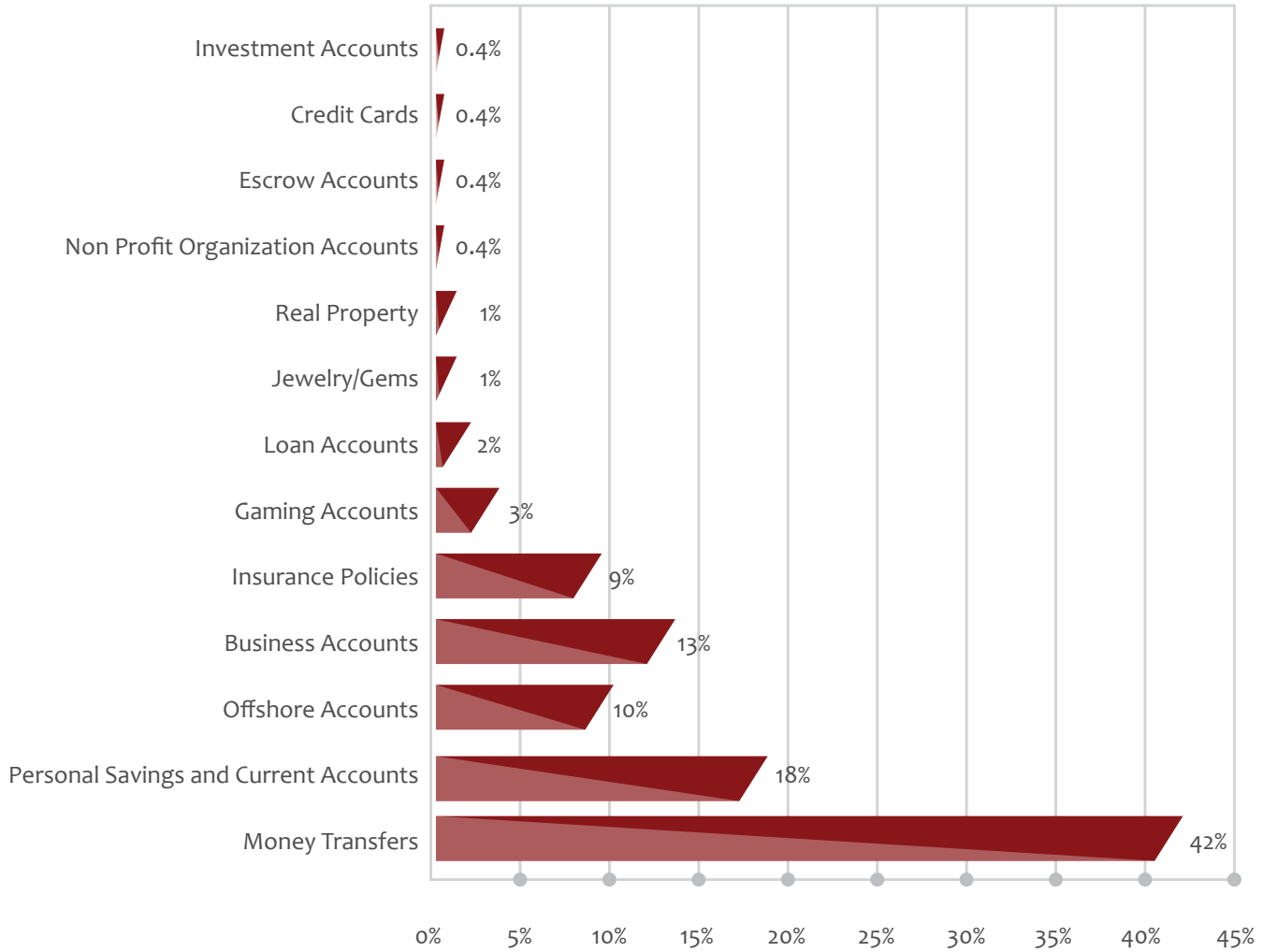
Category of Suspicion	No. of SARs Disseminated
Money Laundering	18
Fraud	8
Drug Trafficking	7
Embezzlement/Corruption	3
TOTAL	36

The value of SARs disseminated totaled XCD \$5,008,798.13.

Reported Financial Portals for Illicit Funds

The statistics reported in this section represents data extracted from SARs submitted this year. It is critical to note that the findings are based on reports made by financial institutions and do not represent confirmed money laundering or terrorist financing activities. A wide range of financial products and services can be used to launder money. As shown in the graph below, the most frequently used service is money transfers which account for 42% of the cases reported. Personal savings, chequing and business accounts collectively represented 31% of the products and services reported by financial institutions while offshore accounts and insurance policies comprised 10% and 9% respectively of reported gateways. Other products and services reported include gaming accounts, loan accounts, and escrow accounts. The full range is depicted in the chart below.

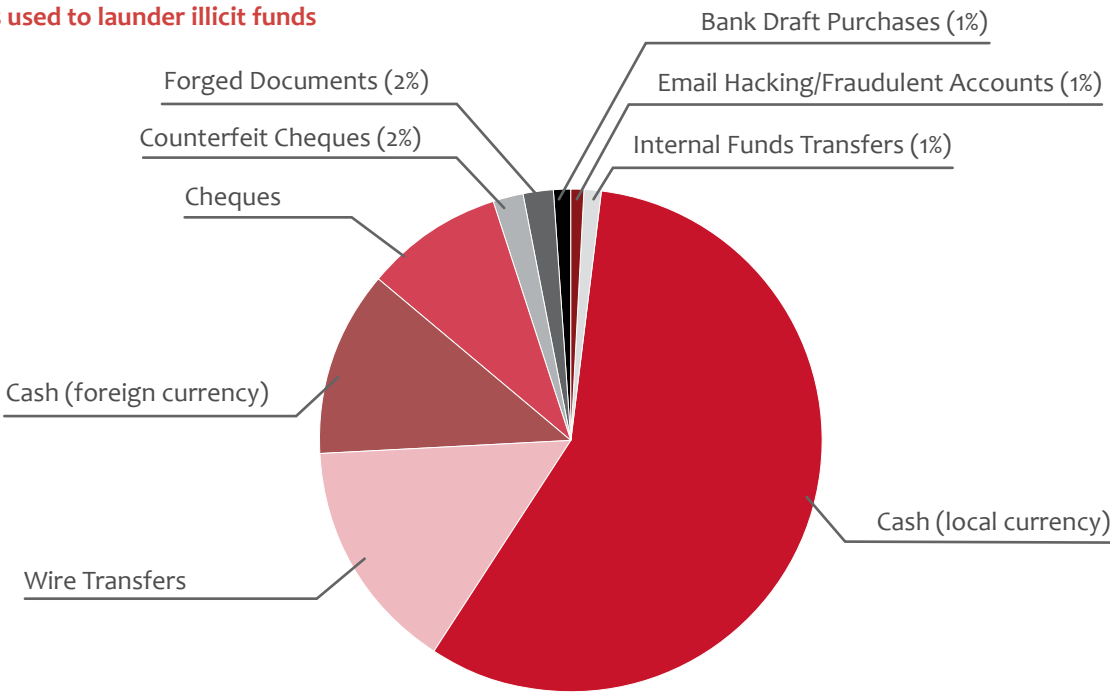
Reported financial portals for illicit funds



Methods Used in Reported Money Laundering Cases

From the data collated from SARs submitted in 2014, cash transactions were the main means for suspicion of money laundering activity with both local and foreign currency transactions accounting for a significant 68% of suspected cases. Other methods reported were wire transfers (15%), cheques (9%), counterfeit instruments (2%) and forged documents (2%). The full range of methods used is shown in the chart below.

Methods used to launder illicit funds



Significant Payment Reports

In compliance with FATF’s Recommendation 19, Regulations 148(d) and (e) of the Interactive Gaming and Interactive Wagering Regulations 2007 (IGIWR) mandates internet gambling companies to report to the Supervisory Authority payments made to players from the player’s account exceeding the threshold of USD\$25,000. Consequently, the FIU received seventy- seven (77) reports which totaled in excess of USD\$3.9 million for 2014. Analysis of these reports revealed the following trends:

- Reports were received from nine (9) of the ten (10) licensed internet gaming and sports betting companies.
- Players in European countries, particularly Germany, the Netherlands, Portugal and the United Kingdom received over USD\$2.5 million in payouts.
- Other players receiving significant payments were domiciled in jurisdictions including Mexico, Argentina, Chile, Canada and Australia.
- Gaming activities which produced significant winnings included Casino games, poker, and sport wagering.

Outlook

For the 2015 performance year, the FIU will seek to increase its capacity to carry out its duties at a high

standard. Accordingly, it will strive to undergo continuous professional development and to improve staff’s knowledge and understanding in order to remain current with emerging money laundering trends and to improve its ability to meet its mandated responsibilities.

The FIUs focus remains on effectively combating money laundering and terrorist financing by improving information processing and analytical capabilities and by improving information exchanges through enhanced collaboration with domestic, regional and international agencies. The Unit endeavours to be equipped with the necessary personnel and technology to manage the increasing volume of SARs and the growing number of financial and non-financial businesses with the ultimate purpose of delivering greater analysis of SARs and keeping stakeholders updated of emerging typologies and trends.

Emphasis will also be placed on maintaining a strategy of proactive engagement with reporting institutions and delivering feedback and outreach more effectively targeting deficiencies identified in specific sectors. In executing this objective, the FIU, as part of a collaborative effort, plans to develop sector specific guidelines and red flag indicators for all categories of reporting entities to improve their capacity to effectively combat money laundering and terrorist financing.

# SUPERVISION & AML/CFT COMPLIANCE

The Supervisory Authority, a position held by the Director of the ONDCP, has the duty to supervise financial institutions for AML/CFT compliance. The ONDCP’s Financial Compliance Unit (FCU) was established to carry out supervisory functions on the authorization and on behalf of the Supervisory Authority. It is responsible for examining financial institutions to determine whether they are complying with their obligations imposed by law to implement required measures to deter, detect and report money laundering. Here, “financial institution” is an umbrella term that also covers designated non-financial businesses and professions

Examinations are conducted to ascertain compliance with the statutory requirements of the Money Laundering (Prevention) Act, the Prevention of Terrorism Act and all associated Regulations, Guidelines and Directives. As part of the examination process, the department provides general feedback and guidance to the financial institutions and makes recommendations for remedial action where necessary.

The FCU also receives and reviews the Annual AML/CFT Audit reports. These “Third Party” audit reports provide an independent assessment and overview of AML/CFT measures implemented within institutions which may

not have been examined by the FCU. Quarterly Terrorist Property Reports are also received by the department. The submissions of these reports are collated to ensure that all relevant financial institutions are compliant with the mandatory requirements of the Prevention of Terrorism Act.

The FCU is presently staffed with a Manager, a Senior Financial Compliance Analyst and seven (7) Financial Compliance Analysts.

During 2014, analysts participated, individually or as a group, in several training opportunities, namely:

- Strategic Implementation
- Financial Investigations
- The CFATF 4th Round Mutual Evaluation Assessor’s Training
- Risk-Based Supervision of Financial Institutions
- The Rudiments of Interactive Gaming and Wagering
- Gaming Conference: Improving Compliance, Regulation and Co-operation within the Gaming Sector
- Corporate Management and Trust Service Providers’ Workshop

AML/CFT Examinations conducted for the period 2012-2014

YEAR		2012		2013		2014	
SECTOR	Total No. of Institutions	No. of Institutions	Percentage Examined	No. of Institutions	Percentage Examined	No. of Institutions	Percentage Examined
Local Commercial Banks	8	0	0%	2	25%	5	63%
International Banks	12	0	0%	2	17%	4	33%
Development Banks	1	0	0%	0	0%	1	100%
Credit Unions	6	0	0%	0	0%	6	100%
Mortgage Companies	1	0	0%	0	0%	1	100%
Insurance Companies	20	0	0%	0	0%	5	25%
Trust Companies	2	0	0%	0	0%	1	50%
Money Remitters (MSB)	4	0	0%	1	25%	1	25%
Company Service Providers	20	0	0%	0	0%	3	15%
Money Lending & Pawning	5	0	0%	4	80%	0	0%
Real Estate Companies	30	2	7%	2	7%	8	27%
Dealers in Precious Metals, Art and Jewellery	17	1	6%	3	18%	4	24%
Travel Agents	7	2	29%	4	57%	3	43%
Car Dealerships	6	2	33%	3	50%	1	17%
Totals	139	7	5%	21	15%	43	31%

The number of examinations conducted in 2014 represents an increase of approximately 110% over the previous year and the largest number of examinations conducted within a year to date

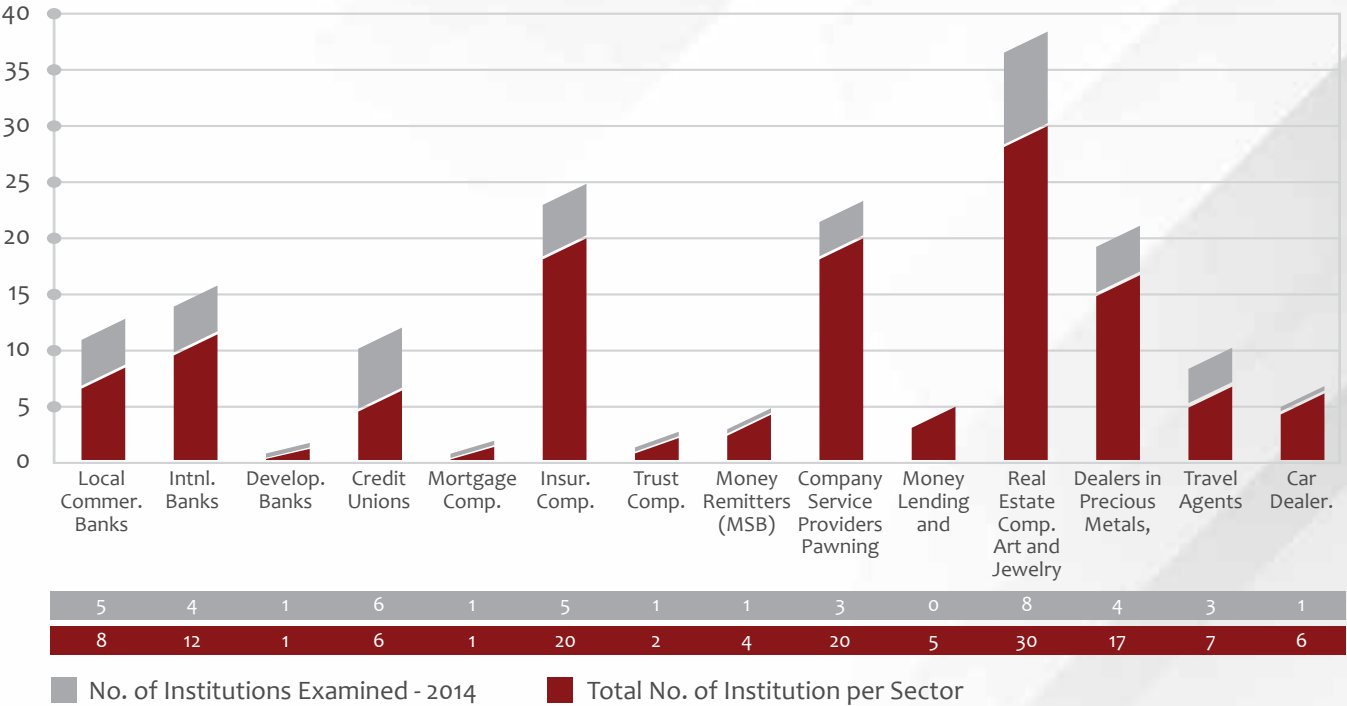
## Financial Compliance Examinations

For the period under review, the FCU conducted approximately forty-three (43) examinations of financial institutions to include the following categories of institutions:

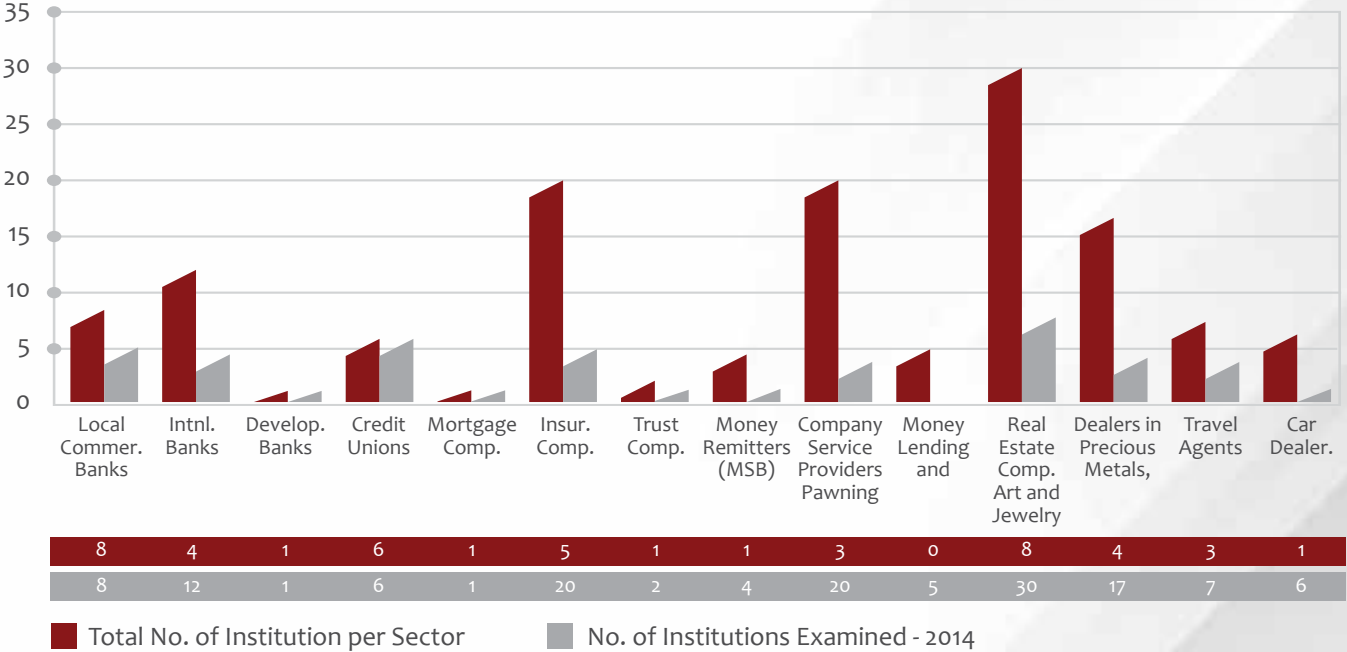
- Commercial Banks
- International Banks

- Credit Unions
- Insurance Companies
- Company Service Providers
- Travel Agents
- Dealers in Precious Metals, Art and Jewellery
- Real Property Businesses

Examinations Conducted in 2014



A Comparison of examinations conducted for the period 2012-2014





The on-site examinations conducted were full-scope examinations in which evidence of compliance with the following requirements was looked for:

- adequate and effective implementation of AML/CFT policies and procedures
- adequate implementation of customer due diligence procedures
- the appointment and adequate fulfillment of the Compliance function
- the existence and adequacy of monitoring systems to identify unusual or suspicious transactions and the existence and adequacy of the suspicious activity reporting procedures, both internally and externally
- the existence of a risk management framework and the adequacy and effectiveness of its implementation
- the adequacy of the institution’s hiring and screening procedures for new and existing staff
- the quality and effectiveness of AML/CFT training conducted

Outcomes of Examinations Conducted

SECTORS	AREAS OF COMPLIANCE									
	Risk Assessment	Policies & Procedures	Customer Due Diligence	Internal Controls	Internal/external Reporting	Record Keeping	Employee Hiring/ Screening	AML/CFT training	Annual AML/CFT Review	Total Sector Compliance
Local Commercial Banks	92%	100%	58%	96%	92%	88%	100%	100%	67%	88%
International Banks	80%	80%	75%	90%	80%	100%	80%	95%	100%	87%
Credit Union	25%	71%	67%	83%	83%	83%	71%	83%	25%	66%
Money Lending and Pawning	25%	38%	63%	19%	19%	63%	38%	50%	13%	36%
Insurance	30%	40%	55%	50%	60%	70%	70%	70%	40%	54%
Development Banks	0%	50%	50%	50%	50%	50%	0%	50%	50%	39%
Travel Agents	0%	0%	29%	0%	0%	21%	21%	0%	0%	8%
Dealers in Precious Metals, Art and Jewelry	0%	8%	33%	33%	33%	50%	42%	17%	0%	24%
Mortgage Companies	50%	50%	50%	50%	0%	100%	50%	0%	100%	50%
MSB's	0%	63%	75%	75%	50%	50%	50%	50%	25%	49%
Car Dealers	0%	0%	50%	0%	0%	50%	38%	0%	0%	15%
Company Service Providers	50%	100%	50%	67%	83%	100%	67%	50%	67%	70%
Real Property Business	5%	10%	25%	15%	10%	60%	20%	15%	0%	18%
Total	27%	47%	52%	48%	43%	68%	50%	45%	37%	46%

Of the fourteen (14) sectors examined, the Local Commercial Banking Sector has shown the highest level of compliance with the key areas of the AML/CFT legal requirements. International Banking Businesses followed by Credit Unions showed high levels of compliance as well. Meanwhile, the examinations revealed that financial institutions classified as DNFBPs, such as Company Service Providers, Real Property Businesses, Car Dealerships and Travel Agents had lower levels of compliance. An increase in the level of compliance of the DNFBPs is a major objective of the Supervisory Authority, and is being worked on.

In recent years there has been a steady increase in the number of DNFBPs in Antigua and Barbuda. This in itself has been a challenge to the Supervisory Authority in that it is difficult to keep track of the number of institutions in

business. Steps will be introduced to address this. The FCU will continue its application of a risk-based approach in conducting examinations and will be placing greater focus on DNFBPs to ensure greater compliance levels with the AML/CFT requirements.

Generally, of the key areas assessed it was noted that institutions examined showed high levels of compliance in Customer Due Diligence, Employee Hiring and Screening and Record Keeping procedures, in addition to having documented AML/CFT Policies and Procedures.

Conversely, lower levels of compliance were seen in the implementation of a Risk Management Framework, the conducting of the Annual AML/ CFT Reviews and Reporting Requirements (Internal and External Reporting).

The financial sector is vulnerable to ML and FT and there are various risks to which it is susceptible. These vulnerabilities necessitate continued close supervision of the sector. The mitigation of these risks calls for sustained and closer collaboration between the Supervisory Authority and the financial institutions.

Terrorist Property Reports

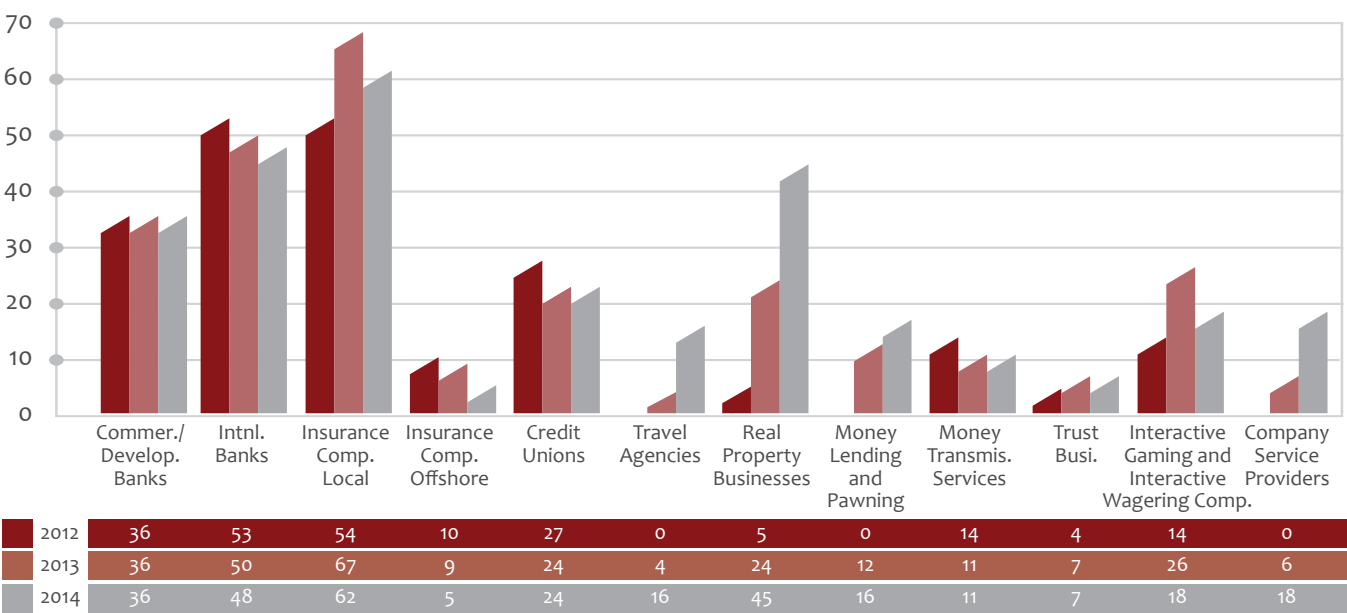
In accordance with Section 34(3) of the Prevention of Terrorism Act, 2005, a financial institution is required to indicate whether or not it is in control or in possession

of terrorist property. During the 2014 reporting period, there were three hundred and seven (307) submissions of Terrorist Property Reports (TPRs) This indicates an 18% increase from 2013 where two hundred and sixty (260) TPRs were submitted. Local commercial, development banks and International banks recorded full compliance in submitting TPRs. The general compliance and submissions of this reporting requirement continues to improve. In 2015, the FCU aims to continue the outreach and sensitisation to ensure financial institutions are aware of their regulatory obligations and the continued, timely submissions of the reports.

2014 Terrorist Property Reports by Sector

SECTOR	2013 Q4	2014 Q1	2014 Q2	2014 Q3	Totals
Commercial Banks/Development Bank	9	9	9	9	36
International Banks	12	12	12	12	48
Insurance Companies - Local	16	17	16	14	63
Insurance Companies - Offshore	0	1	2	2	5
Credit Unions	6	6	6	6	24
Travel Agencies	2	5	5	4	16
Real Property Businesses	10	11	12	12	45
Money Lending and Pawning	4	4	4	4	16
Money Transmission Services	3	3	2	3	11
Trust Businesses	1	2	2	2	7
Interactive Gaming and Interactive Wagering Companies	4	4	5	5	18
Company Service Providers	2	6	5	5	18
Total					307

Terrorist Property Reports by Sector 2012-2014

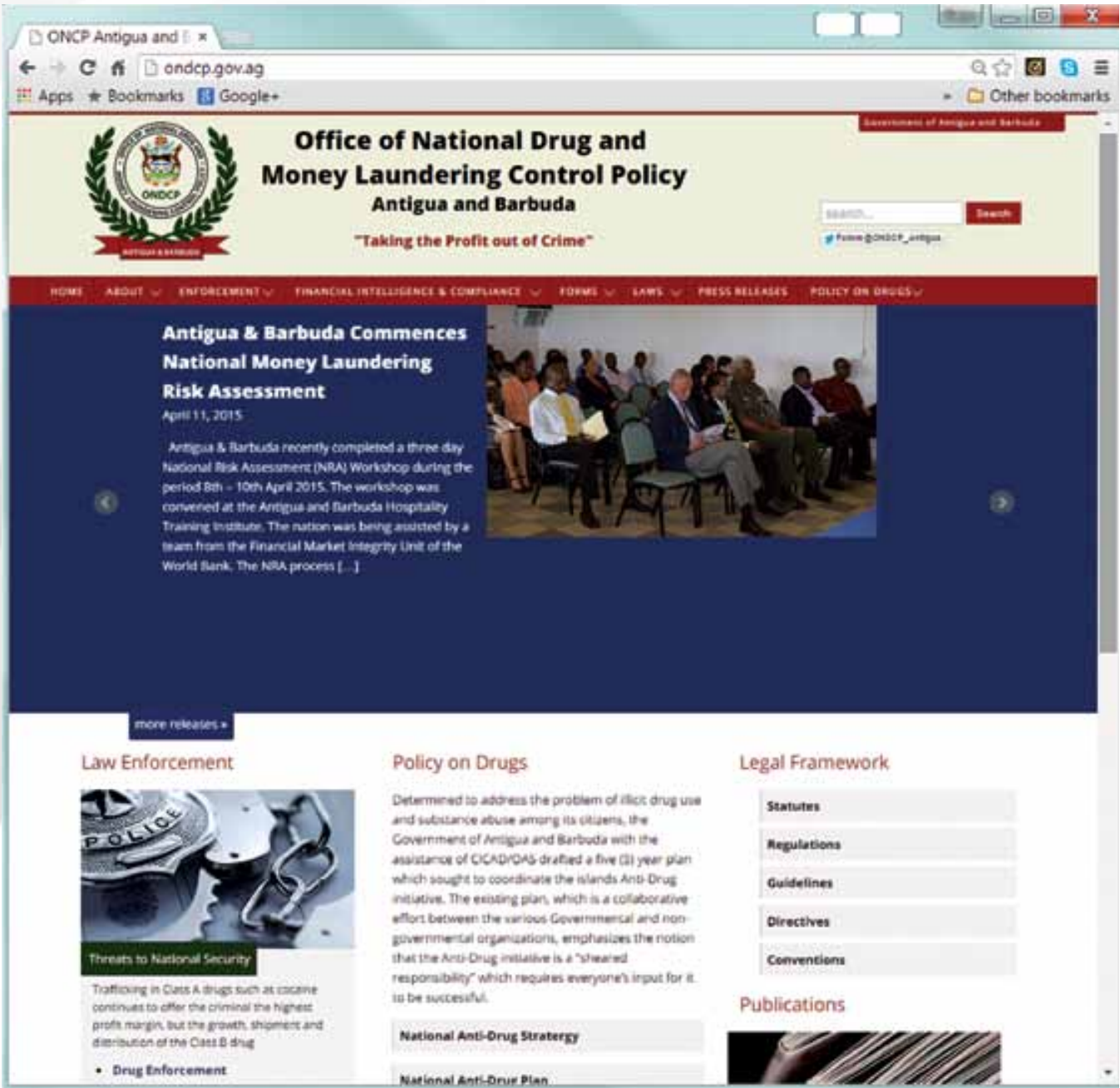




OUTLOOK

In 2015, the examinations of financial institutions will continue along with following up with the institutions under review to ensure they comply with all the regulatory requirements for AML/CFT. In 2015, the institutions to be examined will be selected on a risk-based approach, that is, the financial institutions will be selected based on an number of factors including, the size of the institution (including the value of the transactions), turnover volume, products and services, frequency of international transactions, customer types and indicators of potential money laundering and financing of terrorism activities.

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AML/CFT STRATEGIC IMPLEMENTATION PLANNING WORKSHOP

The ONDCP hosted the inaugural AML/CFT Strategic Implementation Planning Workshop on Wednesday 16th April and Thursday 17th April, 2014 at the Jolly Beach Hotel. The workshop represented an important step in Antigua and Barbuda's ongoing efforts to provide a forum for the relevant competent authorities to review and recognize the AML/CFT deficiencies in the country's national strategy.

The workshop also served as an important first step towards sensitizing the various stakeholders of the requirement for developing a National AML/CFT Risk Assessment.

- Attendees to the workshop included individuals from:
- The ONDCP
  - The Domestic and Offshore Banking Sector
  - Financial Services Regulatory Commission (FSRC)
  - Royal Police Force of Antigua/Barbuda
  - Antigua and Barbuda Intellectual Property & Commerce Office
  - Antigua and Barbuda Immigration Department
  - Antigua and Barbuda Customs & Excise Division
  - Ministry of Finance

- Specially Invited Guest Speaker - Ms. Karen Hughes, Parliamentary Counsel, Ministry of Justice & Legal Affairs, St. Kitts.

During the workshop, presentations were made on Antigua and Barbuda's current AML/CFT systems and countermeasures in light of the Legal; Law Enforcement; Supervisory and Regulatory; and National and International Co-operation framework. Thereafter, the participants were placed in groups to review the existing systems, identify any deficiencies or vulnerabilities and provide measures to address and/or mitigate the deficiencies and vulnerabilities.

The workshop also served to identify and create a network of individuals who would be capable of assisting in the ongoing development of the national AML/CFT programme to meet the FATF international standards. The workshop will also serve to sensitize the relevant competent authorities of the need to maintain and improve on money laundering and terrorism financing countermeasures ahead of the imminent CFATF 4th Round Mutual Evaluations.



Participants at the Strategic Implementation Workshop



# NATIONAL RISK ASSESSMENT - AN ONGOING PROCESS

The revised international standards for combating money laundering and the financing of terrorism, the FATF Forty Recommendations, requires countries to conduct a National Risk Assessment (NRA) for Money Laundering and Financing of Terrorism. Antigua and Barbuda has commenced its NRA which will be completed in 2015. The NRA seeks to identify, assess and understand the money laundering and financing of terrorism risks that exist in the country and formulate effective and proportionate counter measures to mitigate the identified risks. In accordance with FATF recommendations, the ONDCP has been designated the authority to coordinate actions for carrying out the risk assessment.

In preparing for the risk assessment, sensitization meetings have been held with the following:

- The Attorney General
- The National AML/CFT Oversight Committee
- The FSRC
- Law enforcement and other competent national bodies
- All Financial Institutions

The NRA sensitization meetings serve to inform the various authorities and the financial institutions about the purpose and objectives of the NRA, and to indicate the importance of their participation in the process.

These meetings spanned the period of November to December, 2014. The ONDCP met with eighteen (18) different financial sectors, namely; Money Lending and Pawning, Money Transmission Services, Insurance Companies, International Banks, Internet Gambling, Sports betting, Local Casinos, Commercial Banks, Credit Unions, Development Banks, Real Property Business, Corporate Management and Trust Service Providers, Travel Agents, Dealers in Precious Metal, Art or Jewelry and Car Dealerships.

Lt. Col. Edward Croft, Director of the ONDCP spoke at these meetings and highlighted the purpose, outcomes and benefits of the NRA.

Presentations emphasized the fact that Antigua and Barbuda has an obligation to conduct an NRA to identify, assess, understand and mitigate the country's risk of money laundering and financing of terrorism.

The presentations described the scope, methodology and the comprehensive approach of the NRA. They illustrated that the success of the NRA will require a multi-stakeholder

approach such as support from Cabinet competent authorities and the financial institutions. These include the National AML/CFT Oversight Committee, Supervisory Authority (ONDCP), Regulatory Authorities (FSRC, Eastern Caribbean Central Bank), Law Enforcement Agencies (Police, ONDCP, ABDF Coast Guard and Customs), Public Sector Agencies (Ministry of Finance, Human Trafficking Committee, etc), Financial Institutions and DNFBPs.

The benefits that can accrue to the financial sector and the country as a whole was also brought out. Some of these benefits are: better awareness of the national AML/CFT risks, point of reference to inform risk mitigation measures and creating an effective platform for AML/CFT oversight and supervision.

The meetings served to address questions that troubled the financial institutions, such as the controversial topic of the Citizens by Investment Programme, the issue of over-regulation and prescriptive legal requirements imposed to different types of businesses categorized as financial institutions.

The presentations identified the expected outcomes of the NRA which are: efficient allocation AML/CFT resources and efforts, effective implementation of AML/CFT measures and mitigation the Money Laundering Terrorism Financing risks in the country.

The concluding point was that if Antigua and Barbuda is to grow economically and to be a center of excellence then being compliant in all or the majority of the forty (40) FATF recommendations is imperative.

# FINANCIAL INVESTIGATIONS

## Overview

A major objective of a financial investigation is to identify the proceeds of crime by following the “paper trail” or movement of the monies and assets to ascertain their origin, where they are going, who collects them, when are they received and ultimately, locating where they are hidden. The elaborate schemes used by criminals in their attempts to conceal and insert their proceeds into the legitimate financial system, requires sophisticated financial analytical ability to wade through complex financial records to identify and locate criminal proceeds. At the ONDCP that task is the responsibility of the Financial Investigations Department (FID).

The FID is responsible for investigating and forwarding for prosecution, cases of financial crime, which includes Money Laundering, Fraud and the Financing of Terrorism.

## Functions

The FID is mandated to perform the following:

- Enforce the provisions of the Money Laundering (Prevention) Act 1996;
- Investigate reports of suspicious activity concerning specified offences and the proceeds of crime,
- Investigate the commission of financial crimes;
- Arrest, interview and charge offenders;
- Prepare and forward case file to the prosecution department;
- Forward matters to other Law Enforcement Offices (LEOs) or government agencies for investigation; and
- Take necessary steps as appropriate to detain, freeze and ultimately confiscate or forfeit the proceeds of crimes.

## Internal Support

The FID is supported in its role by the other departments within the organization as illustrated opposite.

## Typologies of Money Laundering

Typologies are examples of the methods and techniques used by criminals to engage in money laundering or to finance terrorism. The FID, with the aid of the Legal Department and the FIU, undertakes detailed typologies research to better understand the money laundering and terrorist financing environment within the Caribbean with a view of providing decision makers and operational personnel with up-to-date information in order to assist these persons with creating policies and strategies to combat these threats.

The FID includes the integrated processes of collection and analysis of information with case studies and shares its findings and case studies with other LEOs and Prosecution Teams.

## Development and Implementation

The FID continues to pursue its regional and international collaboration with other FIU's, LEOs, governmental agencies throughout the world so as to stay current on best practices and new crime fighting strategies established and



used by organizations such as the Caribbean Criminal Asset Recovery Programme (CCARP), United States Immigration and Customs Enforcement (ICE), United States Inland Revenue Services (IRS), United States Federal Bureau of Investigations (FBI), United States Drug Enforcement Administration (DEA), Caribbean Regional Drug Law Enforcement Training Centre (REDTRAC), Intelligence and Policing Agencies and other FIU's, who all help to play a major role in the nurturing and development of the FID.

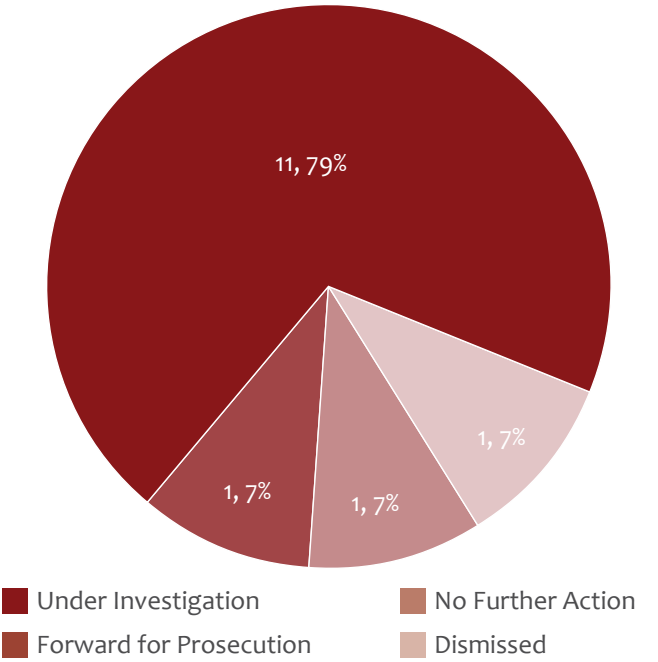
Training

The ONDCP has continued to place emphasis on training and development so as to keep investigators abreast of the changes and developments in AML/CFT to keep abreast of new and innovative methods of criminals to disguise and conceal the proceeds of crime. FID investigators were able to attend a number of courses and workshops, locally and regionally on financial investigation.

Investigations

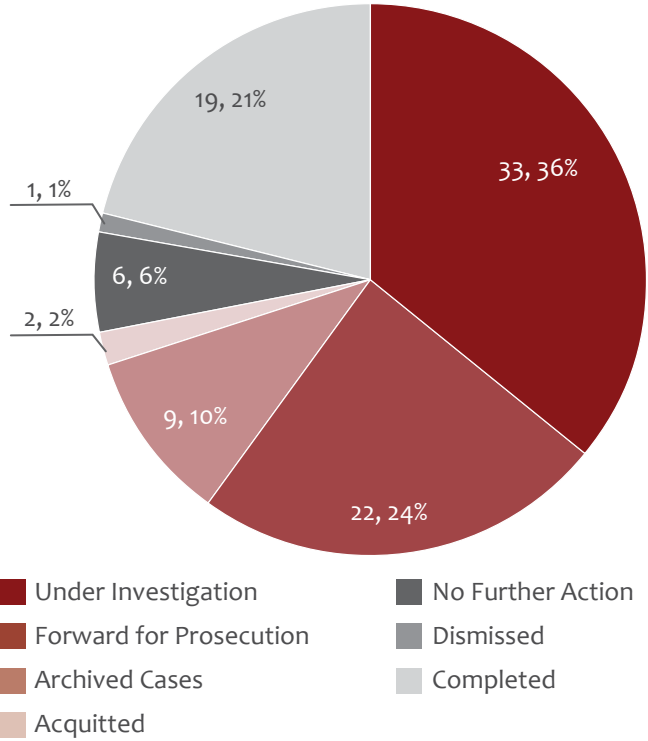
The FID, in 2014 investigated fourteen (14) new matters, both criminal and civil.

Cases Undertaken by the Department for 2014

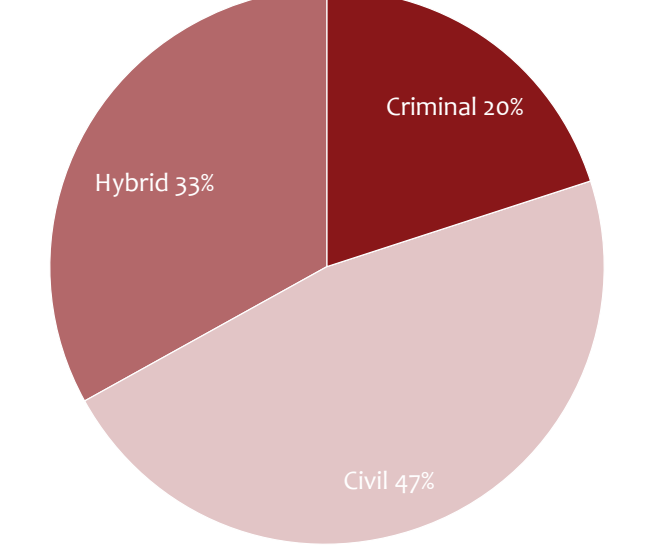


The FID, within the past five (5) years (2009 to 2014), has investigated ninety-two (91) matters, both criminal and civil. Fifty-four (54) of these are still active today while thirty seven (37) have been disposed of.

Cases and their present status



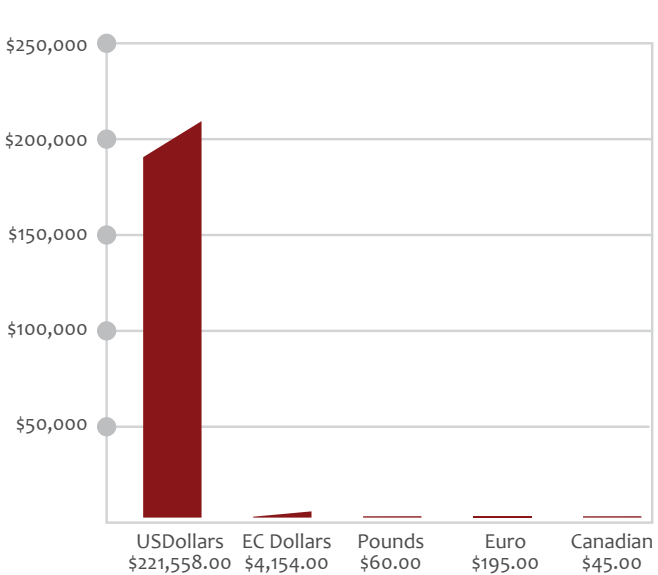
Cases and their present status



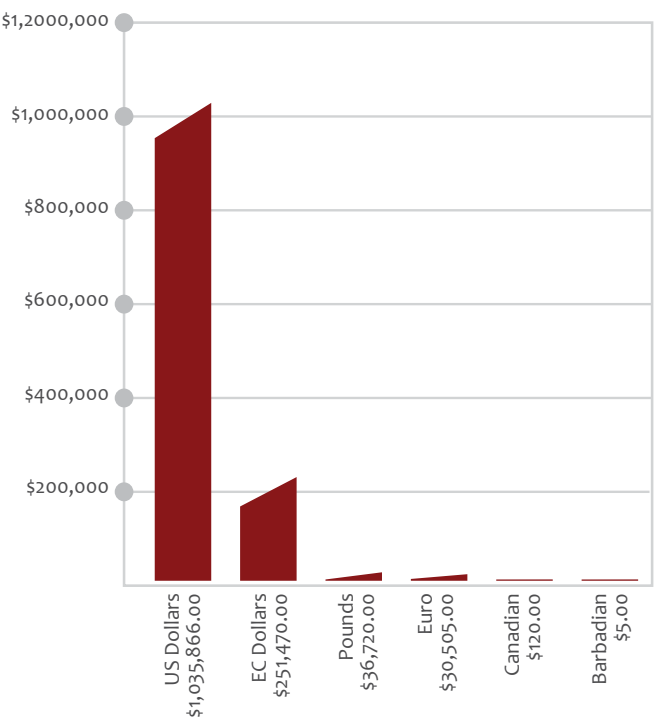
Cash Seizures

The FID has received matters referred by the Customs and Excise Department concerning the cross border movement of cash into and out of Antigua and Barbuda. Reports were also received from the Tactical and Surveillance Team (TAST) of the ONDCP as well as the Royal Police Force of Antigua and Barbuda, pertaining to cash seized during their counter-drug operations. Monies are seized on suspicion of being the proceeds of crime or monies earmarked to further criminal activities.

The types and amount of monies seized for the year 2014

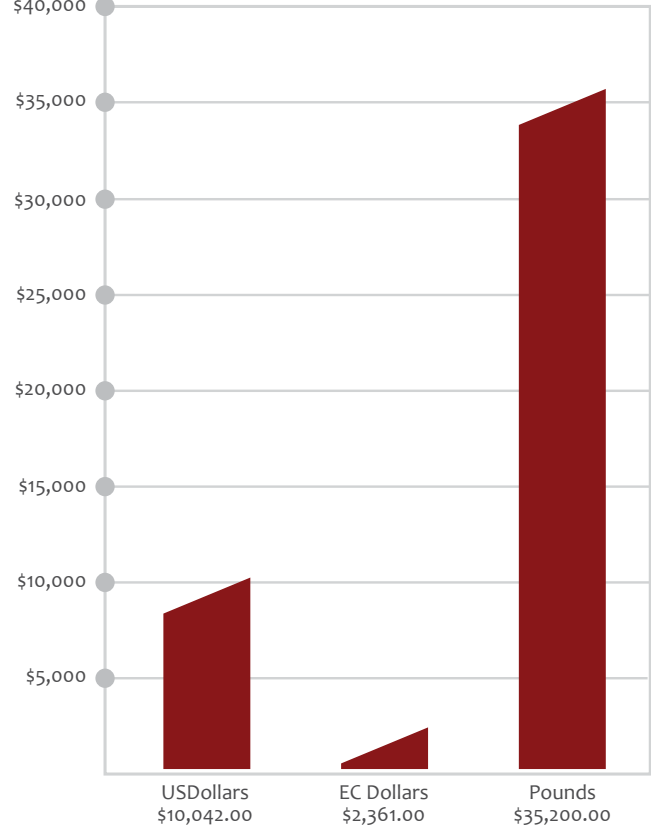


The types and amount of monies seized during the period 2009- 2014

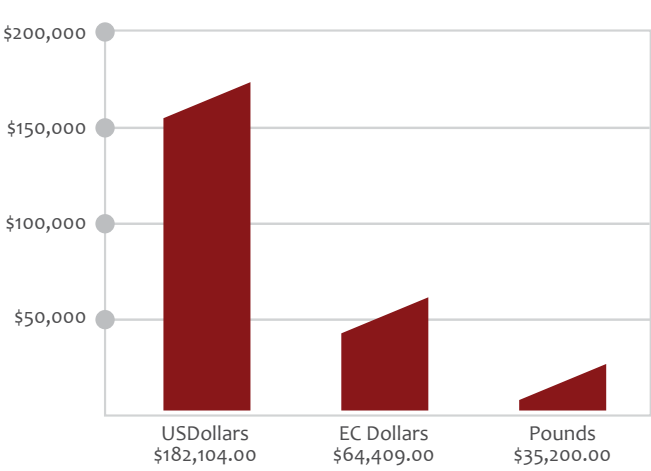


Cash forfeitures

Forfeited Cash for the year 2014



Forfeited Cash for the period 2009-2014

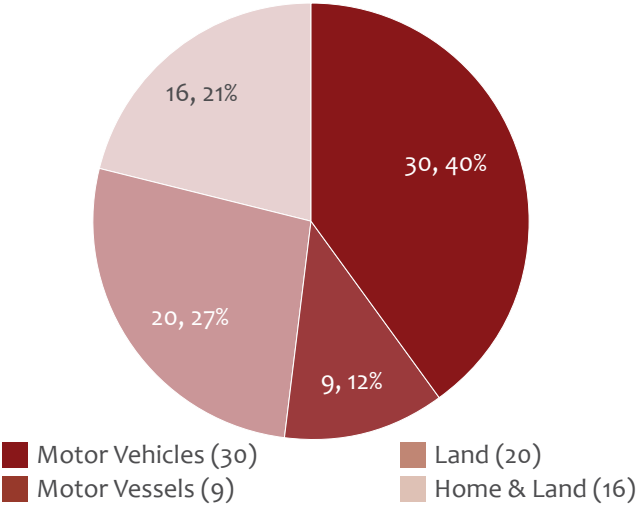




Property Seized or frozen

During the period 2009-2014, the FID has, upon applications before the Courts, successfully seized and frozen property as depicted below.

Properties seized/frozen 2009-2014



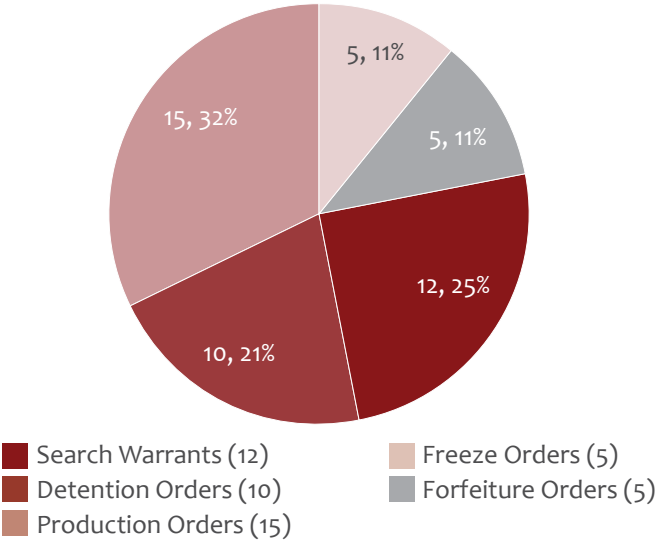
Property Forfeited

The FID successfully forfeited a motor vessel during 2014.

Court Matters

In support of investigations, the FID prepares applications to the courts for certain order. These include: Search Warrants, Cash Detention Orders, Freeze Orders, Production Orders and Forfeiture and Confiscation Orders. These court orders are granted once the investigator has satisfied the court that a money laundering offence has been, is being or is about to be committed. Where production orders are obtained the information obtained after serving the order is evidential and can be used in legal proceedings.

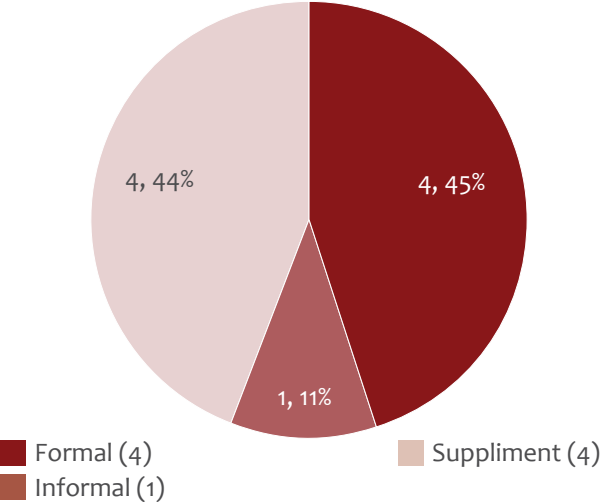
Type and amounts of legal documents applied for during the period Jan 1 to Dec 31, 2014



Request

The FID utilizes various methods to obtain information during investigations. These methods include making requests to other law enforcement organizations both nationally and internationally. These requests are either formal or informal and have a different set of protocols attached to each. A formal request is one that is made via a Letter of Request, pursuant to a Mutual Legal Assistance Treaty or under the Mutual Legal Assistance in Criminal Matters Act Such requests are made when the material requested is to be used for evidential purposes. An Informal request, on the other hand, is a request made directly to the relevant LEO or other Governmental Agencies for information to be used for intelligence purposes.

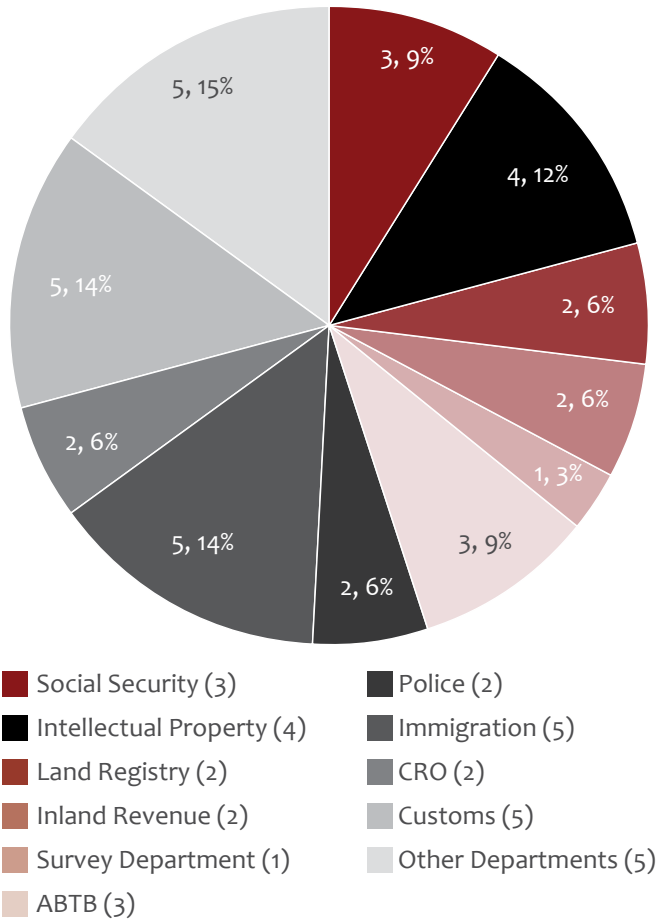
2014 Requests



National Authorities and Departments

To assist Investigators in the various aspects of a financial investigation, local authorities and departments are contacted for information, pursuant to Section 11 of the Money Laundering (Prevention) Act. In addition, there are a number of Memoranda of Understanding (MOU's) in place with several of these agencies and any information obtained from these entities can be utilized in the courts.

Departments and authorities to whom requests were sent in 2014



Outlook

The FID continues to actively engage in the process of improving the skill sets and the knowledge base of its officers in an effort to improve the efficiency of the department and in the process create a well-trained and organized group of Investigators. The FID plans to continuously revise its approach at conducting financial investigations and to incorporate best practices with a professional approach. It is also the wish of the department that all Financial Investigators be accredited by a recognized institution / body. There is also a need for Forensic Accounting Software and a Forensic Accountant / Analyst to assist with the complexities of tracing property hidden by complex transactions in order to link the proceeds of crime to its criminal owners.



St. Barnabas Anglican Church

# LEGAL DEPARTMENT

The activity of the Legal Department in 2014 supported the work of the ONDCP in combatting drug trafficking, fraud, corruption and money laundering. The legal work during the year was concerned with obtaining production orders, freeze orders, cash detention orders, cash forfeiture orders and the execution of letters of request from foreign jurisdictions in relation to which production orders and official documents were obtained, and the sending of mutual legal assistance requests seeking support for investigations being conducted by the ONDCP. Orders for the freezing and restraint of property land, vehicles, bank accounts, cash, and other personal property.

## Quarterly Cumulative Deliverables for 2014

	1 <sup>st</sup> Quarter 2014	2 <sup>nd</sup> Quarter 2014	3 <sup>rd</sup> Quarter 2014	4 <sup>th</sup> Quarter 2014	Totals 2014
Production Orders	9	2	0	0	11
Administrative Freeze Directives	0	0	0	0	0
Freeze Orders	9	0	0	0	9
Confiscation Orders	4	2	0	0	6
Registration Orders	0	0	0	0	0
Ancillary Orders	0	0	0	0	0
Other assistance	0	0	0	0	0
Letters of Request (sent)	2	2	1	0	5
Executables on LORs received	0	2	3	0	5

## Investigations And Prosecutions

### 1. Production Orders

Eleven (11) production orders were obtained, as they continued to be an essential and very beneficial tool in conducting financial investigations. Production order activity was particularly marked in the first two quarters of the year as investigations focused on matters relating to drug trafficking and corruption.

### 2. Freeze and Restraint Orders

Nine (9) freeze orders were obtained which were related to property of persons charged with drug trafficking of cannabis and cocaine. The circumstances of the cases reflected the activity of serious organized criminal groups.

### 3. Cash Seizure Orders

Twelve (12) cash detention orders were obtained relating mostly to drug trafficking arrests, while others related to seizures at the airport of cash suspected of being the proceeds of crime or an instrumentality of an offence.

### 4. Forfeiture and Confiscation

There were three (3) cash forfeiture orders obtained that forfeited a total of \$29,921.50. The money involved related to drug trafficking and organized fraud. Meanwhile, legal action was also taken to enforce foreign forfeiture orders (see paragraph 5 below)

### 5. Ancillary Orders

Two (2) orders were obtained for the enforcement of two (2) U.S. forfeiture orders that had been registered that forfeited USD\$800.874 (XCD \$2,202,402). The monies involved were the proceeds of investment fraud and tax fraud. Action taken was in response to letters of request.

### 6. Preparation of Cases

The Legal Department vetted drug cases initiated by the ONDCP prior to the case files being sent to the Director of Public Prosecutions for approval.

### Comparison of Deliverables

Comparison of performance in 2014 with the two previous years is set out in the table below on a whole the year was on average as active as the two previous years. Eleven (11) production orders was higher than 2013 but lower than 2012, with 2012 considered an anomalous year due to the exceptional activity occurring then. The nine (9) freeze orders equalled the two previous years. Confiscations were down to six (6) and were all cash forfeitures. The value of property forfeited was lower than previous years: XCD 29,921 in 2014 compared to XCD 56,243 in 2013. The number might have been higher but a number of forfeiture applications that came up repeatedly for hearing were the subject of repeated adjournments and will have to be resolved in the coming year.

## Comparison of Deliverables for the years 2012 to 2014

	2012	2013	2014
Production Orders	30	3	11
Administrative Freeze Directives	3	0	0
Freeze Orders	9	3	9
Confiscation Orders	2	8	6
Registration Orders	2	0	0
Ancillary Orders	1	8	2
Other assistance	1	2	0
Letters of Request (sent)	12	10	5
Letters of Request (executables)	11	11	5

## Value of property subject to legal action

In 2014 cash seized and detained by cash detention order on suspicion of being the proceeds of crime was valued at XCD\$561,251. Actual forfeiture of cash amounted to XCD \$29,921. Money forfeited from bank accounts pursuant to Mutual Legal Assistance Treaty (MLAT) assistance amounted to XCD\$2,232,324. Total value of property subject to legal action was XCD \$2,823,496.

## Value of Property Subject to Legal Action 2014

Legal Action	1 <sup>st</sup> Quarter 2014	2 <sup>nd</sup> Quarter 2014	3 <sup>rd</sup> Quarter 2014	4 <sup>th</sup> Quarter 2014	Totals 2014
Cash Detention Orders	4,648.95	555,055.9	1,546.45	0	561,251.3
Cash Forfeited	29,921.50	0.00	0.00	0.00	29,921.50
Forfeited Property	29,921.50	2,202,402.62	0.00	0.00	2,232,324.12
Totals	\$ 64,491.95	\$ 2,757,458.52	\$ 1,546.45	0.00	\$ 2,823,496.92

Forfeiture activity over the last three years from 2012 - 2014 is set out in the table below and shows that 2014 was a year in which property of a significant value was the subject of legal action, exceeding the two previous years. In 2014, value of property confiscated was XCD 2,232,323, while in 2013 it was XCD\$17,767, and in 2012 it was XCD\$432,150.

## Comparison of Confiscation/Forfeiture Enforcement 2012 - 2014

YEAR	2012		2013		2014	
Action	Property Confiscated	Value of Property (EC\$)	Property Confiscated	Value of Property (EC\$)	Property Confiscated	Value of Property (EC\$)
MLAT assistance provided	villa	420,000	-	-	account	1,980,641
					account	221,761
Domestic cases	cash	2,150	cash	3,314	cash	1,111
	motor vehicle	10,000	cash	14,453	cash	690
					cash	28,120
Totals		\$432,150		\$17,767		\$2,232,323

## Mutual Legal Assistance

In support of ongoing investigations, the Legal Department prepared five (5) Letters of Request to foreign jurisdictions seeking mutual legal assistance in investigating money laundering and drug trafficking. Responses obtained

proved essential to furthering the ONDCP investigations and instituting forfeiture proceedings.

Two (2) letters of request previously received asking for assistance in the forfeiture of the proceeds of fraud were



further addressed and resulted in the obtaining of ancillary enforcement orders that allowed the ONDCP to enforce the forfeiture of XCD\$2,202,406.62 (USD\$860,873.68).

Personnel

The department was in the third quarter of the year reduced to single lawyer and a legal assistant. Necessary adjustments were made but the need for the department’s personnel to be at the requisite strength continues to be an issue.

Conferences and Training

Attorneys in the legal department attended a number of international conferences during the year. These include a workshop on confiscation in Dominica, which provided detailed training on the institution of confiscation proceedings under the Proceeds of Crime Act 1993; a workshop for judges and prosecutors in Trinidad, which covered a variety of topics relevant to dealing with serious organized crime; a conference on the legislative needs of the country, which related to becoming legislatively compliant with the FATF standards relating to money laundering and the financing of terrorism. There was also attendance at the 1st Multilateral Maritime Prosecution and Interdiction Summit in Florida, hosted by the U.S. Coast Guard. The conference concerned drug interdiction on the high seas, and discussed prosecution where drugs are found or recovered after being jettisoned overboard.

Law Reform

The Legal Department was consulted and attended meetings with the legislative draughtsman in relation to the Proceeds of Crime (Amendment) Act 2014, which became law in February. This Act strengthened the statute and introduced provisions for Civil Asset Recovery. Ongoing attention was also given to assessing and reporting on the outstanding areas of AML/CFT law that needed to be updated and amended to bring the legal framework into accord with the recommendations of the FATF and the CFATF. This is part of the preparation for the country’s upcoming assessment by the CFATF.



Our Lady Of Perpetual Help

COUNTER NARCOTICS OPERATIONS

Overview

The primary functions of the Counter Narcotics Team include the collection, collation, evaluation and analysis of information, and dissemination of the finished product (intelligence) to local, regional and international law enforcement agencies as necessary. Working closely with other local, regional and international law enforcement agencies to collect data, the Counter Narcotics Team continues to make significant contributions in the identification of known and unknown threats as it strives to eliminate the trafficking of illegal narcotics. As a result of the improved intelligence mechanism, drug seizures have significantly increased over the past year.

Partnerships

The Counter Narcotics Team continues to work closely with national, regional and international agencies in the eradication of transnational drug trafficking. The following tables indicate the Department’s efforts in such endeavors for the 2014 period.

Intra Office Request

Department Name	No. of Requests Received	No. of Requests Sent
Financial Investigation Department	3	0
Financial Intelligence Unit	19	0
National Joint Coordination Centre	2	4

Co-operations with National Agencies and Departments

Name of Agency/ Department	No. of Requests
Immigration Department	34
Royal Police Force of Antigua and Barbuda	4
Antigua and Barbuda Transport Board	38
Antigua and Barbuda Social Security Board	9

External Requests TO Regional and International Agencies

Name of Agency	No. of Requests
Drug Enforcement Administration	3
Serious Organized Crime Agency	5

External Requests FROM Regional and International Agencies

Name of Agency	No. of Requests
Drug Enforcement Administration	4
Serious Organized Crime Agency	6

Operations

The ONDCP remains focused in executing its mandate, which is to dismantle drug trafficking organizations through the use of covert surveillance and interdiction exercises. Through the hard work and dedication of the men and women of the ONDCP, we have successfully participated in and completed thirteen (13) counter narcotics operations. This represents a 100% increase in the number of operations that were undertaken in 2013. From these thirteen (13) successful operations, over 561.70kg of cocaine, 2492.51lbs of cannabis and 28 tablets of Oxycodone Hydrochloride were seized which resulted in twenty-six (26) persons being arrested and charged. Through these efforts the Counter Narcotics Team has accomplished the removal of XCD\$29,378,036.14 dollars worth of narcotics from the streets of Antigua and Barbuda.

Confiscated drugs for the period 2003-2014

YEAR	MARIJUANA (lbs)	COCAINE (lbs)
2003	212 .00	22.23
2004	16,313.25	35.15
2005	4553.00	0.00
2006	0.00	0.00
2007	6823.75	5.62
2008	1439.00	16.00
2009	1859.00	3.70
2010	24.94	988.05
2011	1854.48	169.65
2012	1,701.7	5.30
2013	657.8	22.30
2014	2492.51	561.70
Total	37,719.43	1,829.7

Included is a brief synopsis of some of the counter narcotics operation undertaken for 2014.

February, 2014

The ONDCP conducted a counter narcotics operation on the northern side of the island and discovered a brick of cocaine on the premises. The suspected drug trafficker



and his associates were arrested. The trio have since been jointly charged with; Possession of Cocaine, Possession of Cocaine with Intent to Transfer, Being Concerned in the Supply of Cocaine and Conspiracy to supply Cocaine. The drug trafficker's associate was further charged with Possession of Cocaine, Possession of Cocaine with intent to sell, Possession of Crack Cocaine, Possession of Crack Cocaine with intent to sell, Possession of Oxycodone Hydrochloride pills, Possession of Oxycodone Hydrocodone pills with intent to sell, and Possession of Cannabis. All are awaiting trial.



**March, 2014**  
While on duty at the V.C. Bird International Airport, ONDCP Officers intercepted a male passenger who was suspected of having in his possession a quantity of narcotics. The said passenger had in his possession 4.35 kilos of cocaine with an estimated wholesale value of One hundred and fifty three thousand two hundred and fifty dollars and fifty cents (XCD \$153,250.50). The passenger has since been charged with Possession of Cocaine, Possession of Cocaine with intent to Transfer, Being concerned in the supply of Cocaine and Attempting to export Cocaine.



**April 2014**  
In a joint counter narcotic operation conducted by the ONDCP and the ABDF Coast Guard, seized was a Vincentian vessel with compressed cannabis onboard. The drugs weighed 156.86lbs with an estimated whole sale value three hundred and thirteen thousand, seven hundred and twenty dollars (XCD \$313,720.00). No arrests were made.



**June 2014**  
While on duty at the V.C. Bird International Airport, Officers intercepted a German passenger and a British national. The resulting search uncovered a quantity of cocaine hidden in the luggage. The drugs amounted to 3.10 kilos of cocaine with an estimated wholesale value of one hundred and eight thousand eight hundred and ten dollars (XCD \$108,810.00). The German was charged with Possession of Cocaine, Possession of Cocaine with intent to Transfer, Being concerned in the supply of cocaine and Attempting to export Cocaine while the Briton was charged with Possession of Cocaine and Being concerned in the supply of Cocaine.



**May 2014**  
ONDCP officers whilst on duty at the V.C. Bird International Airport observed a Jamaican/ British male who they suspected as being a drug courier. Over a four day period a quantity of pellets containing cocaine which weighed 0.65 kilos (650 grams) were recovered from an internal cavity of the courier's body. The recovered pellets of cocaine carried an estimated wholesale value of Twenty Thousand Eight Hundred and Fifteen Dollars (XCD\$ 22,815.00). The courier has since pleaded guilty to the charges of Possession of Cocaine, Possession of Cocaine with intent to Transfer, Being concerned in the supply of Cocaine and Attempting to export Cocaine and has been sentenced to serve eighteen (18) months on each charge with all running concurrently.



**June 2014**  
ONDCP officers, while on duty at the V.C Bird International Airport intercepted a British couple who they suspected as having narcotics in their possession. The drugs found in their possession amounted to 6.30kilos of cocaine with an estimated wholesale value of Two hundred and twenty one thousand one hundred and thirty dollars (XCD \$221,130.00). They were charged with Possession of Cocaine, Possession of Cocaine with intent to Transfer, Being concerned in the supply of cocaine, Exportation and Drug Trafficking.



Consequently, a search was conducted on another location which yielded another four (4) suitcases with several packages of cocaine concealed in an identical manner. Two (2) men, an Antiguan and a British subject were arrested and charged for the substance found. The



seized substance amounted to 6.25kilos of cocaine with an estimated wholesale value of Two hundred and nineteen thousand three hundred and seventy five dollars (XCD \$219,375.00). Both men were charged with Possession of Cocaine, Possession of Cocaine with intent to Transfer, Being concerned in the supply of cocaine and Drug Trafficking.



**June 2014**  
In a joint counter narcotic operation conducted by the ONDCP and ABDF Coast Guard along the northeastern coast of the island, they intercepted a 65ft Jamaican fishing vessel with six (6) Jamaican nationals onboard. The crocus



bags that were recovered were weighed and amounted to 2333.54lbs of cannabis with an estimated street value of Nine Million, Three hundred and Thirty-four Thousand, One Hundred and Sixty Dollars (XCD\$9,334,160.00). The six (6) men have since been charged with Possession of Cannabis, Possession with intent to Supply Cannabis, Being Concerned with the Supply of Cannabis, Drug trafficking, and Importation of Cannabis and are currently awaiting trial.



**July 2014**  
In a counter narcotics operation on the western side of the island, a quantity of bags of cocaine was discovered. The drugs were weighed and amounted to 482.30kilos of cocaine with an estimated wholesale value of Sixteen Million, Nine hundred and Twenty-eight Thousand, Seven Hundred and Thirty Dollars (XCD\$16,928,730.00). Additionally 50 grams of cannabis with an estimated value of Five Hundred Dollars (XCD\$500.00) was found in the residence of the adjacent property. The couple has since been charged with Simple Possession of Cannabis



**November 2014**  
In a counter narcotics operation conducted by the ONDCP in the rural area of the island, Officers intercepted a motor vehicle being occupied by five (5) occupants. The men had in their possession a quantity of cocaine bricks. The drugs amounted to 55.40kilos of cocaine with an estimated wholesale value of One Million, Nine hundred and Fifty-Six Thousand, Seven Hundred and Eleven Dollars and Thirty-Eight cents (XCD\$1,956,711.38). Subsequently, six (6) men have been charged with; Possession of Cocaine, Possession of Cocaine with Intent to Transfer, Being Concerned in the supply of cocaine and Drug Trafficking.



**December, 2014**  
An Antiguan male was arrested during an operation conducted by the ONDCP in the southern section of the island and had in his possession two (2) bricks of cocaine hidden in his vehicle. The drugs were weighed and amounted to 2.25kilos of cocaine with an estimated wholesale value of Seventy-Nine thousand Four Hundred Sixty-Nine dollars and thirty three cents (XCD\$79,469.33). The man has been charged with; Possession of Cocaine, Possession of Cocaine with Intent to Transfer, Being Concerned in the supply of cocaine.



As a result of successful seizures as mentioned above, the ONDCP has investigated and forwarded for prosecution a number of cases. In 2014 alone, eleven (11) such cases are in varying stages of completion.

In 2014, the ONDCP has concluded seven (7) court cases which resulted in convicted individuals receiving sentences ranging from eighteen (18) months to twenty-five (25) years and fines ranging from XCD\$10,000.00 to over XCD\$300 million dollars. However, there are still eight (8) cases pending in the courts from previous years. With the improved efficiency of the judicial system, the ONDCP expects the completion of more cases in 2015.

The counter narcotic effort spearheaded by the ONDCP for the past eleven (11) years (2003 to 2014), have prevented over 36,000 pounds of Cannabis and over 1,770.29kg of cocaine from being trafficked from the shores of Antigua and Barbuda.

To conclude the investigative efforts, this year, the ONDCP along with the Royal Police Force of Antigua and Barbuda, participated in two (2) drug destruction operations where:

1. On March 19th 1066lbs of cannabis and 1.5kg of cocaine were destroyed after the completion of cases in the Magistrates Court.

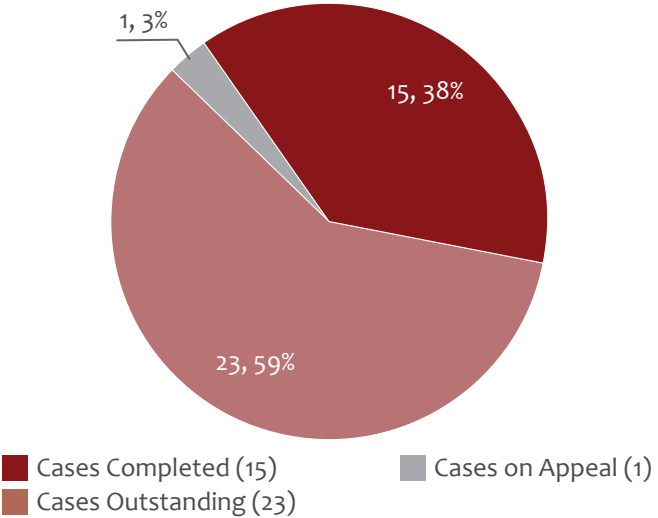




2. On April 17th 357.61lbs of cannabis and 914.15kg of cocaine were destroyed from completed High Court matters.

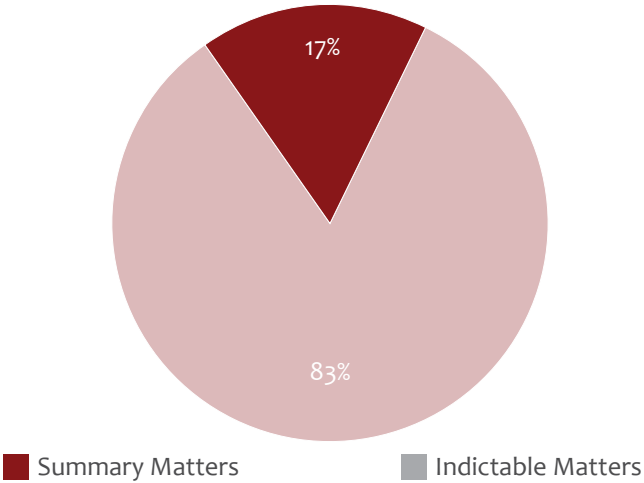


Reported ONDCP Cases 2010-2014



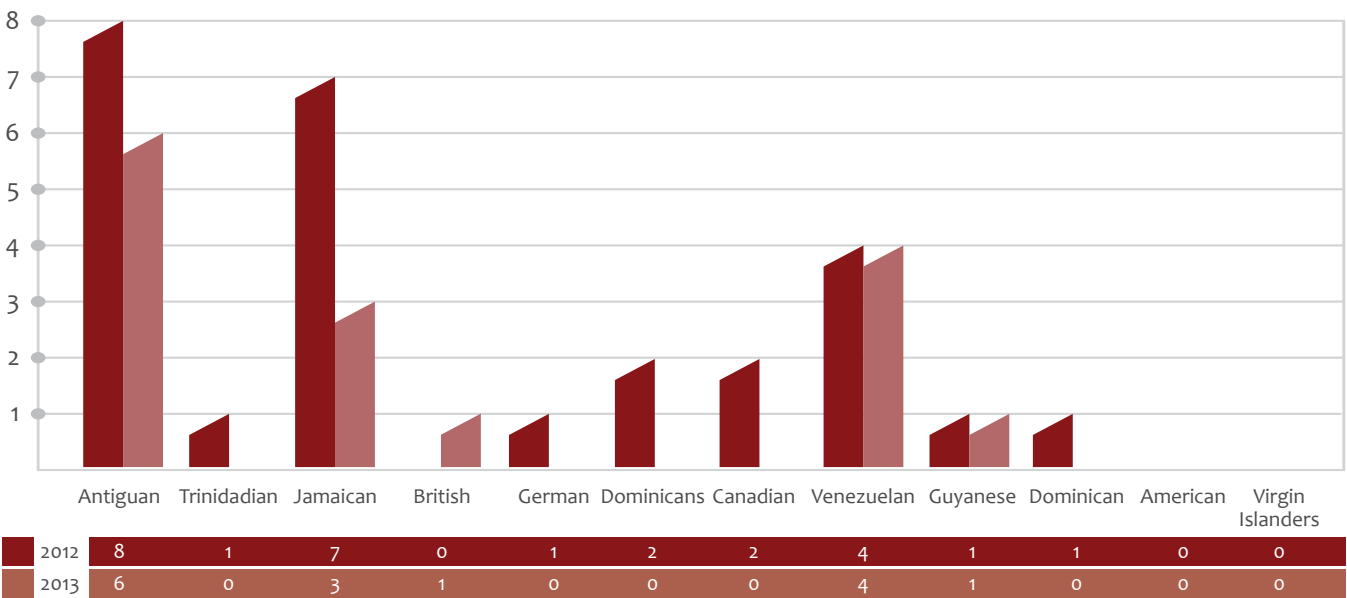
During the period under review, the ONDCP has recorded a total of thirty-nine (39) cases both in the Magistrates and High Courts. Chart 9 indicates that 38% of the cases have been completed while 59% of the matters are in varying stages of completion.

Cases before the Courts

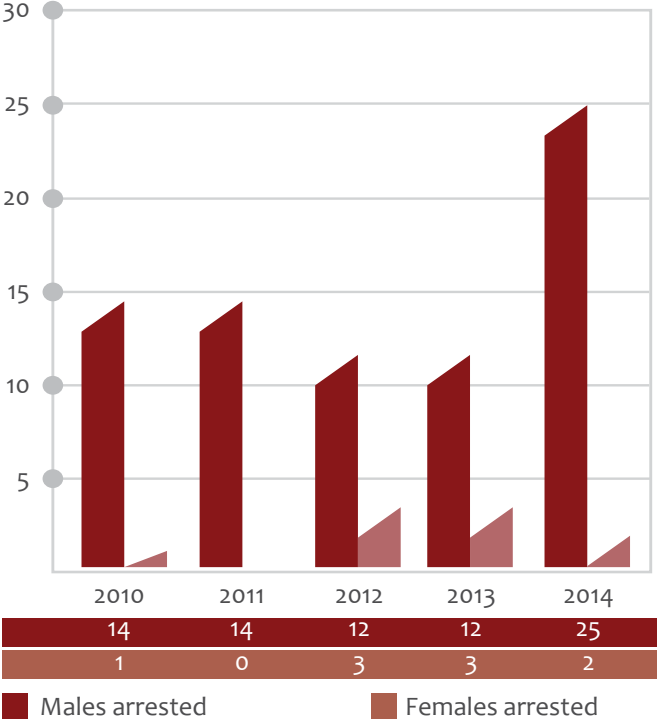


To date, the ONDCP has twenty-three (23) cases that are presently before the court. Chart 10 depicts that of the twenty- three (23) cases 83% are of an indictable (High Court) nature while 17% are summary (Magistrates Court) matters. Of the nineteen (19) indictable matters presently in the court system, eleven (11) have already been committed to the criminal assizes while eight (8) matters are pending the outcome of the committal process.

Nationalities of persons arrested



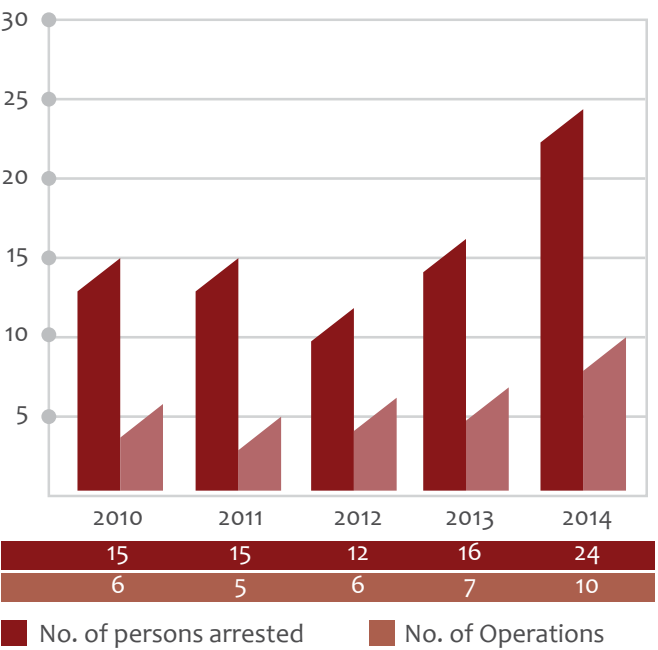
Persons arrested during the period 2010-2014



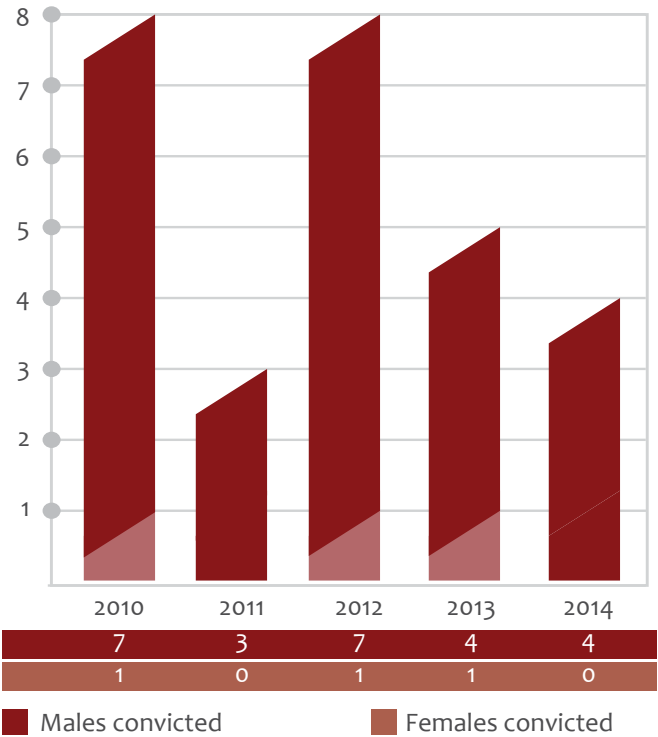
During the years 2010-2014, a total of eighty-six (86) persons were arrested for various offences concerning the drug trafficking trade. The graph above depicts the number of males and females who have been arrested during this period. Traditionally, of the total number of persons who have been arrested, the males outnumber females by approximately 90%.

Graph 8 shows that during the period 2010-2014, a total of twenty-eight (28) persons have been convicted either in the High or Magistrates Courts. Approximately 90% of the convicted persons are male.

A comparison of the number of successful operations and the resulting arrests



Persons convicted during the period 2010-2014





The ONDCP recorded a significant increase in operations in 2014 when compared to the previous years under review.

Drug Seizures for the period 2003-2014

Year	No. of ops	No. of Persons Arrested	Cash Seizure (EC\$)	Drugs Seized		Value of Drugs Seized	
				Cannabis	Cocaine	Cannabis	Cocaine
2007	6	28		6,824 lbs	5.62 kilos	\$10,200,000.00	\$1,137,891.00
2008	11	24		1,438 lbs	16 kilos	\$2,159,800.00	\$570,679.00
2009	6	24		1,859 lbs	3.7 kilos	\$8,918,680.00	\$130,682.89
2010	7	15		24.94 lbs	988.05 kilos	\$119,620.80	\$139,264,028.29
2011	7	15	\$127,983.83	1854.48 lbs	169.65 kilos	\$7,417,733.20	\$23,976,948.42
2012	6	12		1701.7 lbs	5.3 kilos	\$5,530,520.00	\$163,749.42
2013	8	18	\$35,100.00	657.8 lbs	22.3 kilos	\$1,948,260.00	\$787,629.31
2014	10	24		2492.2 lbs	561.70 kilos	\$9,651,880.00	\$19,616,803.90
						1.2 grams Crack Cocaine	\$30.00
						28 Oxycodone Hydrochloride pills	\$2,662.56
Grand Total	61	160	\$163,083.83	16, 852.64 lbs	1,756.32 kilos		\$231, 597,416.79

## NATIONAL ANTI-DRUG STRATEGY

Antigua and Barbuda’s National Anti-Drug Strategy was approved by Cabinet in early 2013. Over the past years the ONDCP has been assigned the role of coordinator of this strategy. The Strategy focuses on four (4) thematic sections: Institution Strengthening, Demand Reduction, Supply Reduction and Control Measures. The diagram below indicates the key agencies that have made and continue to make significant contributions to the National Anti-Drug Strategy.



The country has continued to make great strides in the area of Demand Reduction in its three (3) tier approach to the prevention of drug abuse starting from an early age. The programmes initiated by both private and government institutions have continued to impact hundreds of students in grades 3-6 and Secondary Schools yearly.

- A. The Substance Abuse Prevention Division “*Molding Young Minds*”,
  - This programme targets grade 5 students with a goal to help students gain self-awareness which will help them make better decisions, solve problems, and deal more effectively with situations.
- B. The Royal Police Force Antigua and Barbuda’s “*DARE Programme*”
  - This programme is designed for children in

grades 5 & 6 (Some Secondary Schools), the pivotal time when a child makes the transition from primary school to secondary school. It was established 20 years ago and graduates over 200 students per year.

- C. Crossroads Rehabilitation Centre’s “*Breaking the Cycle Program*”
  - The objectives of the program are to:
    1. Promote abstinence for school age children at the third grade level
    2. limit their drug use as adults with regard to amount and frequency
    3. inhibit development of drug abuse
  - In the school year of September 2012-June 2013, over one thousand and ninety-four (1394) students participated in the Breaking the Cycle program.



St. Georges Anglican Church



In the Supply Reduction area through joint and separate efforts of all law national enforcement agencies over 600 kilos of cocaine, 2500 lbs of marijuana have been seized from the streets and coastal waters and 4274 trees uprooted and destroyed.

Projects

The ONDCP, Crossroads, and the Substance Abuse Prevention Division have taken an active role in the coordination of several projects under the National Anti-Drug Strategy.

Multilateral Evaluation Mechanism (MEM)

The Multilateral Evaluation Mechanism (MEM) is an instrument designed to measure the progress of actions taken by the 34 member states of the Organization of American States (OAS) to combat the hemispheric drug problem and other related offenses.



The Heads of State and of Government at the Second Summit of the Americas in 1998, mandated the creation of a multilateral evaluation mechanism which would make periodic recommendations to member states to improve their capacity to control drug trafficking and abuse and enhance multilateral cooperation. Specifically, in the Plan of Action, Heads of State mandated countries to:

*“develop, within the framework of the Inter-American Drug Abuse Control Commission (CICAD-OAS), a singular and objective process of multilateral governmental evaluation in order to monitor the progress of their individual and collective efforts in the Hemisphere and of all the countries participating in the Summit, in dealing with the diverse manifestations of the problem.”*

On 19th-24th May 2014, officials from OAS/CICAD visited Antigua and Barbuda to show the organizations commitment to the nation and assist with the various projects under the Anti-Drug Strategy. Angela Crowdy, Acting Assistant Executive Secretary and MEM Coordinator and Karen Sanjines, MEM Specialist assisted and visited

stakeholders while clarifying any ambiguity in the completion of the sixth round of recommendations.

During this Evaluation Round representatives from the Ministry of Health, Ministry of Foreign Affairs, Royal Police Force of Antigua and Barbuda, ONDCP, Crossroads Centre, The Department of Public Prosecution, Substance Abuse Prevention Division, Clarevue Psychiatric Hospital and The Probation Department participated in the completion of the 27 recommendations outlined in the survey.

Prison Survey 2013-2014

In 2013, Dr. John Swift a technical research expert along with the Substance Abuse Prevention Division conducted a survey at the Her Majesty Prison in the Terms of Reference set out by Inter-American Observatory on Drugs (OID) of the Executive Secretariat of the Inter-American Drug Abuse Control Commission (ES/CICAD) of the OAS.

The report examined the link between drugs and crime and was conducted amongst 83.2% of the population over the age of 18 at Her Majesty Prison Antigua (two hundred and thirteen (213) inmates from the total population of three hundred and fifty-six (356) were interviewed). The ages of the respondents ranged from 18-73 years, with the mean age being 33 years.

The results indicated that there was a rather high prevalence of substance use within the prison. Of those reporting use, 25.8% reported having consumed tobacco while 22.5% reported having consumed marijuana, in the 24 hours preceding the interview. Many of the respondents reported that a part of their reason for using drugs was related to boredom and the lack of things to do.

In 2014 the Prison Survey was presented to the government as a tool to specify the lapses in security, the need for increased work programs, strengthening the human capacity officers and also counseling services to reduce the recidivism of inmates.

Drug Treatment Data Collection

In April, Antigua and Barbuda partnered with the ES/CICAD’s OID to gain training in the standardization of drug treatment data collection. The mechanism, will allow for the country to manage, analyze and report drug treatment information more accurately. Although still in its infancy, the data collected will be combined with results from other Caribbean islands thus capturing a hemispheric view of drug treatment.

Information Needs and Resource Analysis (INRA)

In 2012, Antigua and Barbuda with the assistance of OAS/CICAD contracted Dr. John Swift to complete an Information Needs and Resource Analysis (INRA) of the country’s stakeholders related to the Anti- Drug Strategy.

The INRA examined the information and resources readily available on drug use and treatment, the needs of key

institutions and a strategic analysis of the data collection mechanism. The report also identified three main areas of development geared at significantly improving the data collection and dissemination capabilities on island. These areas include: ‘... (1) the establishment of a National Drug Council to house the centralized database and to oversee the collection, analyzing and dissemination of data; (2) the updating of the current IT hardware to support proper data management and analytic software; (3) and training individuals to utilize these systems.’

The significant contributions of Crossroads Rehabilitation Center was recognized and applauded as being the sole institution which offers specialized rehabilitation service on island. Additionally, recognition of the Substance Abuse Prevention Division and other NGO’s and religious groups must be extended as the Government’s response to counseling services to substance abusers on island.



Gilberts Methodist Church



# CONTRIBUTIONS & PARTNERSHIPS

## National

In 2014 the ONDCP continued its commitment of strengthening the relationship with local, regional and international partners. The Agency made contributions to the Substance Abuse Prevention Division and the Royal Police Force of Antigua and Barbuda in the form of equipment that assisted in capacity building of both Organisations.

In the first quarter of 2014 the ONDCP presented the Royal Police Force of Antigua and Barbuda with several items which demonstrates the commitment and co-operation between Agencies. The items presented included a camera, fax machine, laptop, belts, various types of weapon holsters, batons and radio pouches which are aimed at assisting the Police in improving its effectiveness and efficiency. The Royal Police Force of Antigua and Barbuda was also the recipient of two (2) K-9 Dogs as they partner with the ONDCP in their counter narcotics efforts.



The Police expressed appreciation for the items received as they would greatly assist the Force in improving their service and assist the organisation in various units such as Special Task Force, Special Services and the Drug Squad.

A similar presentation took place in June of 2013 where new computers and office equipment had been then presented to the Police Proceeds of Crime Unit.

Later in the quarter, the Substance Abuse Prevention Division received a View Sonic Projector and a Laptop. These items were useful in the execution of the Division's Programme: **"Moulding Young Minds"**. Mrs. Norma Jeffrey-Dorsett, Head of the Division, noted that it is the focus of the Division to apply best efforts in preventing or delaying the youth's first use. It is noted that the longer the delay in

trying drugs the less likely they are to use it. This approach fits into the National Anti-Drug Strategy as there is the requirement for implementation of various programmes, namely Drug Reduction, Supply Reduction and the application of Control Measures. The Substance Abuse Prevention Division is charged with the responsibility of educating the public on the dangers of drug use and drug abuse in addition to providing various treatments for individuals.



The ONDCP wishes to thank the various agencies with whom we have partnered throughout the years in various projects, courses and operations. It is envisioned that the partnerships will continue to strengthen in the upcoming year in the fight against Money Laundering, Drug Trafficking and the Financing of Terrorism.

## International

Additionally, there has been training opportunities in collaboration with the Organization of American States/ Inter-American Committee against Terrorism (CICTE) Secretariat for Multidimensional Security/Inter-American Drug Abuse Control Commission (CICAD) Secretariat for Multidimensional Security co-ordinated by the Director of the ONDCP, who is the National Point of Contact of Antigua and Barbuda to CICTE.

Over the years, most of the agencies with whom the ONDCP partners in the fight against drug trafficking and money laundering have participated in several of these opportunities afforded to Antigua and Barbuda. The Table following illustrates that training opportunities afforded for the 2014 period.

Training Opportunities via National Point of Contact Antigua & Barbuda to CICTE

Names and Entity	2014 Training
ONDCP, Crossroads	Standardized data collection system for drug control and Alcohol treatment agencies in the Caribbean
Immigration, ONDCP, ABAA, Customs, RPFAB	Passenger Interdiction Training
Ministry of Information/ Ministry of Finance	Workshop on International Security and Diplomacy Cyberspace CICTE-OAS/ICT4Peace Foundation



Ena Moravian Church



# FATF & CFATF ASSESSMENT



## What is FATF?

The Financial Action Task Force (FATF) is the international standard setting body for the establishment and implementation of AML/CFT legal frameworks. The FATF promotes effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. As a “policy-making body”, the FATF works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas.

Over the years FATF has developed its international AML/CFT standards through a series of 40 Recommendations that are recognised as the international standard for combating of money laundering and the financing of terrorism throughout the world, and now also addresses the financing of the proliferation of weapons of mass destruction.

The FATF monitors the progress of countries in implementing necessary measures, reviews money laundering and terrorist financing techniques and counter-measures, and promotes the adoption and implementation of appropriate measures globally their AML/CFT frameworks and has a process for targeted improvement among member states.

## FATF 2014 Results

In February 2014, The FATF welcomed Antigua and Barbuda’s significant progress in improving its key and core elements of its AML/CFT regime and noted that Antigua and Barbuda has established the legal and regulatory framework necessary to meet its commitments in its action plan regarding the strategic deficiencies that the FATF had identified in February 2010. The Plenary further stated that Antigua and Barbuda is therefore no longer subject to FATF’s monitoring process under its on-going global AML/CFT compliance process. Antigua and Barbuda will work with the Caribbean Financial Action Task Force (CFATF) as it continues to address other issues of the 40 Recommendations identified in its last mutual evaluation report.

## What is CFATF?



The Caribbean Financial Action Task Force (CFATF) is the FATF Style Regional Body (FSRB), which assesses the implementation of effective AML/CFT standards and measures in member territories. The main objective of the CFATF is to achieve effective implementation of and compliance with its recommendations to prevent and control money laundering and to combat the financing of terrorism and proliferation of weapons of mass destruction.

The organisation is comprised of twenty-seven (27) states of the Caribbean Basin, including Antigua and Barbuda, which have agreed to implement the FATF 40 Recommendations. The body carries out mutual evaluations of member territories.

Currently, CFATF Members are Antigua & Barbuda, Anguilla, Aruba, The Bahamas, Barbados, Belize, Bermuda, The British Virgin Islands, The Cayman Islands, Curacao, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Republic of Haiti, Jamaica, Montserrat, St. Kitts & Nevis, St. Lucia, St. Maarten, St. Vincent & The Grenadines, Suriname, The Turks & Caicos Islands, Trinidad & Tobago, and Venezuela.

## CFATF 2014 Results

Based on a review in 2014, Antigua and Barbuda had no outstanding deficiencies with regard to implementation of the Core and Key Recommendations of the FATF 40 in that all the Core Recommendations rated Partially Compliant or Non Compliant have been addressed. Of note, Antigua and Barbuda has fully met the standards with regards to AML/CFT regulation, supervision and monitoring.

## Progress

Antigua and Barbuda has applied for and hopes to be removed from bi-annual follow-up reporting at the 2015 May Plenary and pledges its support in the continuing effort to maintain an AML/CFT regime to the international standards.

# PARTNERSHIPS

In 2014 and over the years the ONDCP has partnered with several agencies on various projects, courses and operations. The Agency wishes to recognize our national, regional and international partners.

## National

- Financial Services Regulatory Commission
- Antigua and Barbuda Defense Force
- The Royal Police Force of Antigua and Barbuda
- Antigua and Barbuda Immigration Department
- Customs and Excise Department

## Regional

- Anguilla
- Aruba
- Bahamas
- Barbados
- Bermuda
- British Virgin Islands
- Cayman Islands
- Dominica
- Dominican Republic
- Grenada
- Guyana
- Haiti
- IMPACS(JRCC,RIFC)
- Regional Security Systems
- St. Lucia
- St. Vincent and the Grenadines
- St. Kitts and Nevis
- Montserrat
- Trinidad & Tobago
- Turks and Caicos
- Venezuela

## International

- Australia
- EGMONT
- Canada
  - RCMP
  - FINTRAC
- USA
  - FBI
  - DEA
  - ICE
- United Kingdom
  - NCA
  - ECFIAT



St. Stephens Anglican Church



# CYBERSECURITY AND YOUR MONEY

## What is CYBERLAUNDERING?

The process of “utilizing Internet-based electronic wire transfer methods, such as Internet banking or online gambling, in furtherance of disguising the source of illegally obtained money.” In essence, the object remains the same as money laundering i.e. to legitimise illegal funds and hide their source; however, the classification of an act as cyber laundering rests on the internet being a mode of preparation, execution or conclusion of that activity.

### RISKS

- Identity theft
- Account takeovers
- Data integrity breaches
- Online banking exploitation
- ATM skimming
- Point-of-sale schemes
- Wire transfer schemes

### METHODS

- Hacking
- Phishing
- Skimming
- Social Engineering

### SPOT THE SIGNS

- Unusual requests, timing of transactions or e-mail formats.
- Anomalies in the types, volumes or values of transactions.
- A customer who submits an incomplete on-line account application and then refuses to respond to a request for more information.
- An on-line account application with conflicting information such as a physical address that does not match the location of the given e-mail address.
- A customer who uses the bank’s on-line transaction services to send repeated inter-bank wire transfers between several accounts with no apparent reason to do so.

### HOW TO COMBAT

- Verify customer instructions via an alternative medium
- Look for discrepancies in customer email accounts
- Penetration testing
- Corporate governance
- Staff training

# CONCLUSION

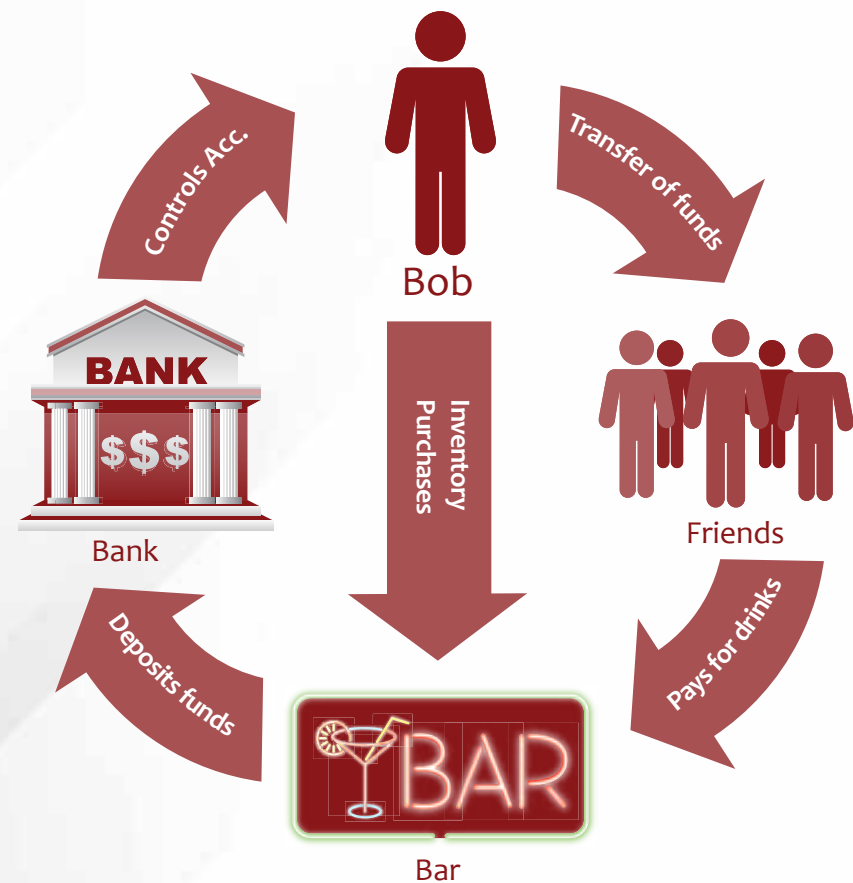
In 2014 the ONDCP made great strides towards the successful execution of its mandates. With the advent of new staff in most departments, the ONDCP’s wealth of knowledge and human resources has increased. This coupled with training received from national, regional and international institutions has increased the Agency’s competence while paving the way for 2015.

The ONDCP has successfully removed over 37,000 lbs of cannabis and over 1,800 kilos of cocaine from the streets and territorial waters of Antigua and Barbuda since its inception in 2003. During 2014, the agency seized over 2492 lbs of cannabis, 1.2 grams Crack Cocaine, 28 Oxycodone Hydrochloride pills and 561 kilos of cocaine. It 2015 the organization will continue to pursue its mandated duties to the nation and continue to partner and improve its relationship with national, regional and international law enforcement agencies.

During 2014 the boost received from the complement of new officers saw a significant increase in the productivity of the Financial Compliance Unit and the Financial Intelligence Unit. The benefits gained by the Supervisory Authority in this respect became tangible as statistics revealed a greater level of compliance and submission of SAR and other reports by financial institutions. The ongoing preparation for the upcoming National Risk Assessment coordinated by the ONDCP is intended to build on the successes of 2014 to propel Antigua and Barbuda to a favorable evaluation.

The ONDCP wishes to express sincerest gratitude to our various partners nationally, regionally and internationally whose collective efforts have resulted in considerable improvements in the standard of work being produced by the agency. This report could not be adequately concluded without recognizing the unwavering commitment and efforts of the members of the ONDCP who assisted in the years before and during this year’s accomplishments. The Director expresses his appreciation for having been given the opportunity to lead a group of dedicated officers and members, whose contributions have made this organization more efficient, earned and gained the respect of the society, and have assisted in the growth of a more professional organization. May God continue to protect the dedicated men and women of the ONDCP as they engage in the fight against organized crime.

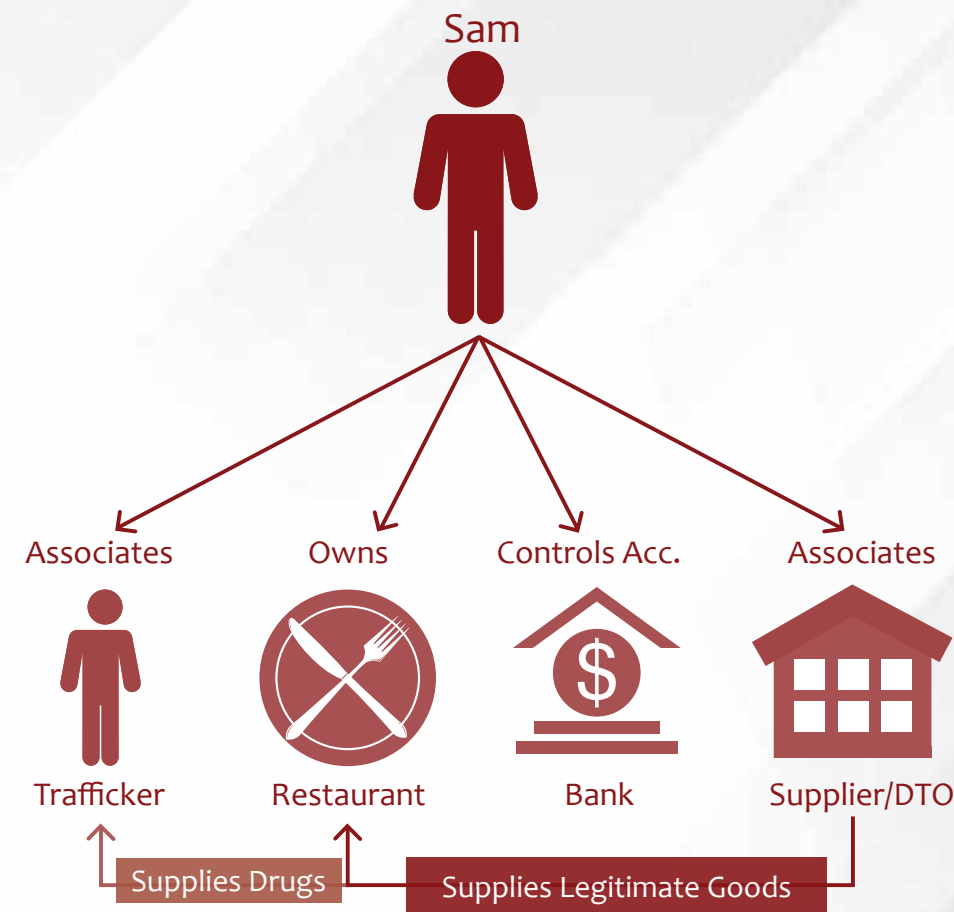
# 2014 TYPOLOGIES OF MONEY LAUNDERING



## Case 1 – Businessman uses Bar to launder the proceeds of crime

Offence	Money Laundering
Customer	Individual
Industry	Banking Service Industry
Channel	Physical Electronic
Report Type	Investigation
Jurisdiction	Domestic and Regional
Designated Service	Account Service Industry (Bar)
Indicators	Popularity of newly opened bar Increased sales Unusual crowd for weekday operations multiple cash transactions Multiple transfers from business account to other accounts

A drug syndicate uses one of its lieutenant (Bob) to open a Bar and Night Club to launder the proceeds of crime within the normal activity of an existing business. Bob contacts a number of his friends and invites them to patronize the Bar on a regular basis and gives each of them a thousand dollars from an illegitimate source and instructs them that the money is to be spent at the bar and tells them that they can invite any number of friends they choose. The friends collect the money and invite their friends to the establishment, where they appear as ordinary guests. They then purchase drinks for themselves and their friends and pays the bill with the ill-gotten gains. The ill-gotten gains are then entered in the night's earnings as sales of drinks and the establishment appears to be doing quite well. The ill-gotten gains are comingled with legitimately earned monies then deposited into Bob's bank account, effectively completing the first stage of money laundering.



## Case 2 – Businessman uses Restaurant to launder the proceeds of crime

Offence	Money Laundering
Customer	Individual
Industry	Banking Service Industry
Channel	Physical Electronic
Report Type	Investigation
Jurisdiction	Domestic and Regional
Designated Service	Account Service Industry (Restaurant)
Indicators	Over invoicing Expensive food with limited locals patronizing establishment Constant average nightly sales Limited staff Multiple cash transactions Multiple transfers from business account to other accounts

A drug syndicate uses a Businessman (Sam) who is considered a facilitator to drug trafficking to launder the proceeds of crime. Sam owns a high end restaurant and on a nightly basis, drug dealers and their friends (likely accomplices) would go to Sam's restaurant for dinner and pay their bill in cash which was derived from the sale of drugs. The restaurant sales record will show that diners placed many orders, or ordered the most expensive meals on the menu and left large tips at the completion of their dinner. The restaurant appears to be doing well. The ill-gotten gains are entered into Sam bank accounts either by direct deposit from point of sale machines or from Sam's nightly deposits. The funds are comingled and Sam uses that account to pay invoices submitted by actual suppliers as well as other facilitators to drug trafficking.

The fraudulent suppliers bills the restaurant for services and products and in some cases over-invoice for minor work done at the restaurant with a view of justifying the excessive amount Sam pays them for the supplies delivered, and which is the means by which the proceeds of the drug sales are remitted from the seller/dealer back to the drug supplier.





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