COMMONWEALTH OF THE BAHAMAS
NATIONAL MONEY LAUNDERING AND TERRORIST FINANCING RISK ASSESSMENT SUMMARY
2015 / 2016

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Foreword by the Honourable Attorney General, Chairman of the National AML/CFT Council

The Commonwealth of The Bahamas, as a founding member of the Caribbean Financial Action Task Force (CFATF) in 1990, has demonstrated its longstanding commitment to international standards in the fight against money laundering, the financing of terrorism and the proliferation of weapons of mass destruction. The jurisdiction has undergone four mutual evaluations by the CFATF with latest being conducted during the period of 30 November – 11 December 2015. The mutual evaluation report was published in July 2017. This mutual evaluation was based on the revised Financial Action Task Force's (FATF) 40 Recommendations of February 2012, and the Methodology for Assessing Technical Compliance with the FATF Recommendations and the Effectiveness of AML/CFT Systems of February 2013 ("the Methodology").

The Methodology marked a significant shift in the way jurisdictions are assessed. While technical compliance based on the FATF Recommendations continues to be assessed, there is now a separate assessment of effectiveness based on 11 Immediate Outcomes with a greater emphasis on national ML/TF risks and the actions taken to mitigate them.

On behalf of the Government, I am pleased to present the summary results of The Bahamas' second Money Laundering/Terrorist Financing (ML/TF) National Risk Assessment (NRA). The NRA was conducted in 2015 and 2016, with technical assistance by the World Bank. A collaborative approach to the NRA was taken: seven working groups assessed national threats and national vulnerabilities, as well as the vulnerabilities within the various financial and non-financial sectors. Sectoral working groups had the benefit of industry participation in assessing ML/TF risks. It is anticipated that the NRA will be updated at three-year intervals. The Bahamas Government wishes to extend its appreciation to those individuals, within both the private and public sectors, who contributed to the NRA process.

Summary results of the NRA are presented in this report. The Bahamas is committed to upholding the international standards and best practices in the fight against ML/TF and proliferation financing (PF). It is in our best interest to exercise continued vigilance so that the jurisdiction is protected from abuse and misuse by money launderers and terrorist organizations. By doing so, The Bahamas will remain a competitive financial services jurisdiction with a stable and safe environment to conduct business.

Background

The Bahamas is one of the few remaining countries worldwide with an Exchange Control Regime[1]. This is noteworthy because the exchange control regime places a firewall between the domestic economy and international business originating from and conducted within the country. The Central Bank of The Bahamas (CBB) enforces strict controls designed to prevent foreign cash and other monetary instruments from penetrating the local (Bahamian Dollar) financial system.

Owing to the vast volume of business conducted for international clients, and The Bahamas' openness as an international transshipment hub, the country is exposed to inherently high cross-border ML/TF risks. The more vulnerable sectors are those which are internationally-oriented and cash-intensive on the domestic level. These include retail and private banks, trust companies, credit unions, money-transmission providers, corporate service providers, securities firms (e.g. Administrators, Brokers, etc.), casinos and gaming house operators.

The bulk of The Bahamas' exposure to ML/TF risks arises from predicate offences committed overseas. The Bahamas is not known for the financing of terrorism and there have been no reports of domestic terrorist incidents. The Bahamas, as an international transshipment hub and financial centre, The Bahamas is a potential transit point for illicit drugs and illicit funds. Therefore, The Bahamas has an important part to play in the global effort against ML/TF.

The national risk assessment has found that authorities have put in place substantial preventative measures and are continuing to review and update their regulatory and supervisory regimes. To better manage cross-border ML/TF risks, The Bahamas has entered into Mutual Legal Assistance Treaties (MLATs), Tax Information Exchange Agreements, and other formal cooperation

[1] Exchange Controls are a set of rules, regulations and procedures which govern all foreign currency transactions between residents of The Bahamas and residents of foreign countries, referred to as non-residents. They have their legal basis in the Exchange Control Regulations Act, 1952 and the Exchange Control Regulations, 1956 but their actual roots lie in the early economic and monetary relationship that existed between the United Kingdom and other British Commonwealth countries, including The Bahamas.

channels through legislation for both supervisory and law enforcement purposes. In addition, the Office of the Attorney General (OAG) has facilitated requests for information exchange through MLATs and Letters Rogatory.[2] Moreover, the OAG established an International Unit dedicated to information exchange, as did the Ministry of Finance for the facilitation of tax requests from overseas partners and other requesting jurisdictions. This framework for international cooperation is continually being strengthened to tackle new and emerging ML/TF threats.

The Bahamas' 2012 IMF Financial Sector Assessment Program (FSAP)[3] results were positive as the country was rewarded for the substantial enhancements to its legal framework, supervisory and regulatory regimes. The IMF FSAP Report noted that "since the 2004 Offshore Financial Centre assessment, there has been clear and material progress in key areas of financial sector oversight. Most importantly, the approach to regulation and supervision, including with respect to AML/CFT supervision, has been shifting to risk-based approaches, with some agencies already having implemented risk sensitive global best practices"[4].

The Bahamas was found to be "Largely Compliant" in the Global Forum's Phase 2 Peer Review Report (November 2013)[5] that focused on availability of beneficial ownership information, access to beneficial ownership information and information exchange. The Global Forum Report (GFR) reflected the examiners' statements that the ownership and identity information requirements in The Bahamas to retain relevant information in respect of companies, partnerships, trusts, foundations, etc., were sufficient to meet international standards.

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[2] Letters Rogatory – Letters of requests from countries who do not have a MLAT with The Bahamas requesting cooperation and information exchange from The Bahamas with regards to civil or criminal matters.

[3] The Bahamas underwent a comprehensive FSSP in July 2012. The results validated the commitment and dedication of the regulatory agencies and the government to enhancing and strengthening the regulatory frameworks including the AML/CFT regime for financial and non-financial services sectors. Please see www. http://www.imf.org/external/pubs/ft/scr/2013/cr13101.pdf - for Bahamas' Report

[4] IMF 2012 Bahamas FSAP Report – imf.org

[5] Global Forum Phase II Review - The Bahamas was deemed compliant as to availability of ownership information, access to information and exchange of information.

Executive Summary

The Government of the Commonwealth of The Bahamas has conducted an assessment to identify inherent money laundering and terrorist financing (ML/TF) risks in The Bahamas. This report provides an overview of the ML/TF risks before and after the application of mitigation measures, which include a range of legislative, regulatory and operational actions to prevent, detect and disrupt ML/TF.

The Financial Action Task Force (FATF) sets global AML/CFT standards. Foundational to this are the FATF's Recommendations, which mandate that countries undergo ML/TF risk assessments. This finalized report addresses this requirement and will allow The Bahamas to comply with critical criteria of Recommendation 1 of the FATF Recommendations.

This document is an assessment of the ML/TF threats and inherent ML/TF vulnerabilities of key economic sectors and financial products in The Bahamas, while considering the consequences of money laundering and terrorist financing. The national risk assessment (NRA) process involved extensive stakeholder engagement, covering financial and non-financial service providers, and representatives from both the public and private sectors.

The AML/CFT regime in The Bahamas is implemented and overseen by thirteen (13) government agencies supported by three self-regulatory bodies (Bahamas Bar Association (BBA), Bahamas Real Estate Association (BREA) and Bahamas Institute of Chartered Accountants (BICA). The inherent risks identified are being addressed through a regime that focuses on both domestic and international policy coordination; the prevention and detection of ML/TF in The Bahamas; disruption activities, including investigation, prosecution and the seizure of illicit assets; and the implementation of measures to ensure the ongoing improvement of the anti-money laundering and countering the financing of terrorism (AML/CFT) regime.

This report is meant to provide critical risk information to the public and, in particular, to the financial and non-financial service providers that have reporting obligations under the Proceeds of Crime Act (POCA) and Anti-Terrorism Act (ATA). These stakeholders must understand the foundational risks inherent to their business when applying the preventive measures and controls required to effectively mitigate them. The Government encourages all stakeholders to use the findings in this report to inform their efforts in assessing and mitigating risks.

The key government agencies involved are:

- The Bahamas Customs Department (BCD)
- The Bahamas Gaming Board (GB)
- The Royal Bahamas Defense Force (RBDF)
- The Royal Bahamas Police Force (RBPF)
- The Central Bank of The Bahamas (CBB)
- The Compliance Commission of The Bahamas (CC)
- The Financial Intelligence Unit (FIU)
- The Bahamas Immigration Department (BID)
- The Inspector, Financial Corporate Services Providers (IFCSP)
- The Insurance Commission of The Bahamas (ICB)
- The Office of The Attorney General
- The Registrar General's Department (RGD)
- The Securities Commission of The Bahamas (SCB)

The NRA was largely conducted by the National AML/CFT Task Force (Task Force), although initiated under the auspices of the Office of National AML/CFT Coordinator.). The Task Force is charged with assisting in the identification of national-level vulnerabilities to protect our financial system from misuse from money laundering and terrorist financing. It comprises senior representatives from government, regulatory and law enforcement agencies (LEAs) and the private sector, and is steered by the Attorney General (AG) of The Bahamas and his Directors of Public Prosecutions and Legal Affairs, respectively.

This process serves to enhance and deepen the awareness and understanding of The Bahamas' ML/TF threats and vulnerabilities and focus resources to address identified gaps in our AML/CFT regime, including laws, regulations, and guidance/codes as well as supervisory and enforcement frameworks.

The publication of the NRA summary of findings will also allow public and private sector stakeholders to better understand the ML/TF risks in the financial and non-financial sectors. This will allow them to better assess the adequacy of their internal AML/CFT controls in mitigating the risks identified. The public at large will also benefit from greater awareness of the ML/TF risks in The Bahamas.

Overview of the Risk Assessment Methodology

In 2007, the Government of The Bahamas conducted a ML/TF risk assessment which culminated in a national ML/FT risk strategy. The risks, threats and vulnerabilities noted in 2007, updated in 2009 and 2010, served as a baseline for this NRA.

This document was also informed by the Guidance on National Money Laundering and Terrorist Financing Risk Assessment published by the Financial Action Task Force (FATF) in February 2013, and tools and methodologies developed by the World Bank.

The basis of the risk assessment is that risk is a function of three components: threats, inherent vulnerabilities and consequences. Furthermore, risk is viewed as a function of the likelihood of threat actors exploiting inherent vulnerabilities to launder illicit proceeds or fund terrorism and the consequences should this occur.

The ML threat was assessed separately from the TF threat. Notwithstanding some overlap, the nature of these criminal activities is different, warranting separate assessments. In contrast, the assessment of the ML/TF vulnerabilities did not require such separation since ML/TF threats seek to exploit the same set of vulnerable features and characteristics of products and services offered by sectors to launder proceeds of crime or to fund terrorism.

In step one, The Bahamas engaged the World Bank's technical risk assessment experts to assist in the training of the assessment groups covering national threats and vulnerabilities in banking, securities, insurance, other financial institutions (trust companies, money transmission services and credit unions), and designated non-financial businesses and professionals. Workshops were held, with presentations on the World Bank ML/TF risk assessment tool, which uses surveys and working sessions of local experts to gather industry data on national threats and vulnerabilities.

During the second step, customized surveys were developed to gather information about the various financial and non-financial industry sectors regarding product and service offerings, method of payment for such services and products, delivery channels, and other critical variables.

In step three, sessions with various industry stakeholders and the analysis of the data and information received from survey and interview responses were coupled with data sourced from regulatory files and other reputable depositories. The data was fed into the World Bank module, then analyzed and integrated into the overall report after commentary and discussion by the Task Force members.

Step four involved the draft NRA being submitted to the World Bank for commentary and guidance in early April 2016. The World Bank's technical commentary was received on the 27th April, 2016 in readiness for the final World Bank workshop which was held in early June 2016. This workshop served as a working session for all of the working groups to discuss and defend their review of the risk assessment data they had received from the exercise. The World Bank facilitators used their comments on the draft NRA as a basis for instructive presentations, guidance and to stimulate critical discussion amongst participants.

Step five involved discussions with the working groups responsible for the identification of the National Threats and Vulnerabilities which occurred between September and November 2016. Experts from a cross section of the financial and non-financial sector regulators, Law Enforcement Agencies (LEAs) and the private sector reviewed (1) data garnered from the various sectors, (2) the AML/CFT legal, law enforcement and regulatory framework, operational, functional processes, policies, guidelines and procedures established to mitigate ML/TF and (3) statistical data from LEAs. Based on their expert knowledge and merits of the review, ratings were given to threats and vulnerabilities. A vulnerabilities heat map was produced and can be viewed at Annex K. Following the firming up of the threats and vulnerabilities, the NRA was substantially completed, discussed with the Attorney-General, senior members of the OAG, government officials and approved by the Cabinet of The Bahamas for dissemination to all industry stakeholders.

Summary Findings

The NRA determined that The Bahamas faces, on the national level, internal and external ML/TF threats, including:

- Fraud, human, gun and drug smuggling / trafficking, trade based schemes being the main threats emanating from domestic origins; and
- Fraud (inclusive of tax fraud), money laundering, drug trafficking, trade based schemes in other jurisdictions.

Vulnerabilities identified at the national level were found to include:

- the need to strengthen and enhance the AML/CFT framework (FTRA, POCA, ATA - inclusive of regulations, policies and guidance notes), and implementation of same (regulatory frameworks - to include risk sensitive regimes where required);
- the need to boost resources (manpower, IT tools, formal procedures, specialized training) for Border Control - Customs, Immigration, Defence Force and LEAs - DEU, TF&MLIS, BTCS;
- the need to boost prosecutorial resources (manpower, IT tools, formal procedures, specialized training);
- the need for timely Suspicious Transaction Report (STR) data analysis and dissemination to stakeholders (feedback to financial institutions and data to financial crime investigators) and to boost resources to address this issue (manpower, specialized analysts, etc.);
- the need to boost resources for asset forfeiture investigators (manpower, IT tools, formal procedures, specialized training);

- the need for the identification and development of cross-cutting, appropriate data collection and analysis techniques and mechanisms; and
- the need for regulatory briefings and outreaches to financial and non-financial sector licensees and registrants.

Financial Sector

- **International bank and trust company licensees, and domestic commercial banks** are faced with inherently high exposure to ML/TF risks as they conduct a significant volume of transactions, handling of significant wealth management portfolios, frequent use of legal persons and arrangements, wire transfers and provide banking services through face-to-face and non-face-to-face delivery channels that vary in terms of the degree of anonymity and complexity.

- **The domestic securities sector**, due to the small number of trades and low volumes involved, is assessed at low for ML/TF vulnerability. The international securities sector, due to the high cross-border transaction dollar volumes, non-face-to-face relationships, use of legal arrangements and persons and the use of international intermediaries, were assessed as high ML/TF risk.

- **The insurance sector** was assessed as having a medium-high level of ML/TF vulnerability resulting from gaps that exist in the domestic market, mainly attributed to the level of oversight of the non-life insurers in relation to AML/CFT. An assessment of non-life insurers indicated that they were excluded from similar AML/CFT legislative obligations when compared with the life insurance sector. As a result, they were not obligated to take certain measures or implement adequate processes and procedures to strengthen their AML/CFT framework. AML/CFT monitoring systems to ensure compliance with customer due diligence (CDD) requirements must be implemented for the non-life sector. Industry specific training is also needed for the non-life sector.
- **Money transmission businesses** were rated as being highly vulnerable and exposed to ML/TF risk, due to the substantial number of transactions involving small amounts of physical cash, high numbers of walk-in, one-off, and non-resident customers,

the attractiveness of these entities to undocumented persons and cruise ship personnel, and the rapid cross-border transfer of funds

- **The Credit Union sector** is relatively small, with less than $500 million in assets. All facts considered, these entities were deemed to pose medium-high ML risk, notwithstanding the restricted nature of their business, due to the need to enhance internal controls to avoid or minimize abuse of their operations. Credit unions in The Bahamas function primarily as savings and loan operations and do not offer demand accounts, money drafts or wire transfer services. However, a rating of high TF risk was assessed in relation to the sector, due to entities having the ability to issue credit cards in agreement with commercial banks, which can be used in countries other than The Bahamas and can potentially be a target for terror activities that only require for execution purposes small amount of funding.

Designated Non-Financial Businesses and Professions

- **Financial Corporate Service Providers (FCSPs)** are deemed inherently high ML/TF risk owing to their focus on incorporating and managing companies for international customers. Although FCSPs do not handle large amounts of cash, there is a risk that their clients can misuse product or service offerings to set up complex and opaque structures for illicit purposes.

- **Jewelers, pawnbrokers and other dealers in precious stones and metals** have yet to receive AML / CFT guidelines from their designated regulator, The Securities Commission of The Bahamas. Pawnbrokers which are focused almost exclusively on the domestic market are highly susceptible to ML / TF risk owing to the attractiveness to criminals wishing to pawn stolen goods. Jewelers and other businesses dealing in precious stones are also inherently very high ML / TF risk attributable to the international exposure due to a large number of tourists (between 5 and 6 million annually) that visit our shores and patronize these businesses.

- **Gambling operations (Casinos and gaming houses)** are possible conduits for illicit proceeds to be laundered internationally and domestically and are inherently high ML risk. Casinos developed in the 1960s cater solely to non-residents while gaming houses cater to residents. The latter are cash intensive businesses while the former are characterized by large volume cross-border transactions. Casinos and gaming houses were deemed to present high inherent ML/TF risks to The Bahamas.

- **The real estate sector** was assessed as highly vulnerable to ML risks due to high value property sales to international buyers, the purported non-compliance with legal provisions by some real estate developers, and the need to strengthen the sector's governing legislation.

- **The accounting profession sector** was assessed as having a low / negligible level of ML/TF risk due to the sharp withdrawal by Bahamian accounting firms from financial services following the October 2001 ENRON scandal. In The Bahamas, accountants limit their business offerings primarily to internal auditing assignments, operational reviews, auditing clients' financial and accounting records, managing liquidations, and carrying out forensic accounting assignments. It was concluded that there is little opportunity for the sector to be involved in the movement of cash or transfers to facilitate ML/TF activities due to its aversion to holding clients' funds or the offering of advisory services.

- P**ractitioners in the legal profession** are highly exposed to criminal exploitation as they provide a wide range of **services** susceptible to being used not only in the layering and integration stages of money laundering, but also as a means to disguise the origin of funds before placing them into the financial system. Due to the role of lawyers in numerous transactions domestically and internationally regarding the monetary settlement of commercial, real estate, trust and corporate services, the use of legal persons and arrangements, the profession is highly exposed to ML/TF risk.

- **Non-Profit Organizations** have not had an appropriate supervisory framework developed to-date. However, the major portion of the 1,120 NPOs registered are Bahamian based and are restricted to carrying out business within The Bahamas with limited access to the international financial system. The Registrar General's Department has been charged, since 2014, with the regulation of the sector. There is a need to risk assess the sector to identify inherent ML/FT business risks. LEAs have noted that there has not been any reported financing of terrorism through NPOs.

Addressing these issues:

Action is being considered around six key tracks:

1. Ensuring comprehensive risk-based supervisory frameworks are developed and implemented for those regulatory and supervisory agencies which currently have frameworks that are not risk sensitive (SCB, CC, GB and RGD);

2. Enhancing the AML/CFT regime inclusive of review of IOEAMA and its sufficiency vis-à-vis the FATF Recommendations;

3. Enhancing domestic co-operation and co-ordination;

4.Strengthening of sanctions, intelligence and enforcement;

5. Ensuring an efficient and effective system for international cooperation; and,

6. Raising AML/CFT awareness among all stakeholders and the general public.

Work on these six priorities may involve amendments to the AML/CFT and countering proliferation financing (PF) legal framework to include provisions specifically addressing proliferation financing. The re-establishment of the operational forum involving all stakeholders will be a priority. Work is also being contemplated to be carried out on related regulations and guidelines to ensure gaps are addressed regarding compliance with international AML/CFT standards and that the industry continues to observe and adhere to best practice. Priority will be given to reviewing current statistical and data collection tools with a view to revamping and establishing appropriate mechanisms. The issue of appropriate resources required for regulatory, law enforcement and border control agencies will also be broached to ensure the effectiveness of the National AML/CFT and CPF institutional and legal frameworks.

The Bahamas' AML/CTF Legal and Institutional Framework

The Bahamas has had a long-standing commitment to fighting financial crime and, over time, enacted the following legislation to combat ML and TF including**:**

- The Anti-Terrorism Act, 2004
- The Banks and Trust Companies Regulation Act, 2000
- The Prevention of Bribery Act, 2010
- The Central Bank of The Bahamas Act, 2000
- The Criminal Justice (International Cooperation) Act, 2000
- The Dangerous Drugs Act, 2000
- The Evidence (Proceedings in other Jurisdictions) Act, 2000
- The Financial and Corporate Service Providers Act, 2000
- The Financial Intelligence Unit Act, 2000
- The Financial Transactions Reporting Act, 2000
- The International Business Companies Act, 2000
- The International Obligations (Economic and Ancillary Measures) Act, 1993
- The Proceeds of Crime Act, 2000

All regulators have issued legally enforceable AML/CFT guidance for the adherence by financial services and designated non-financial business sectors. The Government of The Bahamas through the competent authority for terrorism matters – The Ministry of Foreign Affairs - is an active member of the United Nations. Accordingly, Security Council resolutions on terrorist related activities and sanctions are operationalized via the OAG and the regulatory agencies. Warranted Orders are issued pursuant to the IOEAMA legislation for adherence of all financial and non-financial sector service providers. These Orders have the force of law in The Bahamas.

OAG in The Bahamas is empowered to share information with counterparts overseas through the Criminal Justice (International Cooperation) Act, 2000, the Evidence (Proceedings in other Jurisdictions) Act, 2000 and the Mutual Legal Assistance Treaties with the United States, United Kingdom, and Canada. Additionally, legislation governing banks and trust companies, securities and insurance licensees and registrants, allow the regulators to share information with their overseas counterparts through specific legal provisions. The Proceeds of Crime Act enables the Director of Public Prosecutions to apply to the Bahamian Supreme Court on behalf of a foreign territory / country for the civil recovery of property that is, or represents, property obtained through unlawful conduct. Regarding extradition - the Extradition Act 1994 (the 1994 Act) governs applications for extradition from The Bahamas. The Long title to the 1994 Act states that it is: "An Act to make new provision for the extradition to and from Commonwealth Countries and Foreign States of persons accused or convicted of certain offences and to provide for matters connected therewith".

In relation to tax matters, The Bahamas currently has thirty-three (33) bilateral arrangements with various countries for the provision of tax information. The Bahamas also signed a Foreign Account Tax Compliance Act (FATCA) intergovernmental agreements (IGA) with the United States of America and was an early adopter of the new global standards on the automatic exchange of information for tax purposes, and implemented the Organization of Economic Cooperation and Development (OECD) Common Reporting Standard (CRS) pursuant to legislation in December 2016. Recently, The Bahamas issued a letter in early June 2017 to the OECD Global Forum advising of its intent to sign the Multilateral Convention on Administrative Assistance in Tax Matters.

The Bahamas also has in place an institutional framework, underpinned by law, to combat ML/TF. This institutional framework is made up of:

- The Task Force, which is charged with oversight of the AML/CFT policy of the Government and chaired by the Attorney General;
- CBB, which is the AML/CFT supervisor for banks and trust companies, private trust companies, non-bank money transmission providers and credit unions;
- SCB, which is the AML/CFT supervisor for the securities industry;
- IFCSP, which is the AML/CFT supervisor for financial and corporate service providers;
- ICB, which is the AML/CFT supervisor for the insurance industry;
- GB, which is the AML/CFT supervisor for the Gaming Industry;
- CC, which is the AML/CFT supervisor for those service providers deemed financial institutions as per Section 3 (c), (d), (g), (j), (k) and (l) of the FTRA and not regulated by the ICB, CBB, SCB and the IFCSP.
- FIU, which is charged with responsibility for receiving STRs, conducting analysis to substantiate suspicion, making onward disclosures to the police for ML/TF investigations, and onward disclosures to counterpart FIUs in other jurisdictions;

- The MLIS/TF Unit and the BTCS of the Royal Bahamas Police Force ("RBPF"), has responsibility for investigating financial crimes within The Bahamas, and for obtaining restraint and confiscation orders with respect to proceeds of criminal conduct;

- BCD, has the responsibility for the management and administration of customs, the licensing and controlling of warehouses, the liability to, the determination, recovery and remission of customs duties and for connected purposes;

- BID, has the responsibility for exercising general supervision and control over matters concerning or connected with the entry of persons into The Bahamas, and the residence and occupation in The Bahamas of persons who are not citizens of The Bahamas or permanent residents;

- RBDF, has the responsibility for protection of the country's territorial integrity, patrol its waters, provide assistance in times of disaster, and to maintain order in conjunction with the law enforcement agencies;

- RBPF has the responsibility for the maintenance of law and order in The Bahamas; preservation of the peace; prevention and detection of crime; apprehension of offenders; enforcement of laws with which it is charged;

- OAG has responsibility providing timely legal advice to the government and statutory bodies; providing the most efficient and effective legal representation for the government in national and international matters; drafting legislation and promoting access to justice for all and transparency in the legal system;

- The Director of Public Prosecutions and staff who have responsibility for all criminal proceedings brought within The Bahamas; and

- The Ministry of Finance's International Unit, who has responsibility for international cooperation for the exchange of tax information.

Key Findings of the ML/TF National Risk Assessment (NRA)

National ML/TF Threats

The primary threats, of domestic origin, within The Bahamas include fraud; human trafficking; human smuggling; firearms and drug trafficking; and trade-based schemes. Based on the statistics received, fraud is one of the most prevalent money laundering predicate offences committed in The Bahamas. LEAs advised that fraud cases included: fraud by false pretenses, stealing by reason of employment, possession of forged documents, counterfeit currency, and forgeries. The total number of fraud cases reported to law enforcement for the period 2011-2016 is 2747. Further, analyzing the suspicious transaction reports (STRs) received for that period, the Financial Intelligence Unit (FIU) indicated that fraud, particularly internet fraud, posed a higher risk within the jurisdiction. In the circumstances, additional emphasis was placed on training sessions for identifying fraud. It is noted that with respect to internet fraud in the majority of cases Bahamians are victims and the fraud is perpetrated against The Bahamas by international sources. Although not substantiated by FIU statistics nor LEAs, The Bahamas has two international container ports, one of which is a major international transit port and poses potentially high ML/TF risk via trade based schemes. More study is required into trade based ML/TF risks.

Due to the geographical make-up of The Bahamas, this jurisdiction is a transit point for the trafficking of drugs, humans and firearms. Cocaine continues to transit within The Bahamas via go-fast boats, small commercial freighters, containers and small aircrafts. Recently, there have been concerns about the growth in the use of light and commercial aircrafts conveying illicit drugs by drug traffickers. Small, privately owned and operated planes ferry loads of cocaine from and between significant source countries in South America into The Bahamas. The major / larger cases remain pending before the courts. In the majority of the cases, unless the person pleads guilty upon arraignment, the matter may be pending for years. Thus, many of the major drug matters captured for the period 2011-2015 remain pending and the final results are not captured in this report.

As an international financial centre, the main ML/TF threats originate from criminal activities committed in foreign jurisdictions, which may involve the misuse of The Bahamas' financial institutions and / or product and service offerings for the purpose of money laundering. Major ML/TF external threats to The Bahamas include fraud inclusive of tax fraud, money laundering drug trafficking and trade-based schemes.

Fraud (including tax fraud)

Evidence from the MLAT partners (USA, UK, Canada) and international cooperation with other countries under the Criminal Justice (International Cooperation) Act, 2000, The Evidence (Proceedings in other Jurisdictions) Act, 2000 and the International Tax Cooperation Act, 2010, reveal that fraud committed overseas poses a threat to The Bahamas in that those who have engaged in such activities abroad have sought to launder proceeds by way of the financial system. There were 78 fraud cases, including tax fraud, emanating from FIU foreign exchange of information requests.

Drug Trafficking by Foreign Nationals or Organized Crime Groups

During the five-year period reviewed, the primary drugs smuggled through The Bahamas were marijuana and cocaine. These drugs are transported from various points in The Bahamas and surrounding territories such as – Haiti, Jamaica, USA, Turks & Caicos and Panama. There have been 19 cases reported by the FIU where assistance has been requested from international partners regarding drug trafficking. It is conceivable that criminal groups would seek to penetrate The Bahamas' financial centre to launder their illicit funds. This continues to be a major consideration in the design and implementation of measures aimed at strengthening the AML/CFT framework.

Money Laundering

FIU statistics for the five-year period revealed that there were 78 requests from foreign partners. These requests indicate that The Bahamas' financial institutions are under threat from money launderers. Accordingly, we consider money laundering as a significant threat to the country's financial sector.

Trade-Based Schemes

The Bahamas is a major transshipment hub with two international container ports. There is close collaboration between the United States and the Bahamian Governments to ensure security remains at an adequate level. There have been several significant police investigations regarding drug and firearm seizures over the several years. It is therefore conceivable that the threat of the less lethal crime of trade-based schemes (transfer pricing, re-invoicing), which have received less focus, exist. More study will have to be done in this area with the results informing any revisions to legal provisions and regulatory guidance.

National Vulnerabilities

The national ML/FT vulnerability score was calculated at 0.51 (medium) which resulted from a composite sectoral ML/FT vulnerability score of 0.60, when moderated by national AML/CFT combatting ability of 0.59. The Bahamas is addressing these vulnerabilities to ensure that its AML/CFT systems stay abreast of international standards and are adequate to prevent the abuse of its financial system and legal framework by those wishing to profit from disreputable activities. Sectoral vulnerabilities have been identified and briefly indicated below.

The Risk-Based Approach to ML/FT Prevention and Mitigation

In The Bahamas there are mixed results on risk-based approaches to ML/FT prevention and mitigation. Two of the major financial sector services regulators (CBB and ICB) have implemented risk-based supervisory frameworks that include review of the ML/TF risks of licensees and registrants. However, two other major regulators (SCB and GB), and all DNFBP regulators have yet to implement the AML/CFT risk based supervisory approach. Based on the national ML/TF risks identified in the country's second ML/TF NRA, significant work has begun to ensure that the risk-based approach to addressing ML/TF is developed and fully implemented for financial and non-financial service providers: at both the national and sectoral levels. For the sectors that have not codified the requirement, guidelines and guidance notes will be amended to ensure that all stakeholders must take steps to identify, assess and understand their ML/TF risks. Those DNFBPs not already mandated to do so will also be required to conduct self-assessments of the ML/TF risks relating to customers, countries or geographic areas, and for products, services, transactions or delivery channels.

Domestic Co-operation and Coordination

Inter-agency cooperation and coordination at the policy level was established in the early 1990s when the Task Force was created under the auspices of the OAG. The Task Force, as indicated earlier, is chaired by the Attorney General with membership drawn from senior personnel of regulatory and law enforcement agencies. The Task Force responsibilities include –

(1) general oversight of the AML/CFT policy of the Government –

> ***a. protect the reputation of The Bahamas as both a responsible and reputable international financial center;***
>
> ***b. prevent the use of the banking and the wider financial system for criminal purposes;***
>
> ***c. prevent de-stabilization of the domestic economy while promoting legitimate economic activity;***
>
> ***d. anticipate and implement effective counter measures to new/emerging trends in money laundering, terrorism financing and related activities; and***
>
> ***e. assist relevant authorities in implementing their AML/CFT obligations.***

(2) promoting effective collaboration between regulators and law enforcement agencies – ensuring that a forum for technicians from regulators and LEAs can cooperate and coordinate efforts regarding ML/TF matters.

(3) Advising the Government on revisions or amendments to legislation and policies regarding the national AML/CFT regime and strategy.

The regulatory agencies and LEAs have recognized that at the operational level, measures can be taken to improve inter-agency cooperation and coordination, particularly among supervisory and enforcement authorities. Due to the preparation for the 2015 CFATF Mutual Evaluation, The National AML/CFT Committee (NAMLC) was collapsed into the Task Force to prepare for the regional AML/CFT review. It is now necessary to segregate the membership so that the operational committee can begin to function separately from the policy body. Accordingly, a recommendation will be put forward to the Government to have the new Proceeds of Crime Act formally recognize –

a) A Ministerial Council as the policy body to be chaired by the Attorney General with membership limited to the Minister of Finance, Minister of National Security, Minister of Foreign Affairs and the Minister of Financial Services;

b) The Task Force as the operational body responsible for implementing policies, facilitating coordination and cooperation between the agencies tasked with regulating the compliance with the AML/CFT framework, and assessing risks to the jurisdiction relating to ML/TF; and

c) The position of National Identified Risk Coordinator to be responsible for the day-to-day administrative oversight of the Task Force.

This Task Force will be chaired by the National Identified Risk Coordinator with membership drawn from regulatory, border control and law enforcement agencies, FIU, the OAG, and each department of Government or agency tasked with regulation for anti-money laundering and combatting terrorism financing and other identified risks.

Supervision

Within AML/CFT frameworks, supervisors of financial institutions and DNFBPs are largely responsible for assessing and understanding risks pertinent to the sector which they supervise. The NRA identified the need for the development and implementation of AML/CFT risk based regulatory regimes for the Securities Industry, Gaming Industry, Credit Unions and DNFBPs (NPOs, FCSPs, Lawyers, Real Estate professionals, Dealers in precious stones and metals, Pawn Brokers, Accountants, etc.) as an existing vulnerability. SCB and CC are currently developing risk based AML/CFT regulatory approaches. The Gaming regulators will have as an action item to develop an appropriate risk based AML/CFT regime for the gaming industry.

Sanctions and Enforcement

The NRA also identified areas in which sanctions for breaches of AML/CFT laws and the enforcement of such sanctions could be enhanced by the development and enforcement of administrative fines regime for all agencies responsible for AML/CFT regulators. It is recognized that administrative fines add depth to enforcement and preventive measures' regimes when supervisors must act in a timely manner to deter non-compliance by licensees and registrants comply with applicable AML/CFT requirements. Given the importance of this tool, regulators will review their enforcement regimes, where necessary, enhance their capabilities to apply administrative fines or develop regimes as warranted.

As it relates to enforcement, competent authorities, regulators, border control and law enforcement agencies inclusive of the FIU have expressed concerns regarding inadequacy and insufficiency of resources (financial, human and IT). Over the past two years the government has been recruiting personnel in most of the mentioned agencies. However, the sentiments from the operational level identified that government efforts need to continue until the manpower and IT infrastructure needs are adequately sourced. Particular note is made of the FIU which has reported and recorded a significant backlog in analyzing STRs and furthering cases with the LEAs.

The FIU is currently engaged in a recruitment drive to ensure that its responsibilities continue to be executed efficiently and effectively. Given the sophisticated and complex nature of financial services in the jurisdiction, the FIU recognizes that it is critical that staffing levels and skills such as accounting, finance, and business intelligence keep abreast of the challenges facing the Unit.

Regarding "targeted financial sanctions" (meant to address terrorism financing and proliferation financing (PF)), the Methodology requires countries to implement such sanctions without delay in order to comply with relevant United Nations Security Council Resolutions. Further, IOEAMA will be reviewed for amendments or alternatively a new Bill will be prepared to fully comply with United Nations' security Council resolutions. An urgent action item in the National AML/CFT Strategy will be to review the country's compliance with the FATF's Immediate Outcomes 9 – 11 and Recommendations 5 – 8 that specifically deal with TF and PF, and to ensure that adequate legal mandate, policies, procedures and mechanisms are developed to address any existing gaps.

Sectoral Vulnerabilities

The level of vulnerability of each sector within the financial and non-financial industries are noted below in Table 1. The different sectors were graded on a scale of a low, medium low, medium, medium high and high level of vulnerability. The factors considered in conducting the evaluation of the sectors include the level of enforcement of AML/CFT obligations, the sector's commitment to good corporate governance, level of penalties existing within the sector, identification infrastructure existing within the sector and quality of AML/CFT supervision.

Table 1: Financial Sector Vulnerabilities

Sector	Vulnerability Score (0.00 to 1.00)	Vulnerability Level (Low to High)
Banking	0.55	Medium
Securities	0.60	Medium - High
Insurance	0.61	Medium - High

Other Financial Institutions	0.69	Medium-High
DNFBPs	0.75	High

The Banking and Trust Companies Sector

The banking and trust company sector vulnerability was assessed at 0.55, thereby reflecting a medium level of vulnerability, 5 - 6 basis points less than the securities and insurance sectors respectively. The banking sector is of critical importance to the second economic pillar of financial services and employs approximately 4,000 persons. There were 97 unrestricted banks, trust, bank and trust companies licensed as at 31st December, 2016 with international and domestic banking sectors combined posting $185 billion in assets. The sector's interconnectedness to the global economy, and the vital role it plays in cross-border transfer of funds, presents a major ML/TF threat to The Bahamas for inward and outbound transfers in the facilitation of illicit funds being proceeds of crimes derived from fraud (inclusive of tax fraud), drug trafficking and other money laundering offences.

The Bahamas' financial sector professionals possess a high degree of AML/CFT awareness with a strong compliance culture evidenced by the significant numbers of personnel possessing the Compliance and AML/CFT Diploma by the International Compliance Association. The country is known for its development and focus on, primarily, private banking and wealth management. The supervisory framework for banks and trust companies is strong, with the regulatory, legal and AML/CFT provisions having been strengthened by the passage of the amendments in 2015 and 2016 to ATA, POCA and Wire Transfer Regulations.

Significant vulnerability in the banking and trust company sector stems from the variety of products and services offerings available inclusive of legal persons and arrangements (trusts, foundations, mutual funds, segregated companies, etc.). These largely cater to non-resident high net-worth clients in the wealth management business with significant cross-border transactions delivered through mostly non-face-to-face channels. Moreover, internet banking has proliferated over the last decade with customers increasingly preferring it over traditional banking methods. The sector is deemed to be medium risk for ML/TF purposes post factoring in the mix of regulatory oversight by the CBB (onsite / offsite surveillance), a cadre of AML/CFT and operational guidelines including corporate governance guidelines and legally enforceable AML/CFT guidelines.

The Securities Sector

The Securities Sector was assessed with a vulnerability score of 0.60, comparable to that scored for insurance and other financial institution sectors with only DNFBPs scoring higher at 0.75. Licensed institutions within the securities sector as at December 2016 include 162 securities and investment businesses (securities managers, advisers and broker/dealers) and 63 mutual fund administrators. The securities sector recorded 893 investment funds under administration as at 31st December, 2016. All registrants are required to have proper internal control systems (policies and procedures) in place with an approved MLRO and compliance staff. All licensees and registrants are subject to supervisory oversight, inclusive of onsite and offsite surveillance.

The key vulnerabilities for the securities industry results from the internationally focused cross-border transactions involving legal persons and legal arrangements, the use of non-face-to-face communications with clients. Further, for the funds sector, a large part of the activity is conducted outside of the jurisdiction (represented as assets under administration as opposed to assets under management). While some elements of the mind and management may be retained in The Bahamas, there is a high use of financial intermediaries, including investment managers and directors who often reside out of the jurisdiction and not within the direct scope of the regulator. This contributes to the vulnerability of the sector. These risks are somewhat mitigated via AML/CFT supervision of regulated entities and, through service providers, such as administrators, the regulator, during its onsite inspections of these entities, will usually undertake a review customer due diligence and onboarding procedures for the funds and other clients. Further, The Bahamas since inception of the Securities Industry Act has been requiring approval of all officers and directors of regulated funds, licensees and registrants. This process allows the regulator to ensure that fit and proper assessments can be carried out on all senior officers and directors through the review of CDD documentation and due diligence checks.

The Insurance Sector

Insurance Sector vulnerability was assessed at 0.61, also reflecting a medium-high level of vulnerability when compared with other sectors. The Bahamas insurance sector has two distinct parts – domestic insurance and international insurance. There were 691 domestic sales persons, and 29 domestic insurers as at year end 2016 with near $800 million in premiums. International segment boasted 178 external insurers with near $900 million in premiums. All insurance business is conducted through licensed brokers and agents regulated by the ICB. The ML/TF vulnerability exists primarily in the domestic insurance sector as general insurers are not subject to the AML provisions in the FTRA. They are however, mandated to adhere to the POCA. Licensees need to receive pertinent industry training to broaden sector knowledge in relation to inherent ML/TF risks.

The ICB has issued the AML/CFT Guidelines (updated in 2016) which provide practical assistance to the licensees in complying with the FTRA and AML/CFT related legal provisions. The AML/CFT guidelines are legally enforceable and requires insurers to adopt sound risk management and internal controls for their operations. Based on survey results and onsite inspections carried out as a part of its supervision and monitoring programme, ICB noted that most licensees had implemented AML/CFT controls to manage potential ML/TF risks regarding products or services offered. However, effectiveness of their customer due diligence checks could be further strengthened. Enhanced AML/CFT training is needed for licensees in the insurance sector.

Other Financial Institutions

The vulnerability of "Other Financial Institutions" (OFIs) (consisting of money transmission service providers, credit unions) was assessed at 0.69, which reflects a medium-high level of ML/TF vulnerability.

Money transmission service providers were considered high ML/TF risk due to the cash-intensive nature of the industry, the transient nature of customer base and the rapid cross-border transfer of funds. Money transmission service providers were seen as more vulnerable than credit unions. The CBB regulatory oversight, inclusive of annual onsite examinations and ongoing off-site surveillance, annual in-depth supervisory discussions, serves to somewhat mitigate these ML/TF risks and moderated the sector's risk level to that of medium-high.

Credit Unions were assessed as medium-high ML/TF risk due to identification of weaknesses in internal controls and systems coupled with member access to credit cards able to settle international debts in foreign currency. The ability to issue credit cards in conjunction with a commercial bank negatively impacted the ML/TF review of credit unions.

Designated Non-Financial Business and Professions (DNFBPs) Sector Vulnerabilities

Overall vulnerability of DNFBPs was assessed at 0.75 – exposure to a high level of ML/TF.

Casinos and Gambling House Operators

The domestic **gambling house business** was identified as having a high level of exposure to ML risk due to the potential of laundering funds from locals who are involved in drug, human and gun trafficking and the need to fully risk assess the sector. It was assessed as low TF risk as there have not been any evidence uncovered or reported incidents of domestic terrorism in The Bahamas, nor funds funneling via these entities for such purposes and the business is restricted to residents and subject to Exchange Controls.

The **casino** business, which caters solely to non-residents, was deemed to be highly exposed to ML/TF risk. Notwithstanding high product vulnerabilities, strong AML/CFT controls have been implemented by the sector and there is a robust regulatory oversight regime that mitigates the high exposure to ML/TF risks.

Financial Corporate Service Providers (FCSPs)

FCSPs were assessed as high ML/TF risk owing to their focus on incorporating and managing companies for international customers. FCSPs, although they do not handle large amounts of cash, there is a risk that their clients can misuse product or service offerings to set up complex and opaque structures for illicit purposes. Inspector, FCSPs has refreshed and strengthened its regulatory framework over the last 12 months. Factoring in the strengthening of the supervisory oversight (inclusive of offsite and onsite surveillance) to counteract the high vulnerability of product and service offerings, and the ongoing industry briefings and outreaches, the sector's exposure to ML/TF risks are being substantially mitigated.

Real Estate Agents

The Bahamian real estate sector represented 4% of The Bahamas' gross domestic product (GDP) projected for 2015 which was posted at $8.8 billion. The real estate sector presents a common vehicle for ML due to the large scope of monetary transactions and the international nature of the real estate market. Real estate Brokers can also receive funds to settle real estate transactions making them vulnerable for ML/TF. Research conducted during the assessment determined that the majority of brokers do not receive funds for the settlement of real estate transactions and the lawyers typically receives the funds for the settlement of real estate transactions. Considering data uncovered during the surveying process that some land developers (that allow for in-house financing) are not caught in the regulatory net of BREA, and the existence of possible unlicensed foreign and local brokers, the sector was deemed to be of high ML risk. Further, at present commercial leasing and rentals are not captured in the FTRA definition as financial transactions and thereby pose some potential for ML risk. Trust or escrow accounts held by developers (domestic and foreign) can also pose some ML risk. These accounts can conceal the identity of the true beneficiary in addition to the source and/or destination of the illicit funds. However, the settlement of real estate transactions resting with the legal profession, the need for strengthening BREA's enforcement powers is somewhat countered by the oversight of the CC and the need for international purchasers of land and homes to be vetted and recorded by the CBB. As a result, the sector was deemed to be inherently highly vulnerable to ML risk.

TF risk was assessed as low due to the inordinate time required to sell properties which would limit its attractiveness to international terrorists' groups. As such, the real estate sector appears not to meet the criteria of easy liquidation of assets to accommodate funding terrorist activities. CC's regulatory regime consists of annual onsite examinations, industry briefings and surveillance, and issuance of industry codes for adherence of registrants.

Accountants

The vulnerability of accountants was assessed at medium low when compared to the other categories within the sector. Survey results revealed that firms commonly held funds as advances on fees in a client account, with a few conducting corporate services under a FCSP license. There were no high cash intensive products and services identified. Customers were noted as international and domestic, with some 95% - 99% of the work of firms consisting of the auditing, forensic accountancy, and tax compliance assignments with business conducted often tended to be face-to-face due to the nature of the work involved. Modes of payment tended to be by bank transfers and company cheques. The probability that these services could be exploited by those seeking to launder criminal proceeds is very small.

Lawyers

Legal professionals provide a range of services and activities that differ vastly, such as in their methods of delivery and in the depth and duration of the relationships formed with clients. All persons permitted to practice law in The Bahamas are required to be members of The Bahamas Bar Association (BBA). Apart from the OAG, most lawyers work in the 10 – 15 large legal firms, commerce or financial service industry. The product and services provided by the legal sector are based mainly on handling the affairs of clients (including cash pending settlements of commercial and real estate contracts), providing advice and litigation.

As it relates to lawyers, their ML/TF vulnerability was assessed at high. This level of vulnerability stems from –

- use of the client accounts– which can be used to disguise the beneficial owner of funds or to conduct false transactions that are cancelled and required the return of funds to the client;
- settlements of purchase and sale of real property – studies have shown that these high value transactions can be used in the layering and integration stages of money laundering to disguise the source of funds and legitimize large amounts of criminal proceeds;
- creation and management of legal persons and arrangements (companies and trusts) – which can too often create complex vehicles that may disguise the beneficial owner and disguise criminal proceeds; and
- managing client funds and making introductions to financial institutions – which can give the appearance of legitimacy or respectability to affairs of the client.

CC has issued AML/CFT Codes and Codes of Practice to govern financial business conducted by lawyers. Further, the FTRA, FTRR, ATA, POCA provisions obliges legal practitioners to comply with "know your customer" requirements when conducting relevant financial business and to report suspicious activity to the FIU with the exception of information subject to legal privilege. The CC's regulatory AML/CFT regime also mandates that registrants' operations be reviewed annually to examine the risk assessment process, compliance with relevant legislation and Codes.

Vulnerability in the DNFBPs, also exist in the lack of supervision of dealers of precious metals and stones, payday lenders, check cashing services, Pawn Brokers and NPOs. Legislative provisions capturing these entities within the AML/CFT regimes were passed in 2014. The relevant agencies are currently devising and developing supervisory regimes for these DNFBPs.

In the case of pawn brokers and NPOs, the businesses represent a relatively small sector within The Bahamas' non-financial services sector. The Registrar General's Department is developing an appropriate risk based supervisory framework to regulate and monitor NPO operations. In the case of the jewellers and other dealers of precious metals and stones, they play a rather significant role in tourism – the country's primary economic pillar – with some 5 - 6 million tourists visit The Bahamas each year, with a fair portion taking advantage of the product offerings of these businesses. The NRA did not identify any cases of ML or TF within these sectors, however, these DNFBPs are significantly vulnerable to domestic ML risks and international ML/TF risks but they are limited, in the case of pawn brokers, payday lenders, check cashing due to Exchange Control Rules.

Actions to be undertaken by the Government

A detailed work program is being developed to form the nucleus of the National AML/CFT Strategy. The actions to be undertaken will include –

a) Risk assessment of the non-financial segments - construction, automobile dealers, pawnbrokers, dealers in precious stones and metals, and NPOs;

b) Development of an appropriate regulatory framework (inclusive of AML/CFT guidelines) for the supervision of the pawnbrokers, dealers in precious stones and metals sectors, NPOs;

c) Increase the frequency of regulatory briefings and outreach to all financial and non-financial sector stakeholders on topical issues such as AML/CFT and countering proliferation financing (CPF), related typologies, related regulatory expectations and licensee / registrants' obligations, internal controls, etc.

d) Review of manpower and financial resource needs for the regulatory agencies and LEAs (inclusive of RBPF, RBDF, Port Authority, Customs, Immigration and FIU) to ensure that appropriate levels of resources are available;

e) Review and conducting of a risk assessment of the domestic gaming houses to ascertain the ML/TF risks;
f) Review of BREA's proposed legislative provisions strengthening its enforcement powers regarding unauthorized real estate businesses and capture of land developers;
g) Review of FTRA to ensure that all potential DNFBPs are covered (land developers and all real estate related businesses that hold clients' funds - leasing, hire-purchase operations, etc.).
h) Enhancement of the Compliance Commission's (current AML/CFT regulator) supervisory framework for its registrants allowing for capturing industry statistics, strengthening enforcement measures and broaching a closer partnership with the BBA, BREA and BICA, and strengthened industry guidance;
i) Enforcement of the 2015 currency declaration legislative provisions;
j) Continue the cooperation with the United States Departments of Homeland Security and the Department of Energy regarding the Freeport Container Port, the Container Security Initiative (CSI), the Customs Trade Partnership Against Terrorism and the Megaports Initiative providing scanning technology to assist with the goal of non-proliferation;
k) Review of IOEAMA provisions or alternatively, the drafting and enactment of a new Non-Proliferation Act to cover the requirements of the UN Security Council;
l) Completion of the project involving both Ports with Bahamas Customs in the IDB funded Modernization Project, which will further electronically integrate the Port Community with Bahamas Customs and other Government agencies involved in international trade;

m) Completion of Bahamas Customs' project regarding the Electronic Single Window to enhance the availability of intelligence to other law enforcement and relevant authorities;

n) The increase of harbor patrols for the Cruise Port; Nassau and Freeport Container Ports; and the Potter's Cay Dock;
o) Revision and updates to the financial and non-financial sector supervisory and regulatory frameworks to ensure all agencies develop and implement risk based AML/CFT oversight of licensees and registrants; and

p) Cross agency review and development and implementation of appropriate data collection and analysis systems and tools. The review is intended to identify the tools necessary to implement a practical cost-effective framework which can be developed to capture all necessary and pertinent financial, criminal, informational data and statistics for all agencies. Upon implementation of an appropriate system, plans to be developed to formalize an administrative arrangement to ensure that this database and framework are appropriately maintained.

q) Establishment of a joint intelligence group, which consists of officers from the RBPF, RBDF, Customs and Immigration. Its primary function will be to gather and disseminate intelligence to domestic and international law enforcement agencies to facilitate criminal investigations.

List of Acronyms

AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
ATA	Anti-Terrorism Act, 2004
BBA	Bahamas Bar Association
BCD	Bahamas Customs Department
BICA	Bahamas Institute of Chartered Accountants
BID	Bahamas Immigration Department
BREA	Bahamas Real Estate Association
BTCRA	Bank and Trust Companies Regulations Act, 2000
BTCS	Business and Technology Crime Section
CBB	Central Bank of The Bahamas
CC	Compliance Commission
CDD	Customer Due Diligence
CFATF	Caribbean Financial Action Task Force
CRS	Common Reporting Standard
DEU	Drug Enforcement Unit
DNFBPs	Designated Non-Financial Businesses or Professions
FATF	Financial Action Task Force
FCSPA	Financial and Corporate Service Providers Act, 2000
FCSP	Financial and Corporate Service Providers
FI	Financial Institution
FIU	Financial Intelligence Unit
FSAP	Financial Sector Assessment Program
FTRA	Financial Transactions Reporting Act, 2000
GB	Gaming Board
GFR	Global Forum Report
ICB	Insurance Commission of The Bahamas
IFCSP	The Inspector of Financial and Corporate Services
IMF	International Monetary Fund

IOEAMA	International Obligations (Economic and Ancillary Measures) Act
LEAs	Law Enforcement Agencies
ML	Money Laundering
MLATs	Mutual Legal Assistance Treaties
MLRO	Money Laundering Reporting Officer
NAMLC	The National AML/CFT Committee (NAMLC)
NPO	Non-Profit Organisation
NRA	National Risk Assessment
OAG	Office of The Attorney-General
OECD	Organization of Economic Cooperation and Development
POCA	Proceeds of Crime Act
RBPF	Royal Bahamas Police Force
RBDF	Royal Bahamas Defence Force
RGD	Registrar General's Department
SCB	Securities Commission of The Bahamas
STR	Suspicious Transaction Report
TF	Terrorist Financing
TF&MLIS	Tracing, Forfeiture and Money Laundering Investigation Section