

# Bahamas Association of Compliance Officers Newsletter



DECEMBER 2006

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## MESSAGE FROM THE PRESIDENT

Once again we are delighted to issue another edition of our newsletter. As we approach the end of 2006, I would like to thank all of you who supported the activities of BACO this year. We have been able to touch our membership on New Providence through the facilitation of a successful risk management seminar as well as by conducting the annual AML training requirement for some financial institutions. In addition we also reached out to practitioners on some of the other islands. We look forward to more of this.

Of particular pride to the Executive Committee has been our Inaugural High School Speech Competition. All of the participants were winners. The high school students' performance augers well for the future of our financial services sector and we share a few of the speeches with you in this newsletter.

We have had an active year of consulting with industry stakeholders. We continue to meet with relevant government ministers to ensure that the voice of compliance professionals is heard as new legislation and policy is formulated. Our partnership with BFSB remains strong and we serve on its Professional Working Group. This month we met Executives of AIBT in order to strengthen our linkages and see how best we can leverage off the expertise that each organization brings to the table. BACO would also, like to say a special thank you to Royal Bank of Canada for sponsoring the Risk Management seminar recently held and we look forward to partnering with them again in the near future.

BACO's focus remains education and training. We seek to provide a forum for networking and the

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sharing of ideas. We the Executives depend on the comments and suggestions of the general membership and we look forward to covering topics that may be of interest to you in the year ahead. Please note that our website: [www.bacobahamas.com](http://www.bacobahamas.com) was re-launched and we welcome your feedback. Do have a Merry Christmas and a Healthy & Prosperous New Year. God Bless you all. – **Tanya C. McCartney**

## RISK MANAGEMENT SEMINAR –

November 15, 2006

### Opening Remarks By Governor Wendy Craig

“It is certainly a pleasure for me to bring opening remarks on the occasion of this seminar on risk management—which is unquestionably one of the most topical issues occupying the agenda of financial services practitioners today, and certainly for a long time to come.

Let me therefore commend the co-sponsors of this event—the Royal Bank of Canada and the Bahamas Association of Compliance Officers (BACO)—for providing yet another opportunity for financial sector professionals to share perspectives and distill approaches to sound risk management.

In the time allotted to me, I believe it might be useful to set the framework for your main presentations today, by making several observations on risk management which will underscore its importance—why it ought to concern each of us and why it is of particular interest to the Central Bank.

The first observation I would make, and I think you would all agree, is that there is nothing new about the concept of risk management. To be sure, financial institutions have always been faced with the challenges of balancing the trade-offs between risk and return, while seeking to maintain competitiveness.

However, to state the obvious, the process of identifying, evaluating, monitoring, managing and controlling or mitigating risk has clearly taken on a more prominent profile.

Among the factors contributing to the changed nature of risk management have been recent financial industry trends such as consolidation, heightened competition and fast pace technological changes.

Undoubtedly, the growing interest in this area has also been strongly influenced by the string of high impact events, including 9-11 and the spate of corporate frauds—Barings, BCCI, Enron and WorldCom—to name a few, where the absence of adequate risk management frameworks has been identified as the reason for the collapse of these organizations. These developments have led to more focused emphasis on corporate governance, and banks are being compelled to explain their risk profiles publicly, and with greater clarity and detail than ever before.

Risk management is a very complex and sophisticated issue for financial institutions, and this is highlighted by the long menu of risks that they need to manage—such as credit risk, interest risk, liquidity risk, price risk, foreign currency risk, transaction risk, legal risk, strategic risk, reputation risk. And to this universe we must add operational risk, as the increased sophistication of information technology in business processes exposes financial institutions to

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more risk factors that are harder to quantify and model.

The second observation I would like to make is that risk is an organization wide issue—and as such it must be recognized and managed across the entire organization.

Indeed, it is widely accepted today that risk management must become a part of an institution's strategy or planning process and an integral component of the corporate governance framework. Why should institutions be interested in risk management?

Because when risk management processes are closely aligned to the institutions' strategy, it goes beyond the mere role of creating a defense to potential negative circumstances, to creating value for the organization.

And so it is important to create a culture that emphasizes the importance of risk management throughout the enterprise—by making risk management everybody's business.

To take this a bit further, one of the ingredients identified by banking supervisors as central to a sound risk management process is the existence of top level commitment from board and senior management—which points to a top down risk management culture. The role of the Board of Directors in assuming ultimate responsibility for risk management is critical to implementing a successful risk management framework, and then this ownership principle must be cascaded downwards to senior management and other employees.

Increasingly, we observe that this enterprise-wide approach is preferred to the segmented silo approach

where individual risks are considered and managed independently.

Let me now make an observation on the Central Bank's interest in risk management.

In common with other central banks, our keen interest in ensuring that banks understand the risks of their operations and put in place effective risk management processes is inherent in our role as supervisor of banks and trust companies. Related to this role is our responsibility for ensuring the safety and soundness of our licensees and the stability of the financial system—which I might add are materially reinforcing objectives.

From an oversight perspective, the Central Bank has always emphasized the importance of a sound risk management framework for banks—and since 2001 this message has been articulated and promoted through extensive guidance documents on the various risks (credit, liquidity, reputational, technology, human resources, third-party and country risk) that banks must contend with. We expect to round out this exercise with the issuance of guidelines on market risk, interest rate risk and operational risk.

Alongside these efforts, our evolving onsite examination process has focused on assessing risk management frameworks of banks—through examinations of cooperate governance processes and structure, competency of board of directors and senior management, adequacy of established policies and procedures, the appropriateness of risk monitoring and management information systems, the adequacy of internal controls and assessments of the main risks facing the institution.

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Today, no discussion of risk management is complete without acknowledgment of the continuous coordinated efforts under the aegis of institutions like the Bank for International Settlement, to evolve best practices in risk management in banks.

We know that linking risk exposure to capital is regarded as one of the most important principles for banking organization. And this is why the Basel approach to capital is so important—and I see that you will be discussing this in your first session.

As you may be aware, the overriding objective of the Basel II Accord is to establish a more risk-sensitive capital requirement regime by aligning the regulatory capital requirements with the underlying risks faced by banks, and providing institutions with incentives to improve their risk management systems. And in this view, Basel II will therefore contribute to a further strengthening of the soundness and stability of the international banking system.

Where are we in The Bahamas with respect to achieving these principles?

The Central Bank has been closely monitoring developments in this area as capital adequacy is an important yardstick in assessing the strength of a bank and we are committed to implementing a capital adequacy regime consistent with the promotion of a strong international banking centre.

For our 143 unrestricted banking and/or trust company licencees, the current average capital adequacy ratio of 27% is well above the stipulated 8% minimum of the 1988 Basel Accord (which we implemented in 1992)—a position which reflects, to a large extent, the liability driven nature of international banking in The Bahamas, coupled with the Central

Bank's requirement that a portion of a bank's balance sheets be diversified into high quality, liquid financial instruments which attract low risk weights.

The Central Bank has yet to implement the 1996 amendments to Basel I related to Market Risk and Netting Arrangements, but we have conducted a review of our licencees, and determined that, approximately 25 or 17% of our unrestricted licencees have more than 10% of their on and off-balance sheet assets in a form subject to market risk. The Bank's efforts have progressed to the stage where a comprehensive draft Market Risk Guideline is being examined for practicality in the Bahamian context, and plans are underway to secure a consultant to assist in the implementation and capacity building exercise.

Being host regulator to a number of US and EU banks, the Central Bank continues to monitor the positions taken by these countries with respect to Basel II implementation. We are aware that the US intends to require only the top 20 of its banks to adopt the advance approach, while the EU has mandated that all banking entities within its borders will be required to adopt the advanced approaches.

While our goal is to fully implement Basel II by 2010, we anticipate that our licencees will be allowed to use a range of approaches, as appropriate to their size and complexity, while also taking into account the approaches of their parent banks, where applicable. And, we expect that, for those stand-alone banking licencees, that are solely incorporated in The Bahamas and where The Bahamas serves as home regulator, the simplified or standardized approaches will be the most suitable in the short term.

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Let me conclude by reiterating that risk management is a strategic issue, and as such institutions must take steps to identify their risk universe, create risk awareness, detect and understand what are their risk drivers, assess significance and likelihood of risks, design strategies to manage these risks, continuously evaluate their risk profile and control procedures and report on important issues. This is clearly not an easy task—and by its very nature must be continuous and dynamic.

We at the Central Bank recognize the importance of financial institutions having proper risk management systems and inculcating a culture of risk, and acknowledge that our objective of a sound banking system could only be achieved through the collective efforts of all participants in the financial sector.

In the coming years, I would go as far to say that the implementation of Basel II will profoundly affect many of your working lives. And so I trust that this seminar will serve as a meaningful capacity building opportunity for you, and that you will leave with an even greater conviction of the importance of an effective risk management framework to the overall success of your respective institutions and the stability of our financial system.”

## INAUGURAL HIGH SCHOOL SPEECH COMPETITION

“Certainly, the test for all firms is whether they maintain and each day, reinforce, a culture of compliance — which includes a culture of doing not only what is within the strict parameters of the law, but also what is right — whether or not a regulator or

anyone else is looking” **(The Culture of Compliance by Lori A. Richards”**

**Bahamas Association of Compliance Officers (BACO) appreciative of the fact that Compliance is not just on the job training but also intrinsic to our moral fibre, reached out to future contributors to Financial Services in the Bahamas to introduce them to compliance within financial services and at BACO’s 1st Annual Senior High School Speech Competition, asked them to address the topic “Preserving our Financial Services Sector for Future Generations”**

The invitation was extended to seniors in Public and Private Schools and was accepted by 14 future Lawyers; Bankers; Accountants; Entrepreneurs and Compliance Professionals. These well researched and enthusiastic students appeared ready for battle on the 19th October at the British Colonial Hilton Hotel, and to the victor would go \$500.00. Each student participating received a certificate of participation and the two runners up received \$300.00 and \$200.00 respectively.

The audience and fellow compliance professionals were impressed by the content and framing of the essays as they were parlayed into speech. All participants recognized the significance of the introduction of the compendium of legislation in 2000 which affected the course of financial services in the Bahamas. They all appreciated the importance of the financial services industry and they challenged themselves and also us presently working in financial services to preserve this industry by being visionaries, hard workers and country ambassadors.

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Toastmasters Club 1600 partnered with BACO in this venture and after deliberation of the judges, a former president of BACO and members of the club, the winner was declared:

## **Kandra Knowles - St Annes School**

**1st Runner –up Rhyan Elliott Queens College**

**2nd Runner-up Indera Gibson**

### **List of Participants:**

Ashley Blyden – Mt Carmel High School  
Ryan Collie – Mt Carmel High School  
McFallough Bowleg – Jordan Prince William High School  
Thurl Edwards – St Anne’s School  
Kandra Knowles - St Anne’s School  
Rhyan Elliot – Queen’s College  
Kenneth Wallace Whitfield – Queen’s College  
Jonathan Farrington -C.V. Bethel Secondary School  
Simone Ritchie – St Andrews School  
Indera Gibson – CC Sweeting High School  
Nicolette Turnquest – CC Sweeting Senior High School  
Alyssia Pickstock -St Augustine’s College

Well done to all participating students and schools. Club 1600 and the organising committee thank you. We enthusiastically await next year’s competition.

- **Robin Scavella**

## **“PRESERVING OUR FINANCIAL SERVICES SECTOR FOR FUTURE GENERATIONS”**

Time has not eradicated the Bahamas’ reputation as a ‘tax-haven’. However, our negative reputation in the past on a global standard, in relation to finance, did not hinder economic profit. Money boomed from

Banks, Trust Companies, Insurance and the like. But, how vibrant will our financial sector be in the future?

The Financial Services Sector accounts for approximately 15-20% of the Gross Domestic Product and is the Bahamas’ second most important industry. It provides products or services and related laws, regulations and guidelines with respect to the Financial System.

Yesterday, Minister Vincent Peet presented a proposal for the amendment of the Bank & Trust and Central Bank Act. This industry has revolutionized over the past decade and obviously continues to do so. Numerous amendments were made to the legislation in June 2001. The Organization for Economic Cooperation and Development and the Financial Action Task force began a campaign to tighten financial regulations in offshore jurisdictions in order to eliminate harmful tax practices. In the past, companies capitalized on our country because it was a tax haven. The O.E.C.D blacklisted the Bahamas because of this flaw in our legislation. However, in March 2002 we were removed from the list, after signing a letter of commitment with that organization, agreeing to exchange information with overseas authorities in criminal and civil tax matters. Further amendments preceded, removing us from the F.A.T.F ’s blacklist as being ‘non-cooperative’ in preventing money laundering.

These changes brought the financial sector in our country into compliance with international standards. Inevitably, we had to seek other means of keeping our financial sector afloat and presently, a means of preservation. In a speech by Minister Alfred Sears in September 2003, he noted the challenges facing the finance industry. Globalization was a point mentioned as an avenue of maintaining our global standing, in

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order to withstand international pressures. He further stated that although globalization has its benefits, it would also bring about the removal of protective or comparative advantages presently enjoyed by small and vulnerable countries. This he said would expose them to unequal power and relationships.

We are able to maintain our global standing and prevent the decline of our financial services sector by, firstly, equipping the labor market. Secondly, training more Bahamians for certified financial planning and similar occupations which will create positive results.

Numerous Bahamian youth seek to pursue Business Studies abroad. Because they have a desire to use their mathematical skills and other talents whether it is in Accounts, International Business or Insurance, they are prone to excel in the world of finance. Undoubtedly, if The Financial Services Sector became more attractive these same individuals may have a desire to contribute to their country's financial and economic stability and many more would benefit.

However, do they have such a desire? Are they aware of how the generation of today is preserving and striving to make the financial sector dynamic for the generations of tomorrow? If not, why not?

Formulating a program similar to that of the Ministry of Education may encourage Bahamian youth interested in Finance. This includes offering grants/scholarships to prospective financial students to attend The College of the Bahamas and part time job training together with a stipend. Youth would have incentive to contribute to the economy and gain experience, in order to work in the sector after completion of studies abroad. This would aid in an on going task force to evaluate and assess demands

from an economic and financial perspective to stay in line with international practices.

Promotion of the financial sector in the Bahamas to domestic investors also proves advantageous because they would be a state holder in the country. Prior and presently, the financial sector is predominantly comprised of foreign investors. This presents a problem in that foreign investors may decide at any time to withdraw their funds and resources from our financial institutions as in the past, leaving us in an unstable position. Fortunately, if domestic investors were to invest locally, we are better able to be assured of financial stability because they are home. Expanding our present efforts to international clientele can be an asset to us, however, as long as we do not depend solely on their contributions for survival.

Ultimately, the financial sector could flourish as result of other sectors namely primary and secondary; agriculture and manufacturing. If we are able to have a firm foundation from these two industries it could facilitate a stable economy and room for expansion and preservation of our financial services sector. Minister Sears noted, "... The Bahamas, lacking a significant agricultural base or natural resources endowment, depends primarily on services industries such as tourism and financial services." End quote. We can gather from the statement that no industry is beneficial without the other.

The financial services sector long term objective should be; to reap economic benefits, protect our reputation and represent the best interest of our international clientele with the highest level of professionalism. If new avenues are sought to improve and preserve the sector, such as the

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purpose is of tonight, the country, economy and the financial services sector are bound to ensure a sound future for finance for generations to come. "PERSERVING OUR FINANCIAL SERVICES SECTOR FOR FUTURE GENERATIONS." – **Kandra Knowles**

## IS COMPLIANCE FOR YOU?

If you are thinking about a career, you may wish to consider working as compliance professional. Today, the certificates and professional qualifications will not be enough for a new Compliance Officer (CO) signing on for this position with a Financial institution (FI) the CO should be aware of a number things from the beginning:

Local Laws as they relate to Financial services specifically and a general awareness and understanding of all local laws

Some knowledge or awareness of laws related to financial services in jurisdictions within which the FI holds offices or conducts business

Knowledge of international initiatives and laws generated by organizations such as EU FATF, Basle committee etc. and an understanding of their affect on the FI's policies

Knowledge of the FI's regulators for all aspects of the business e.g. banking, securities; insurance etc.

Within the halls of the organization as this new Compliance Professional begins to assimilate the culture of the organization with a view to steering or encouraging the FI's Compliance culture some considerations which should be addressed:

- Are all regulatory certifications filed?
- Are business licences current?
- What are the FI's core products can they be offered in consideration of local law
- The FI's approach to Corporate Governance
- Confirmation that the FI has completed KYE on its employees and KYC on its customers
- Has the FI performed risk evaluations on its business and its customers
- Are policies and procedures in place that relate to the FI's business as well as the relevant laws?
- Are employees trained on these policies and procedures
- Is an MLRO in place, registered with the local FIU

Once these are ticked off the Compliance Officer will determine , having assessed the belief and value system of Board, Management and staff the FI's culture and if there is a Compliance Culture.

The CO must ensure that he addresses local as well as global compliance practices in the context of:

- What are local regulatory requirements?
- What are regulatory requirements in other jurisdictions?
- What is best practice in consideration of local and global regulatory reporting?

After setting up his checklist the CO must also be prepared for the unexpected. There is always some new scheme or development that challenges the existing legal regime and the CO must be prepared to apply their knowledge to novel circumstances. Some review of Global best practice as it relates to the

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Compliance function and Compliance Standards should now be looked at:

## **Key Compliance Functions:**

Monitor relevant internal documentation policy, procedures and materials and confirm their compliance with regulations;  
Inspect the work of appropriate staff to confirm compliance with regulations;  
Write and present compliance reports;  
Identify and investigate non-compliant activity; and  
Inform the regulator of breaches in regulation.

## **COMPLIANCE STANDARDS**

In 2004 the Financial Services Skills Council (FSSC) working along with the International Compliance Association (ICA) in the UK drafted Standards to "Safeguard Business Integrity in Compliance and Anti-Money Laundering. These standards have now been approved in the UK and it is likely that they will be used as the model throughout the financial services industry as once they are finalized the ICA will seek to have the International Community sign-on.

BACO in 2005 introduced these standards to its membership and stakeholders and will now move toward facilitating the implementation of local compliance standards.

The foundation of the standards developed through a review of the job functions of Compliance Professionals and consideration of relevant policies and legislation provisions. This review allowed for the

purpose of compliance to be analyzed and for elements of "good practices" to be extracted.

The intent of the FSSC and the ICA is to develop strong skill sets within compliance, which will assist in "Safeguarding Business Integrity"

These standards will help Financial Institutions (FIs) and Officials map the function and job description of the Compliance Professional below we highlight some of the components of the standards in the form of a check list:

- A structure of communication protocols with bodies such as the regulators, law makers, industry and market bodies
- Establish "key contacts with these bodies.
- Nurture these relationships through regular meetings and dialogue
- Maintain high standards of confidentiality in these relationships
- Constant analysis of the current and future needs of company
- Through assessment and analysis evaluate the regulations in the context of your FI's business and culture and where necessary implement or improve upon the regulations within your internal policies
- Examine and analyze the implication of the regulation to the business
- Respond to requests from Regulators etc.
- Prepare for and manage regulatory on-site visits
- Devise and implement the company's compliance policy and create a Compliance Handbook
- Identify Compliance risks

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- Monitor procedures to manage Compliance risks
- Critique business strategies
- Facilitate development of Compliance culture.

To follow the standards will require FI's identifying Compliance Personnel with strong communication skills and knowledge of the Compliance function. This person must be aware of the company's business, which includes the values and policies, and should participate in the structuring of the business plan and or have a strong understanding of the plan. This will then be communicated to the regulators, lawmakers, and industry and market bodies when necessary.

Read more on these standards at [www.fssc.org.uk](http://www.fssc.org.uk)  
Or [www.int-comp.org](http://www.int-comp.org) which approved by the UK Coordinating Group (UKCG) in October 2006

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## **"THE COMPLIANCE EXPLOSION" CRCA CONFERENCE HIGHLIGHTS**

The Caribbean Regional Compliance Association (CRCA) in partnership with the International Compliance Association (ICA) held their 3rd Annual Conference dubbed "The Compliance Explosion" at the beautiful Hilton Hotel in Bridgetown, Barbados October 23 - 25, 2006.

From all accounts, the conference was a success, as Compliance Professionals from throughout the Caribbean Basin were in attendance.

If we rolled back the curtains to 1999, when Compliance as a profession was a new concept and the Bahamas Association of Compliance Officers (BACO) was in its embryonic stage, one must agree that it is impressive to observe how this sector has been validated over the years as a relevant, viable profession and an essential component of sound business practice. Germinating Compliance Associations throughout many Caribbean jurisdictions; spawning the birth of the Caribbean Regional Compliance Association (CRCA).

This astounding progress, no doubt is attributed to the great strides made by BACO over the years, proving itself a sound support base for this rapidly growing sector of professionals across regions.

The conference, appropriately titled, "The Compliance Explosion", was timely and provided exciting topics and dynamic presenters with expertise in the field of Money Laundering, Terrorist Financing, Crisis Management, overall concepts of Financial Crime as well as intricacies of an effective Risk Assessment Regime.

While there were many stimulating discussions, the following are highlighted in this article -

Correspondent Banking  
Issues Management & Corporate Reputation  
Risk Assessment

### **Correspondent Relationships**

Post September 11, 2001 saw the birth of fundamental changes, specifically, the USA Patriot Act, which (amongst other things) provides stringent guidelines for Correspondent Banking relationship. Presenter,

Mrs. Ira Morales Mickunas - did an excellent job in detailing the crucial aspects of the Correspondent relationship and the importance for institutions in offshore jurisdictions to be very aware of the rigorous requirements in this regard; specifically comprehending the various ways in which the Act may be interpreted.

This presenter interestingly observed the lack of a "list" generated by Caribbean and Latin American jurisdictions versus the critical Office of Foreign Asset Control (OFAC) from the USA. She noted that the perception of jurisdictions must change if the objective of international cooperation in the fight against Financial Crime is to be achieved.

She painted a clear picture that in many ways the playing fields are not level, as the USA will see with better eyes money coming from Europe than money from South America.

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Nonetheless, while the nature of Correspondent Banking could be strenuous, they are an essential pillar of international banking.

## **Issues Management & Corporate Reputation “Who is minding Your Corporate Store?”**

Using the unforgettable Enron fiasco, Ms. Harris shared that what most will remember about this debacle will be the epitome of corporate ethics going awry with every rule in the book broken. She called it a textbook case of what not to do in Corporate Reputation and Issues Management.

This topic was of much interest, as it took a different stab at the issue of “Reputational Risk” and the need for a proactive Issues Management & Corporate Reputation Plan.

According to Ms. Harris, in many a company's Corporate Reputation is seen as a “soft marketing issue”- a nice to have when writing the annual report; however, these days of instant information, misinformation, allegations, personal blogging and social media spaces, Corporate Reputation can take a beating before we even realize that the damage is done.

She highlighted the critical need to “check the temperature” of our respective organizations through the following questions: -

How is employee morale? Are there senior staff turn over? Are employees talking less positive about the organization? (If yes be concerned as erosion is taking place) Is the media questioning your strategy? Are Regulators questioning your strategy?

She emphasized the importance of two way communication between Management and employees. She noted that unhappy employees affect clients, thus affect business.

It was suggested that there ought to be a Corporate Reputation Management (CRM) Plan in place, if not, one should be drafted immediately.

Ms. Harris shared that in her 20 years experience, she has managed a myriad of issues - plane crashes, food poisoning at a G7 summit, a murder at a major Toronto Hotel etc. She stressed that having a clear & concise plan is vital; any organization that does not have such a plan is courting disaster.

The more striking questions were whether our organizations would know what to do if our CEO died suddenly, our CFO was accused of fraud or the rumor mill put our company into bankruptcy?

These are real life questions, faced by almost every business organization. Thus, one can readily see the value of proactively formulating a clear Corporate Reputation Management Plan, which must fundamentally address: -

What constitutes a crisis or issue in your organization? Who will be the company spokesperson during a crisis? Are they media trained?

She further stated that studies show that corporate reputation recovery is directly proportional to the organization's ability to proactively manage a crisis situation.

Indeed, personal and corporate reputations are tangible assets, and ought not to be squandered

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away by being un-informed, unprepared and unwilling to manage them on a daily basis.

## **Risk Assessment Workshop**

This workshop was incredibly informative; no doubt Risk Assessment is a comprehensive concept and each presenter effectively approached it from varied angles.

The number one take away from this workshop was that “The Greatest Risk is Human Ignorance”. The way forward for Compliance, therefore, must include an effective Risk Assessment process that proactively considers all aspects of business.

## **Conclusion**

This conference was pregnant with relevant topics and gave Compliance Professionals much to chew on with respect to their job functions.

The more overriding observation, however, is the ever-expanding web under which Compliance Professionals must operate. The title Money Laundering Reporting Officer (MLRO) or Compliance Officer is no longer a mere role in which you follow the money and/or paper trail of a typical three stage money laundering scheme. Not by a long shot.

The 21st century Compliance Professional faces amplified responsibilities which include International Money Laundering, Terrorist Financing, Human Relations Management, Policies, Procedures, Issues & Corporate Reputation Management, Risk Assessment approaches, ongoing Employee Training as well as daunting Legal obligations to report suspicious transactions.

Thus, the challenge for Compliance Professionals is to devise ways in which these varying functions are

appropriately married while also ensuring that this seeming ever-expanding net is somehow fastened.

Nonetheless, the very idea of a Compliance Explosion is exciting and inspiring. A very real eventuality when we observe the big picture that must be framed by 21st century Compliance Professionals.

Having attended numerous conferences, workshops and meetings at the regional and international level, it was indeed refreshing and inspiring to observe the proactive approaches being employed by this sector. The ability to competently embrace the continuous evolution of compliance, no doubt, requires a practical, chameleon sort of approach.

This conference suggests a Compliance Explosion; from all accounts, this is an accurate description of the evolution that is unfolding. A truly exciting time for compliance, the future is beaming bright.

With clear vision, a sense of purpose and comprehensive action plans, Compliance Professionals would be proactively equipped to innovatively charter the new way forward.

- Michelle M. Miller, CAMS

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## UPCOMING CONFERENCES

- The moneylaundering.com and Money Laundering Alert - 12th Annual International Conference & Exhibition, March 19 - 21, 2007 at The Westin Diplomat Resort & Spa, Hollywood, Florida USA.  
[www.moneylaundering.com](http://www.moneylaundering.com) or  
[www.monelyaunderingalert.com](http://www.monelyaunderingalert.com)
- 5th OffshoreAlert Due Diligence Conference will be held in Miami, Florida USA from April 24-25, 2007.  
[www.kycnews.com](http://www.kycnews.com)

## BACO CALENDAR - FALL 2006

### December

- Church Service – Executive Committee and Members – December 10th
- Christmas Luncheon – December 14th (tentatively)
- CPYA Awards Evening and ICA Diploma Awards Ceremonies – December 15th (tentatively)

## BACO NOTICES

### Membership

BACO invites Compliance Professionals who have not already done so, to consider applying for

membership into the association. We are of the view that we all have contribution to make and certainly can all learn from each other so . . . “Comply with Us” by becoming a member of BACO. Annual Membership Fees are B\$175 per annum and affords its members various discounts to certain international and local conferences, seminars and workshops. Please contact any member of the Association for further information. Membership certainly has its privileges.

### Non-Cooperative Countries and Territories (NCCT's)

As at June 23, 2006, Myanmar is the only country, which, remains on the list from the 23 jurisdictions designated as non-cooperative countries and territories in 2000 and 2001 by the Financial Action Task Force (FATF).

### Important Web Sites

Bahamas Compliance Commission  
[www.bahamas.gov.bs/compliancecommission](http://www.bahamas.gov.bs/compliancecommission)

Financial Intelligence Unit  
[legal.counsel@fiubahamas.bs](mailto:legal.counsel@fiubahamas.bs)

Securities Commission  
[www.scb.gov.bs](http://www.scb.gov.bs)

Bahamas Association of Compliance Officers  
[www.bahamascompliance.com](http://www.bahamascompliance.com)

The Bahamas Institute of Financial Services  
[www.bifs-bahamas.com](http://www.bifs-bahamas.com)