



June 2009

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MESSAGE FROM THE PRESIDENT

On behalf of your new Executive Committee I wish to extend a heart felt invitation to you as a member of the Association to become actively involved in BACO's **10th Anniversary** Celebrations. If ever there was any doubt about the viability and relevance of BACO the celebration of this, our 10th Anniversary, has put these questions to rest. Our relevance is demonstrated by our ongoing existence and continuing efforts to meet the changing and ongoing needs of our members.

"Get Involved, Get Involved"

Like any living organism, BACO requires an ongoing infusion of new ideas and aspirations and the continuous involvement of the entire membership. This year is no different – Unsurprisingly your Excom has embarked on an ambitious and, some would say, 'daring', agenda. A listing of planned events and goals is included infra. BACO is your association-contact us to indicate your desire to assist in the planning of the special events including the Gala 10th Anniversary which is expected to be a major highlight of the year and will serve as a celebration of the work and achievements of the association over the years.

Mandating the Use of CCP

This year the association is mandating the use of compliance designations such as CCP (Certified Compliance Professionals) should our members possess the same. It has been 5 years since this was foreshadowed in the AGM of 2004 where all members were encouraged to embark upon a recognized course of professional compliance and AML qualification. To re-iterate the rational again, the days when just anyone could claim with any credibility to be a compliance or risk professional in the absence of successfully passing a credible course of study and examination, such as the ICA course, are

long gone. The importance of having an independent objective measure of compliance and risk skills is increasingly evident in the times that we currently live. ... a 'Word to the Wise' as they say.

Obama on Corruption

Inside this edition you will see an excerpt of a speech given by the then Senator Barack Obama addressing the issue of corruption and its corrosive effects. Mr. Obama was speaking to a group at the University of Nairobi in Kenya in 2006. The dangers that he highlights are a harbinger especially for us in developing countries should we fail to vigilantly put in place effective compliance policies and systems to guard against the corrosive effects of corruption which would not only retard growth and development institutionally and nationally but would cause us to revert, literally, to 'the wild wild west'.

Senator Obama's anti-corruption message is to be ignored at our peril. Allied to the anti-corruption theme, as we go to press, some of the amazingly talented membership is preparing for BACO's annual and always much heralded presentation at "**Bankers' Week**". BACO will be highlighting the importance of implementing a good **Whistleblower Policy**. We are covering its use in private financial institutions regarding the protection and viability of the business; on an interpersonal level - in relation to sexual harassment issues and finally on the level of "extra employee incentives" aka 'lunch money or tips'. This is in keeping with BACO's mandate to continuously raise the consciousness of the public to the fact that Compliance has implications and



an importance beyond the confines of financial institutions and is in fact 'everyone's business'. For convenience, and with thanks to Wrage, the Anti-Bribery Compliance site, we re-print most of now President Obama's 2006 personally written remarks.

On behalf of the 2009 Executive Committee, I wish to extend our assurance to you our members that we are ready and committed to providing the best in education, training, fellowship and member support to our membership and we look forward to your continued participation in the life of the association.

Our Executive Committee

The Bahamas Association of Compliance Officers (BACO) held its Annual General Meeting and Elections on the 27th March 2009.



Cherise Cox-Nottage
President



Hubert Edwards
Executive Vice President



Robin Scavella
Vice President



Wendell Gardiner
Treasurer



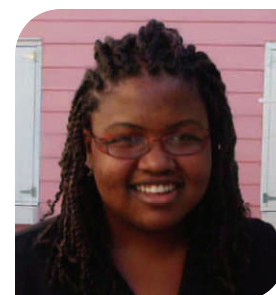
Cheryl Fox
Assistant Treasurer



Duhiza Swaby-Smith
Secretary



Kesna Pinder
Assistant Secretary



Lianne Johnson
Education Committee



Mario Smith
Public Relations



Marsha Ferguson
Member Committee



Dave Smith
**Special Asst. to
Treasurer**



Antoinette Woodside
Public Relations



“An Honest Government, A Hopeful Future”
University of Nairobi
Nairobi, Kenya

August 28, 2006, Senator Barack Obama

“The first time I came to Kenya was in 1987. I had just finished three years of work as a community organizer in low-income neighborhoods of Chicago, and was about to enroll in law school. My sister, Auma, was teaching that year at this university, and so I came to stay with her for a month.

But it was a magical trip. To begin with, I discovered the warmth and sense of community that the people of Kenya possess – their sense of hopefulness even in the face of great difficulty. I discovered the beauty of the land, a beauty that haunts you long after you’ve left. And most importantly for me, I discovered the story of my father’s life, and the story of his father before him.

The history of Africa is a history of ancient kingdoms and great traditions; the story of people fighting to be free from colonial rule; the heroism of not only of great men like Nkrumah and Kenyatta and Mandela, but also ordinary people who endured great hardship, from Ghana to South Africa, to secure self-determination in the face of great odds.

But for all the progress that has been made, we must surely acknowledge that neither Kenya nor the African continent have yet fulfilled their potential – that the hopefulness of the post-colonial era has been replaced by cynicism and sometimes despair, and that true freedom has not yet been won for those struggling to live on less than a few shillings a day, for those who have fallen prey to HIV/AIDS or malaria, to those ordinary citizens who continue to find themselves trapped in the crossfire of war or ethnic conflict.

One statistic powerfully describes this unfulfilled promise. In early 1960’s, as Kenya was gaining its independence, its gross national product was not very different from that of South Korea. Today, South Korea’s economy is forty times larger than Kenya’s. How can we explain this fact? Certainly it is not due to lack of effort on the part of ordinary Kenyans – we know how hard Kenyans are willing to work, the tremendous sacrifices that Kenyan mothers make for their children, the Herculean efforts that Kenyan fathers make for their families. We know as well the talent, the intelligence and the creativity that exists in this country. And we know how much this land is blessed – just as the entire African continent is blessed – with great gifts and riches.

So what explains this? I believe there a number of factors at work.

Kenya, like many African nations did not come of age under the best historical circumstances. It suffers from the legacy of colonialism, of national boundaries that were drawn without regard to the political and tribal alignments of indigenous peoples, and that therefore fed conflict and tribal strife.

Kenya was also forced to rapidly move from a highly agrarian to a more urban, industrialized nation. This means that the education and health care systems – issues that my own nation more than 200 years old still struggles with – lag behind, impacting its development.

Third, Kenya is hurt from factors unique to Africa’s geography and place in the world — disease, distance from viable markets and especially terms of trade.

When African nations were just gaining independence, industrialized nations had decades of experience building their domestic economies and navigating the international financial system. And, as Frederick Douglass once stated: “Power concedes nothing without a demand. It never did, and it never will.” As a result, many African nations have been asked to liberalize their markets without reciprocal concessions from mature economies. This lack of access for Africa’s agriculture and commodities has restricted an important engine of economic growth. Other issues, such as resource extraction and the drain of human capital have also been major factors.

As a Senator from the United States, I believe that my country, and other nations, have an obligation and self-interest in being full partners with Kenya and with Africa. And, I will do my part to shape an intelligent foreign policy that promotes peace and prosperity. A foreign policy that gives hope and opportunity to the people of this great continent.

But, Kenya must do its part. It cannot wait for other nations to act first. The hard truth is that nations, by and large, will act in their self-interest and if Kenya does not act, it will fall behind

It’s more than just history and outside influences that explain why Kenya lags behind. Like many nations across this continent, **where Kenya is failing is in its ability to create a government**

that is transparent and accountable. One that serves its people and is free from corruption.

There is no doubt that what Kenyans have accomplished with this independence is both impressive and inspiring. Among African nations, Kenya remains a model for representative democracy – a place where many different ethnic factions have found a way to live and work together in peace and stability. You enjoy a robust civil society; a press that's free, fair, and honest; and a strong partnership with my own country that has resulted in critical cooperation on terrorist issues, real strides in fighting disease and poverty, and an important alliance on fostering regional stability.

And yet, the reason I speak of the freedom that you fought so hard to win is because today that freedom is in jeopardy. It is being threatened by corruption.

Corruption is not a new problem. It's not just a Kenyan problem, or an African problem. It's a human problem, and it has existed in some form in almost every society. My own city of Chicago has been the home of some of the most corrupt local politics in American history, from patronage machines to questionable elections. In just the last year, our own U.S. Congress has seen a representative resign after taking bribes, and several others fall under investigation for using their public office for private gain.

But while corruption is a problem we all share, here in Kenya it is a crisis – a crisis that's robbing an honest people of the opportunities they have fought for – the opportunity they deserve.

I know that while recent reports have pointed to strong economic growth in this country, 56% of Kenyans still live in poverty. And I know that the vast majority of people in this country desperately want to change this.

It is painfully obvious that corruption stifles development – it siphons off scarce resources that could improve infrastructure, bolster education systems, and strengthen public health. It stacks the deck so high against entrepreneurs that they cannot get their job-creating ideas off the ground. In fact, one recent survey showed that corruption in Kenya costs local firms 6% of their revenues, the difference between good-paying jobs in Kenya or somewhere else. And corruption also erodes the state from the inside out, sickening the justice system until there is no justice to be found, poisoning the police forces until their presence becomes a source of insecurity rather than comfort.

Corruption has a way of magnifying the very worst twists of fate. It makes it impossible to respond effectively to crises — whether it's the HIV/AIDS pandemic or malaria or crippling drought.

What's worse – corruption can also provide opportunities for those who would harness the fear and hatred of others to their agenda and ambitions.

It can shield a war criminal – even one like Felicien Kabuga, suspected of helping to finance and orchestrate the Rwandan genocide – by allowing him to purchase safe haven for a time and robbing all humanity of the opportunity to bring the criminal to justice. Terrorist attacks – like those that have shed Kenyan blood and struck at the heart of the Kenyan economy – are facilitated by

customs and border officers who can be paid off, by police forces so crippled by corruption that they do not protect the personal safety of Kenyans walking the streets of Nairobi, and by forged documents that are easy to find in a climate where graft and fraud thrive.

Some of the worst actors on the international stage can also take advantage of the collective exhaustion and outrage that people feel with official corruption, as we've seen with Islamic extremists who promise purification, but deliver totalitarianism. Endemic corruption opens the door to this kind of movement, and in its wake comes a new set of distortions and betrayals of public trust.

In the end, if the people cannot trust their government to do the job for which it exists – to protect them and to promote their common welfare – all else is lost. And this is why the struggle against corruption is one of the great struggles of our time.

The good news is that there are already signs of progress here. Willingness to report corruption is increasingly significantly in Kenya. The Kenyan media has been courageous in uncovering and reporting on some of the most blatant abuses of the system, and there has been a growing recognition among people and politicians that this is a critical issue.

Among other things, this recognition resulted in the coalition that came to power in the December elections of 2002. This coalition succeeded by promising change, and their early gestures – the dismissal of the shaky judges, the renewed vigor of the investigation into the Goldenberg scandal, the calls for real disclosure of elected officials' personal wealth – were all promising.

But elections are not enough. In a true democracy, it is what happens between elections that is the true measure of how a government treats its people.

Today, we're starting to see that the Kenyan people want more than a simple changing of the guard, more than piecemeal reforms to a crisis that's crippling their country. The Kenyan people are crying out for real change, and whether one voted orange or banana in last year's referendum, **the message that many Kenyans seemed to be sending was one of dissatisfaction with the pace of reform, and real frustration with continued tolerance of corruption at high levels.**

And so we know that there is more work to be done – more reforms to be made. I don't have all the solutions or think that they'll be easy, but there are a few places that a country truly committed to reform could start.

We know that the temptation to take a bribe is greater when you're not making enough on the job. And we also know that the more people there are on the government payroll, the more likely it is that someone will be encouraged to take a bribe. So if the government found ways to downsize the bureaucracy – to cut out the positions that aren't necessary or useful – it could

use the extra money to increase the salary of other government officials.

Of course, the best way to reduce bureaucracy and increase pay is to create more private sector jobs. And the way to create good jobs is when the rules of a society are transparent – when there's a clear and advertised set of laws and regulations regarding how to start a business, what it takes to own property, how to go about getting a loan – there is less of a chance that some corrupt bureaucrat will make up his own rules that suit only his interests. Clarifying these rules and focusing resources on building a judicial system that can enforce them and resolve disputes should be a primary goal of any government suffering from corruption.

In addition, we know that the more information the public is provided, the easier it will be for your Kenyan brothers and sisters out in the villages to evaluate whether they are being treated fairly by their public servants or not.

Wealth declarations do little good if no one can access them, and accountability in government spending is not possible if no one knows how much was available and allocated to a given project in the first place.

Finally, ethnic-based tribal politics has to stop. It is rooted in the bankrupt idea that the goal of politics or business is to funnel as much of the pie as possible to one's family, tribe, or circle with little regard for the public good. It stifles innovation and fractures the fabric of the society. Instead of opening businesses and engaging in commerce, people come to rely on patronage and payback as a means of advancing. Instead of unifying the country to move forward on solving problems, it divides neighbor from neighbor.

An accountable, transparent government can break this cycle. When people are judged by merit, not connections, then the best and brightest can lead the country, people will work hard, and the entire economy will grow – everyone will benefit and more resources will be available for all, not just select groups.

Of course, in the end, one of the strongest weapons your country has against corruption is the ability of you, the people, to stand up and speak out about the injustices you see. The Kenyan people are the ultimate guardians against abuses.

The world knows the names of Wangari Maathai and John Githongo, who are fighting against the insidious corruption that has weakened Kenya. But there are so many others, some of whom I'm meeting during my visit here – Betty Murungi, Ken Njau, Jane Onyango, Maina Kiai, Milly Odhiombo, and Hussein Khalid. As well as numerous Kenyan men and women who have refused to pay bribes to get civil servants to perform their duties; the auditors and inspectors general who have done the job before them accurately and fairly, regardless of where the facts have led; the journalists who asked questions and pushed

for answers when it may have been more lucrative to look the other way, or whip up a convenient fiction. And then there are anonymous **Kenyan whistleblowers** who show us what is, so that we can all work together to demand what should be.

By rejecting the insulting idea that corruption is somehow a part of Kenyan culture, these heroes reveal the very opposite – they reveal a strength and integrity of character that can build a great country, a great future. By focusing on building strong, independent institutions – like an anti-corruption commission with real authority – **rather than cults of personality, they make a contribution to their country that will last longer than their own lives. They fight the fight of our time.**

Looking out at this crowd of young people, I have faith that you will fight this fight too.

You will decide if your leaders will be held accountable, or if you will look the other way. **You will decide** if the standards and the rules will be the same for everyone – regardless of ethnicity or of wealth. **And you will determine the direction of this country in the 21st century** – whether the hard work of the many is lost to the selfish desires of a few, or whether you build an open, honest, stronger Kenya where everyone rises together.

This is the Kenya that so many who came before you envisioned – all those men and women who struggled and sacrificed and fought for the freedom you enjoy today.

I know that honoring their memory and making that freedom real may seem like an impossible task – an effort bigger than you can imagine – but sometimes all it takes to move us there is doing what little you can to right the wrongs you see.

As I said at the outset, I did not know my father well – he returned to Kenya from America when I was still young. Since that time I have known him through stories – those my mother would tell and those I heard from my relatives here in Kenya on my last trip to this country.

I know from these stories that my father was not a perfect man – that he made his share of mistakes and disappointed his share of people in his lifetime.

As our parents' children, we have the opportunity to learn from these mistakes and disappointments. We have the opportunity to muster the courage to fulfill the promise of our forefathers and lead our great nations towards a better future.

In today's Kenya – a Kenya already more open and less repressive than in my father's day – it is that courage that will bring the reform so many of you so desperately want and deserve. I wish all of you luck in finding this courage in the days and months to come, and I want you to know that as your ally, your friend, and your brother, I will be there to help in any way I can. Thank you."

<http://wragblog.org/2009/01/19/president-elect-obamas-2006-speech-at-the-university-of-nairobi/>

TRUE GEMS



BACO is pleased to announce the once per month airing of its broadcast via radio and the internet relating to Compliance and Risk issues in Financial Services on **GEMS 109.5 FM**. This is an historic partnership and BACO is extremely grateful for the confidence that the co-CEOs, Miss Bartlett and Mrs. Mcweeney have reposed in us as an association and in the young professionals of this nation. We look forward to this visionary adventure which assists us in fulfilling the BACO mandate of promoting Compliance nationally. Stay tuned for notifications of BACO's show airings.

BACO's contribution to **BANKERS' WEEK** was entitled **"BLOW THAT WHISTLE"** and was in the form of 3 short skits with interactive discussions after each skit.



Scenario 1: an employee has down loaded all of the BO names in the client data base and is preparing to leave the country - presumably the names etc will be sold to the highest bidder

This provided the opportunity to re-enforce banking confidentiality-talk about the uses of 'escaped' information; discuss the requirements at law under FTRA and the larger issues regarding protecting the jurisdiction. It also provided the opportunity to speak in macro terms about the effects of such a breach on The Bahamas as an international financial centre.

Scenario 2: an employee is being sexually harassed and compromised

This provided the opportunity to talk about KYE re: the victim and perpetrator. To discuss the corrosive effects of compromise on the business and on staff morale/meritocracy etc. To discuss lawsuits

criminal and civil. To highlight the need to implement clear policies as a part of the safe system of work.

Scenario 3: an employee only giving 'good service' provided he is 'tipped'

This provided an opportunity to discuss the placing of ourselves in the 'big world context'- measurements on the corruption index - what these mean nationally & internationally etc- increased interest rates for loans etc. How do we ensure the upholding of our institutions and the reinforcement of ethics which protect us all - avoiding the traps of a failed state etc.- why good compliance makes good business sense. The feed back from the compliance and risk professionals was that it was a timely discussion and addressed 'real world' concerns. There have been calls for BACO to repeat the presentation on national T.V. The decision has been made to via the opportunity afforded to BACO with its partnership with GEMS New Media company (details above) to perform and discuss via radio and the internet. Notices regarding airing times will soon follow.



MLRO DAY 2009

“Compliance - the Lighthouse in the Perfect Storm”

By Lianne Johnson

This year BACO's executive committee chose to focus on some of the recent events currently taking place in the financial world which may threaten the viability of the financial industry as we all know it.

TIEA's; DTAs; OECD Initiatives-What preparations should we make? What does the future hold for The Bahamas?- Mrs. Cheryl Bazard, Partner Bazard LaMore & Co. BACO Founding President

With this central focus in mind Mrs. Cheryl Bazard the founding president of BACO and a leading authority in the Bahamian financial services sector got the day off to a terrific and sobering start with her presentation on TIEA's (Tax Information Exchange Agreements) DTA's (Double Taxation Agreements) and OECD Initiatives.

Cheryl Bazard first presented the background including touching on the signs that foreshadowed our current grey listing for being somewhat compliant. Cheryl then explained what these various agreements were and what their purpose is. In her typical style she presented the topic in such a way as to generate discussion and provocative questions and forward thinking and judging by the questions her presentation was timely and well received.

INSIDE THE MINDS OF THE REGULATORS- The Panel

This presentation was followed by a segment dedicated to the regulators from the financial services sectors. Every representative from the regulators and one from industry were given an allotted time to present on our central focus of looking ahead to the future and were all available at the end for questions and answers.

We were pleased to have **Mr. Randy Taylor of the Financial Intelligence Unit (FIU)** to present on **new money laundering trends**. In true FIU fashion Mr. Taylor's presentation was lively and informative and now we all know that money launderers are even using the disguise of selling phone cards to launder money.

Miss Stacy Benjamin of the Central Bank of the Bahamas (CBB) was our next presenter and she provided an informative session on the **new CBB AML/CFT guidelines** including the new sections, new requirements and reminding us that these guidelines have the force of law. In addressing what is on the horizon she presented on the CBB's proposed amendments to the minimum standards for the outsourcing of material functions. She also informed us that there has been no further move towards becoming a super regulator but that the Group of Financial Services Regulators encompassing all of the financial services regulators is very active and that in some cases different regulators assist others and work together.

Mrs. Omara Bingham spoke on behalf of the Securities Commission on the topic “**Managing the Money Laundering risks posed by hedge funds and other investment vehicles**” She reminded us that the Securities Commission has been very active in this area and is introducing new legislation which is currently out for review, they have also made minor changes to their current AML guidelines which they re-released this year but are working on a new AML Guideline to be released later on this year.

Mr. Patrick Ward our lone industry professional on the panel then spoke of the changes currently under way in the insurance industry. New legislation with far reaching powers and increasing the powers of the insurance inspector has been introduced in this industry. His presentation was very frank and thought provoking as the insurance industry is truly being reformed and going through growing pains right in front of our eyes.

After all useful information it was now time for the audience to become the teacher and for us to learn from one another.

The BACO executive committee presented an **interactive case study** on

the famous “*Nick Leeson*” case. The room was divided into teams with team leaders as everyone discussed the now famous case and what were the red flags and how can we prevent it from happening again. This case also espoused the benefits of KYE (Know your employee) the importance of not only knowing the clients but also knowing the employees so that you can constantly monitor for fraud, corruption and collusion which can put Compliance professional in a potentially uncomfortable situation.

This lively and extremely practical case study was followed by a new addition to the MLRO day a section for the accountants.

Ms. Jacqueline Hunt an industry professional from PricewaterhouseCoopers presented an informative segment on AML/CFT issues for the accounting profession. The importance of auditors and accountants to maintaining a good standard and rating for the companies we work in and the Bahamas makes them truly invaluable. It is also important to note that auditors now have the power to file Suspicious Transaction Reports (STR's) as well if they notice something suspicious while on an engagement which means they need to be properly trained to look for suspicious activity.

During the luncheon session BACO was honored to once again have the **Honourable Minister of State for Finance, Mr. Zhivargo Laing speak to us on the role of the government in shaping the future of the Bahamas financial services industry and in securing the best interest of its citizens.**



An excellent orator, Minister Laing reminded the audience of how important a role the government plays in our daily lives from as simple as leading the war on crime to make the Bahamas a safe and attractive place to conduct business to the more intricate details such as enacting attractive legislation for businesses but also balancing its commitments to

the citizens of The Bahamas by ensuring that we attract the right kind of businesses. His presentation was very well received and he was thanked as a “*Friend of BACO*”.

After the luncheon session **BACO held its 1st closed session for members only.** These sessions lead once again by Executive Committee members focused on training for its members such as **Adopting Business Management Skills to Optimize Your AML/CFT Program** and also informed them of some of the exciting changes and growth initiatives in store for BACO including **BACO as a SRO** (self regulated organization). BACO would sincerely like to thank its Executive Committee members for their tireless efforts especially its President Mrs. Cherise Cox-Nottage who also served as our moderator for MLRO day 2009. We would also like thank our excellent Presenters who shared in making this day a success. Stay tuned and see you at the next BACO event.

BACO WELCOMES ITS NEWEST MEMBERS:

- * Soweto Rolle – Scotiabank (Bahamas) Ltd.
- * Allison Moss - Pictet Bank & Trust Co.
- * Kendra Allen - UBS (Bahamas) Ltd.

TAKING STOCK OF SUPRANATIONAL ORGANIZATIONS – THE FATF

By Robin Scavella

Prior to 2000, Offshore Financial Centres (OFC's) in the delivery of their product and international services, perhaps did not factor fully into their daily operational conscience the supranational organizations (e.g. International Monetary Fund, Organisation of Economic Development and Cooperation, G7, G20), even then impacting global financial services from a policy and regulatory point of view. At the end of 1999 and at the cusp of 2000 it became plain that one of these organizations born out of a meeting of a G7 Summit in Paris in 1989, the Financial Action Task Force (FATF) would begin a "blacklisting" initiative which would seek to label a number of OFCs as Non-Cooperative Countries and Territories (NCCT)s.

The FATF 's membership (today) consists of 34 countries (including the members of the G7) and there are 27 Associate members, one of which is the Caribbean action task force (CFATF –more on this in the next article).

The FATF upon formation focused on 3 areas:

1. Setting standards for national AML and counterterrorism programmes;
2. Evaluating the degree to which countries have implemented measures that meet those standards;
3. Identifying and studying money laundering and terrorist financing methods and trends

In the country evaluations it carried out based on this mandate and its 40 recommendations plus 9 it produced "the list" 23 jurisdictions received this designation NCCT from the FATF. These jurisdictions were found by the FATF to have deficiencies in their financial services systems, such as ineffective regulations and supervision of all financial institutions in a country (recommendation 26); inadequate rules for licensing and creation of financial institutions including assessing the background of managers (recommendation 29). The complete set of recommendations provides countermeasures against money laundering and counterterrorism (and is set out on the FATF's website)

All countries listed as NCCT by the FATF were assessed by that organization and in 2006 after applying the FATF's countermeasures and based on its initial mandate the last NCCT was removed from the FATF's NCCT list.

The FATF notwithstanding remains functional and it is suspected that it will become active in the next round of initiatives launched by those supranational organizations, previously alluded to. *References: www.fatf-gafi.org/ Bruce Zagaris and Albregra May 3rd 2000- Attacks against OFCs Implications for Offshore Trust Work*

Regulatory & Other Developments FATF Special Recommendation VII (SR VII) on wire transfers

- * FATF Special Recommendation VII (SR VII) on wire transfers— which requires originator information (name, address and account number) to accompany funds transfers and related messages that are sent and to remain with the transfer or related message through the payment chain. This has been fully implemented in the location
- * Fines & Regulatory Requirements: Financial institutions that fail to comply with the provisions of the Wire Transfers Regulations commit an offence and are liable upon summary conviction to a fine not exceeding \$2,000. Alternatively, the Central Bank may impose a fine in accordance with provisions of the BTCRA, 2000, which should not exceed \$2,000. Additionally, there are obligations, in certain circumstances, to make STRs.

Amendments to the Central Bank of The Bahamas Guidelines for Licensees on the Prevention of Money Laundering & Countering the Financing of Terrorism Originally Published Thursday December 18th, 2008 Final issued in May 2009

The Central Bank has published revisions to its Guidelines on the Prevention of Money Laundering & Countering the Financing of Terrorism ("the AML/CFT Guidelines") originally issued in October 2005.

- * The additional revisions to the AML/CFT Guidelines were drafted, inter alia, in anticipation of the changes to the AML/CFT legislation and the implementation of new Wire Transfers Regulations, which seek to enhance compliance of The Bahamas with the FATF's Special Recommendation VII (dealing with wire transfers)
- * The issue of Eligible Introducers has also undergone significant change

OECD 'Gray' List

The Bahamas has been placed on the 'Gray' List having in place 1 TIEA with the US. The Government is seeking industry feedback on whether the route to be taken should be the route via a multiplicity of TIEAs or multiple DTAs. Given the time frame for entering into the minimum threshold of 12 TIEAs/DTAs there is an expectation that announcements will be made in early course regarding the government's commitments. There has been a clear foreshadowing of the next TIEA with Canada.

Additional New Legislation

Financial Intelligence (Transaction Reporting) (Amendment) Regulations 2009

Specifically creates an offence for the violation of any guidelines, codes or practices issued by the FIU.

Financial Transaction Reporting (Amendment) Act 2009

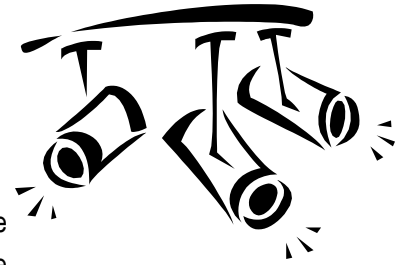
Verification of corporate bodies, partnerships
Clarification of verification requirements for trusts
Eligible Introducers introduced and expanded

Financial Transaction Reporting (Wire Transfer) Regulations 2009

Enhance compliance of The Bahamas with the FATF's Special Recommendation VII (dealing with wire transfers)

MEMBERSHIP / AFFILIATES SPOTLIGHT

Mrs. Kim W. Bodie
Executive Director
The Bahamas Institute of Financial Services



In November of 2006 Mrs. Bodie was appointed Executive Director of the Institute. She is responsible for programme development, charting a strategic course for BIFS sustaining growth and development.

In addition to her main responsibility of managing the Institute, she has served as Secretary and Co-chairperson of the Conference Committee for three consecutive years in the Bahamas Human Resources Development Association (BHRDA), Secretary and Treasurer of the Women's Ministry of Evangelistic Temple and member of L.W. Young School Board for two consecutive terms. In her final term on the Board she served as secretary to the Board.

Due to Mrs. Bodie's commitment to programme development BACO again takes this opportunity to spotlight her and her accomplishments as our significant partner in the provision of the ICA/ BACO/BIFS Compliance and AML courses and for partnering with us in our conferences and workshops in Grand Bahama. Thank you for your outstanding dedication and for joining in the vision of BACO Mrs. Bodie.



Mario Smith
Public Relations Committee
Chair

Mario Smith currently serves as the Compliance Officer for CIBC Trust Company (Bahamas) Limited. Mr. Smith is a graduate of St. Anne's High School and holds a

Bachelors of Business Administration from Acadia University. He later obtained the Canadian Securities Course (CSC) Certificate from the Canadian Securities Institute and a Diploma in Anti Money Laundering and Compliance from ICA in association with Manchester Business School.

Mario began his professional career at Global Insurance Company Limited where he was employed as an Accountant. Following a brief stint with the company, Mr. Smith then joined Imperial Life Financial as the Investment and Compliance Officer with responsibility for the company's investment portfolios. In addition, Mario serves as an Executive of BACO and is also a member of the International Compliance Association, The Bahamas National Art Gallery and a Director of the Rotary Club of Nassau Sunrise.

UPCOMING CONFERENCES

IIA – International Internal Auditors

2009 Governance, Risk, & Compliance Conference

August 24 - 26, 2009

San Diego, CA

<http://www.theiia.org/iaa-training/conferences/iastt09-about/>

ACAMS 7th Annual International Money Laundering Conference & Exhibition

September 30 – October 2, 2009

Las Vegas, NV

<http://www.acamsglobal.org/>

Fraud and Compliance Forum 2009

October 12 – 14, 2009

Dubai, United Arab Emirates

<http://www.jacobfleming.com/conferences/financial/Fraud%20and%20Compliance-financial-services-2009-1>

19th Annual AMLAC & Fraud Forum

October 19-21 2009

New York Marriott Marquis

New York

<http://www.iirusa.com/AMLAC/welcome.xml>

BACO CALENDAR – 2009

June 2009

2nd Quarter BACO Newsletter
 MLRO Day – 14th June 2009
 Courtesy Call – Prime Minister
 Courtesy Call – Minister of State for Finance

July 2009

Participation in Inter-American Bar Association Conference June 30 – July 4 2008
 Courtesy Call – Attorney General
 Courtesy Call – Registrar of Insurance
 4th Thursday of the month GEMS broadcast
 Membership Lunch Meeting
 Freeport conference (tentative)

August 2009

Reception for Members
 Courtesy Call – Governor General
 4th Thursday of the month GEMS broadcast

September 2009

3rd Quarter BACO Newsletter
 Membership Lunch Meeting
 Courtesy call - Compliance Commission
 4th Thursday of the month GEMS broadcast

October 2009

Compliance Month – Workshops
 CPYA Awards evening and ICA Diploma Awards ceremony
 Church Service (Excom and Members)
 4th Thursday of the month GEMS broadcast

November 2009

High School Speech competition in conjunction with Toastmasters
 4th Thursday of the month GEMS broadcast

December 2009

Christmas Lunch
 Church Service (EXCOM and members)
 4th Quarter BACO Newsletter
 4th Thursday of the month GEMS broadcast

January 2010

BACO AGM

Bahamas Association of Compliance Officers (BACO) Membership Standards

Membership has its benefits. Current membership fees are USD 200 per annum and affords members various discounts to local and international conferences, seminars and workshops. Membership entitles

you to valuable e-mail updates on legislation and international initiatives. Membership also entitles you to valuable networking activities and helps you to fulfill your fit and proper requirements as a Compliance Professional.

Qualifications for BACO Membership

(passed at the Annual General Meeting 27th February 2004)

There are currently four categories of Membership each with specific criteria

Academic Member and Student Members

Persons enrolled in college or the BACO / ICA Diploma Course

Associate Members

Persons who are not qualified for professional membership but wish to participate in BACO activities and obtain membership benefits.

Professional Members

Persons with 20 qualifying credits from the BACO credit award system and Persons who wish to become certified by completing the BACO / ICA Diploma Course. (Members of BACO receive a 5% discount)
 These persons will have up to two years to initiate the certification process.

Certified Members (CCP)

Persons with 20 qualifying credits from the BACO credit award system and Completed an EXCOM approved AML / Compliance Diploma Course
 Elite members of the association entitled to use the designation “CCP” Certified Compliance Professional.
 Required to obtain a minimum of 10 CPE Continuing Professional Education credit hours per year.

Qualifying Credits System

ACHIEVEMENTS	CREDITS
Bachelor, Master, Ph.D. Degrees or equivalent	15
2 year degree from a college or university	5
Professional Certification e.g. Attorney-at-Law, CPA, CFA, CIA, CFE	5 for each certification
Attendance at an anti-money laundering/ compliance course, seminar or conference of 2 days or more	2/3
Attendance at an anti-money laundering/ compliance course, seminar or conference of less than 2 days (but at least half day)	1/2
Participation as a delegate to an international body (i.e. FATF, CFATF etc.) on the subject of money laundering and/or related fields.	5
Each year of full-time experience in Compliance, Anti-Money Laundering or related duties.	1-3 for each year

Coming Soon

The BACO Shop - PURCHASE 10th Anniversary Polo and T-Shirts etc

N.B. BACO new address
Verandah House
Market Street & Trinity Place
P O Box N 3202
Nassau Bahamas

ICA DIPLOMA GRADUTES - 2008-2009

Kevin	Almace	Gaming Board
Melvern	Bain	Fidelity
Portia	Brown	Santander Bank
Nadia	Butler	Royal Bank of Canada
Cheryl	Carey	Gaming Board
Melbirth	Davis	Credit Suisse Trust
Sandra	Duncombe	Securities Commission
Carlene	Farquharson	Alexiou Knowles
Glennette	Farquharson	Graham Thompson
Mnephra	Fox	Bahamas Supermarket
Renae	Glover	Butterfield
Myra	Hamilton	Scotiastrust
Reo	Horton	Central Bank
Glennis	Knowles	FIU
Emmanuel	Komolafe	Sentinel Bank
Reshion	Mackey	Commonwealth Bank
Neil	Major	St. James Bank & Trust
Candace	Major	PricewaterhouseCooper
Katriena	Marshall	BSI Overseas

Manuel	Martinez	Andbanc
Steven	Miller	
Mikita	Morley	BNP Paribas
Daphne	Moss	Royal Bank of Canada
Kesna	Pinder	RBC FINCO
Shakera	Rolle	PricewaterhouseCoopers
Soweto	Rolle	Scotiabank
Kathrine	Rolle	Sentinel Bank
Wendy	Russell	FIU
Mario	Smith	CIBC Trust
Randy	Taylor	FIU
Nathaniel	Taylor	FIU
Alicia	Thompson	RBC
Cassandra	Thompson	Scotiabank
Penelope	Thompson	Gonet Bank
Kathy	Thurston	Santander Bank
Ronique	Tinker	FCIB
Raquel	Wallace	RBC
Jennifer	Wells	BSI Overseas

For further information on how you can join this dynamic organization, information on your current category or how you can bring your account up to date, please contact any member of the Executive Committee.

For further information on the International Compliance Associations Diploma program please see the Bahamas Institute of Financial Services Website at <http://www.bifsbahamas.com/icaprogramme.asp> or for further information on other Anti-Money Laundering Certifications such as "ACAM's" please see any member of the Executive Committee.

Training

- * Do you know how to achieve appropriate levels of consistent training for your staff?
- * Are you keeping up to date with the ever-changing legislative landscape?
- * Is personal ignorance ever a defense?
- * Are you a seasoned "pro" who has no need to learn of the challenges that fellow colleagues encounter?

Whatever your response you need to participate in BACO. We will provide

guidance, suggested training aids and, if you are that super "pro", we could benefit from your expertise and welcome your participation.

Important Web Sites

Bahamas Compliance Commission
www.bahamas.gov.bs/compliancecommission

Bahamas Financial Services Board
www.bfsb-bahamas.com

Financial Intelligence Unit
legal.counsel@fiubahamas.bs

The Bahamas Institute of Financial Services
www.bifs-bahamas.com

The Central Bank of The Bahamas
www.centralbankbahamas.com

The Securities Commission of The Bahamas
www.scb.gov.bs



The Bahamas Association of Compliance Officers
Verandah House
Market Street & Trinity Place
P.O. Box N 3202
Nassau, Bahamas

Phone: 242-325-4921 or 325-4955

Fax: 242-325-5674

Web Site: www.bacobahamas.com

E-mail: info@bacobahams.com