

MONEYVAL: The wait is over

January 2016

The [report](#) on the 4th assessment visit of Guernsey by Moneyval was published today ([executive summary here](#)).

Generally the report is excellent news for Guernsey (and justifiably so). Guernsey was found to be compliant or largely compliant with all but one of the 40 FATF recommendations and the nine special recommendations; the exception being in relation to sanctions for breaches of the money-laundering laws.

The report suggests that the use of financial penalties for legal persons cannot act as an effective deterrent to non-compliance (we suspect rather a few business people may disagree) and notes that cases of STR non-reporting are rarely fined or in any other way sanctioned. In regards to this latter point one wonders if this could lead to more aggressive local prosecutions of purported cases of non-reporting of suspicious transactions (in the vein of the [recent Jersey prosecution of Michelle Jardine and STM Fiduciaire Limited](#)).

Another point of note includes a Moneyval comment that "*documentary evidence with respect to the source of funds and wealth for high risk customers is requested rather infrequently*." This is a requirement in the GFSC's AML Handbook however and sometimes it is, of course, possible to obtain this information without contacting the client. It seems likely that documentary evidence of source of funds may be a focus point of future on-site visits as a result of this comment. As such this may be an area in which financial services businesses wish to revisit their existing practices and focus more intensively on.

Lastly for now, we were intrigued by Moneyval's comments around a concern, that in the absence of a registration, reporting or a resident agent requirement, the Guernsey authorities have no precise indication of the total number of trusts and general partnerships governed under Guernsey law, which inhibits a proper risk assessment of this area. Non-registered general partnerships seem likely to be those which relate to local business rather than the financial sector. Similarly local law trusts not subject to registration, reporting or resident agent requirements are likely to relate to local persons.

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BVI | Cayman | Guernsey | Jersey | London

For more information please contact:



Wayne Atkinson

Partner // Guernsey

t: +44 (0) 1481 734225 // e: wayne.atkinson@collascrill.com



Michael Adkins

Partner // Guernsey

t: +44 1481 734 231 // e: michael.adkins@collascrill.com

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