







Some key points - from the Comsure **FCA** 1. The paradox of systems and controls is they can lull senior management into a false sense of security. 2. Systems and controls cannot be 'set and forget' and "are predictable" which means they have gaps that can be exploited. 3. What is needed is a risk-focused counterfactual or counterintuitive audit from the perspective of the cynic who is able to exploit the price of the system's gaps -· YES, the cynic's perspective is not without <u>value.</u> Comsure "Firms should also ask themselves how effective they are at responding when things go wrong.... ...A KEY MEASURE IN EVALUATING **THEIR CULTURE**" Comsure . x12 Culture Fails? Was it worth it? Reputational Risk and the JFSC. If anyone in Jersey was unclear as to the impact of getting it wrong in the eyes of the JFSC— the following headline from the JEP (10 March 2016) has to be a wakeup call.....in particular for those in a position of GOVERNANCE. My reading of the 12 failures (shown below) suggest that the [...] March 11, 2016 Read More



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- If anyone in Jersey was unclear as to the impact of getting it wrong in the eyes of the JFSC – the following headline from the JEP (10 March 2016) has to be a wakeup call.....in particular for those in a position of GOVERNANCE.
- 2. My reading of the 12 failures suggest that the root cause of the JFSC findings was CULTURE (or a lack of 21st century culture to be more precise!!) and my word what a price to pay for not getting the culture right.
- 3. It is clear that the time to act and get your **Governance** house in order, is NOW......

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Information Security and your BRAs

Data security breaches – If it can happen to them – it can happen to you

A number of other professional bodies (including the securities institute and the International

more HERE Is it time to think about how safe your data is?

June 4, 2015

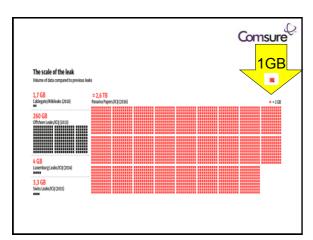
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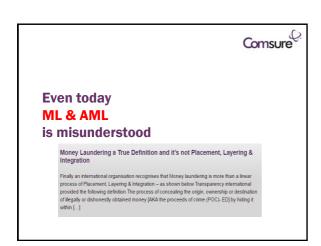
DATA LOSS...

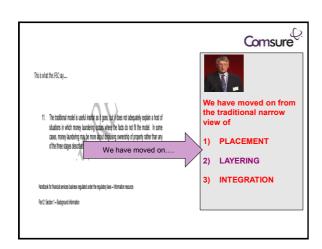


- A number of other professional bodies have suffered data security breaches that has resulted in the release of member names and email address being sent to an unknown person – these include
 - a. the SECURITIES INSTITUTE and
 - b. the INTERNATIONAL COMPLIANCE ASSOCIATION (ICA)
- 2.Is it time to think about how safe your data is?

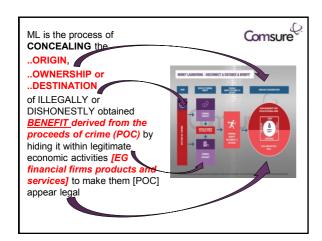
Mossack Fonseca x2 stories and x2.6 terabytes of pain Losing 2.6 terabytes of pain Losing 2.6 terabytes of client data is a problem in itself, let alone one or more of the clients being a criminal (which is denied)!!! When will financial services firms understand that data & information security is paramount. Just consider the problem Mossack Fornece now have. Over a year ago, an anonymous source contacted the Suddeutsche Zehnig (25) and submitted encrypted internal documents from Mossack Fornece (http://www.mossdon.com/) who markets itself as a leading global company which provides comprehensive legal and trust [...] April 4, 2016 Read More

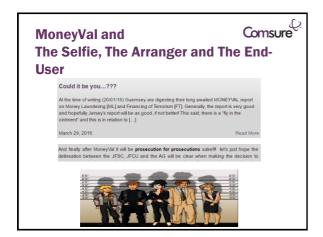










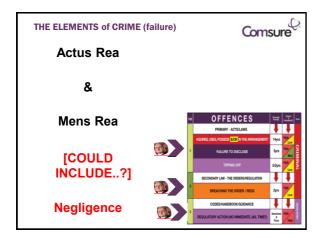


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- 1. Money Laundering Prosecutions are either
 - a. SOLE CHARGE
 - b. MIXED CASES
- "Own proceeds" or "self laundering" where the defendant in a money laundering case <u>IS</u> <u>ALSO THE AUTHOR</u> of the <u>PREDICATE</u> <u>CRIME</u>;
- 3rd Party / Enabler Laundering by a person or persons <u>OTHER THAN</u> the author of the <u>PREDICATE OFFENCE</u>.

✓ Becoming concerned (WITH INTENT) in an ARRANGEMENT (directly/indirectly) which would FACILITATE the		Comsure	
✓	ACQUISITION	✓ CONCEALMENT;	
✓	RETENTION	✓ DISGUISE;	
✓	USE	✓ CONVERSION /TRANSFORMATION	ON; OR
✓	CONTROL	✓ REMOVAL FROM ISLAND	THE
OF CRIMINAL PROPERTY		30 Offices of desiry with crimical property	







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AG v Jardine v STM concerned the REPORTING OFFENCES under Jersey's Proceeds of Crime (Jersey) La AG v Jardine v STM concerned the reporting offences under Jersey's Proceeds of KNOWS OR SUSPECTS in the course of his or her trade, profession, business or et KNOWS OR SUSPECTS in the Course of his or her trade, profession, business or et KNOWS OR SUSPECTS OR HAS REASONABLE GROUNDS to know or suspect in the financial services business ARTICLE 34D	Crime (Jersey) Law 1999 mployment ARTICLE 34A

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LESSON No 1

Money Laundering and Suspicious Reporting ARE NOT Exclusively Connected Risks

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LESSON No 2

RISK DOES NOT [=] EQUAL SUSPICION

(but it could do!!!)

AG -V- STM Fiduciaire Limited & Michelle Jardine

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- 1. The **INHERENT RISKS** were known and analysed
- 2. The **NEW RISKS** were made known and analysed
- 3. MJ COULD SHOW where her mind was throughout the process
- 4. STM and MJ COULD SHOW they were following the rules and guidance

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LESSON NO 3

What if ANO had not reported to MJ....?

Could the employee [ANO] show that they managed the risk and possible suspicion that may come from it?

If not the employee is now at risk not the MLRO!!!!

Remember the REGULATORY TEST is different from the LEGAL TEST Im Loving a Groucho Marx quote I have just come across.... 'Those are my principles, and if you don't like them... well, I have others.' Q = anyone come to mind A = on a postcard please http://www.marx-brothers.org/info/quotes.htm January 18, 2016 Read More

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Tests & Degrees of Proof



- 1. CRIMINAL = BEYOND REASONABLE DOUBT
- 2. CIVIL = BALANCE of PROBABILITIES
- 3. REGULATORY = ?



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COUNTERING financial crime &

FIGHTING financial crime......

Has the JFSC Guiding Principles changed.....?

As many of us know the JFSC mission is to maintain Jersey's position as an international finance centre with high regulatory standards and to pay particular attention to its Guiding Principles as set out in Article 7 of the Financial Services Commission (Jersey) Law 1998. These guiding principles are: Reducing risk to the public of financial [...]

March 23, 2016

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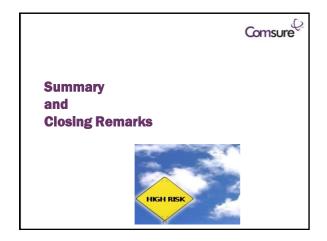
- As many of us know the JFSC mission is to maintain Jersey's position as an international finance centre with high regulatory standards and to pay particular attention to its Guiding Principles as set out in Article 7 of the Financial Services Commission (Jersey) Law 1998.
 - a. COUNTERING financial crime both in Jersey and elsewhere



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Enhanced Due Diligence (EDD) Comsure	
&	
Enhanced Risks (ER) &	
High Risk (HR)	
These are not the same nor	
Exclusively Connected	
LOW – MEDIUM – HIGH RISK Is that it, surely not!!! Read More	
April 1, 2016 Read More	
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Simply thinking about risk as HIGH or not , is too limited Comsure	
The reality is, RISK cannot always be equal when simply being categorised as Low, Medium or High.	
When looking at HIGH – what must be appreciated is that	
HIGH-ER risks (ENHANCED RISKS as I would call them)	
will vary in regard to the IMPACT AND PROBABILITY .	
 Understanding this escalating/increasing variance will then help firms determine the amount of EDD to undertake to determine their residual risk. 	
For those of you in Jersey you will recognise these ER - RISK	
REQUIREMENTS (well I hope you do!!) but for those overseas (to Jersey!!) that are told by regulators (e.g. UK, Guernsey etc.) to do EDD	
when they have a high risk think about the more nuanced ESCALATING HIGH-ER risk approach.	
MIO Article 15(1):	
MLO Article 15(1): Comsure " apply on a risk-sensitive basis	
YOUR VIEW = Enhanced CDD measures in	
any situation which by its nature can present a	
HIGHER RISK of money laundering [or terrorist financing]."	
terrorist interioring).	
• LEGAL VIEW = e.g. in Jersey = Enhanced	
CDD measures where any of paragraphs (2A), (3), (3A), (4), (4A),(5), (8), (10) and (11)	
apply	
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