



« **BACK** Willow Trust Limited  
*The Financial Services Commission (Bailiwick of Guernsey) Law, 1987, as amended (“the Financial Services Commission Law”)*  
*The Regulation of Fiduciaries, Administration Businesses, Company Directors, etc (Bailiwick of Guernsey) Law, 2000, as amended (“the Fiduciaries Law”)*  
*The Criminal Justice (Proceeds of Crime) (Financial Services Businesses) (Bailiwick of Guernsey) Regulations, 2007 (“the Regulations”)*  
*The Handbook for Financial Services Businesses on Countering Financial Crime and Terrorist Financing (“the Handbook”)*  
*The Finance Sector Code of Corporate Governance (“the Corporate Governance Code”)*  
 Willow Trust Limited (“Willow”)

On 17 June 2014 the Guernsey Financial Services Commission (“the Commission”) decided:

1. to impose a financial penalty of £30,000 under Section 11D of the Financial Services Commission Law on Willow and;
2. to make this public statement under Section 11C of the Financial Services Commission Law.

*The Commission considered it reasonable and necessary to make these decisions having concluded that Willow displayed systemic failings in its anti-money laundering procedures, policies and controls including corporate governance failings and therefore failed to fulfil the minimum criteria for licensing set out in Schedule 1 of the Fiduciaries Law.*

*The background to these decisions is that;*

*Willow was visited by the Financial Crime and Authorisations Division in April 2014 and subsequently by the Enforcement Division in May 2014.*

*As a result of the April and May 2014 visits, the Commission found that:*

- *Willow’s relationship risk assessments considered the identity of the customers, beneficial owners and underlying principals but insufficient consideration was given to the nature of the products or services provided to the customer, the purpose and intended nature of the business relationship or the type, volume and value of activity contrary to Rule 56 of the Handbook. Willow also failed to establish the source of funds and source of wealth for high risk customer relationships contrary to Regulation 5(2)(a)(iii) of the Regulations and Rule 184 of the Handbook.*
- *Willow failed to review the risk assessments of its business relationships with sufficient regularity contrary to Regulation 3(2)(b) and conduct ongoing CDD as part of its monitoring procedures to ensure that it was aware of any changes in the development of the business relationship contrary to Rule 286 of the Handbook.*
- *The Board was aware of the issue of the increasing backlog of file reviews and obtained the advice of external compliance consultants to advise on effecting improvements to its procedures to seek to ensure its compliance with its regulatory measures. However this failed to address the existing issues adequately.*
- *As a result of the above, Willow was unable to adequately scrutinise transactions in accordance with the requirements of Rule 276 of the Handbook.*
- *Willow failed to advise the Commission of the material failures to comply with the provisions of the Regulations and Rules in the Handbook and the serious breaches of its policies, procedures and*

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*controls, contrary to Rule 30 of the Handbook.*

### *Mitigating Factors*

*At all times the Directors of Willow co-operated fully with the Commission and in reaching its decision the Commission has taken into account that Willow has put in place a remediation plan to address the issues highlighted by the end of September 2014. In 2009 Willow appointed external compliance advisers who consistently reported to the Board that the Company continued to remain compliant with its regulatory obligations. Notwithstanding, the Board of Willow acknowledges that it remains responsible for the review of its compliance with the Regulations as required by Regulation 15. Willow agreed to settle at an early stage of the process and this has been taken into account by applying a discount in setting the financial penalty.*