

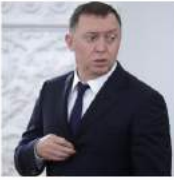


09:15 - 10:00 On Boarding And Dealing With High Risk Customers
Mr. Mathew Beale, Chairman, Comsure Group



Examples of high risk customers

#597 Oleg Deripaska



REAL TIME NET WORTH
as of March
\$3.2B



- Oleg Deripaska is the founder of Basic Element, a Russian industrial group with interests in aluminum, energy, construction, agriculture and more.
- He was the richest person in Russia and the 9th richest in the world in 2008 before nearly losing it all due to crashing markets and heavy debts.
- In an IPO in November 2017, En+ Group, which combined Deripaska's stake in US Rusal and assets in the electric power industry, raised \$1.5 billion.

#597 Oleg Deripaska



REAL TIME NET WORTH
as of 1/1/19
\$3.2B



- Oleg Deripaska is the founder of Basic Element, a Russian industrial group with interests in aluminum, energy, construction, agriculture and more.
- In April 2018, the U.S. Department of the Treasury's Office of Foreign Assets Control imposed sanctions against Deripaska and some of his companies.
- In January 2019, OFAC lifted sanctions on En+ Group, UC Rusal and EuroSibenergo, and Deripaska agreed to permanently reduce his stake to 44.93%.
- He was the richest person in Russia and the 9th richest in the world in 2008 before nearly losing it all due to crashing markets and heavy debts.
- In an IPO in November 2017, En+ Group, which combined Deripaska's stake in US Rusal and assets in the electric power industry, raised \$1.5 billion.

<https://www.forbes.com/profile/isabel-dos-santos/?list=africa-billionaires#81ed9d3523f2>

#8 Isabel dos Santos



REAL TIME NET WORTH
as of 1/1/19
\$2.2B

2019 AFRICA'S BILLIONAIRES NET WORTH
as of 1/1/19
\$2.3B

PREVIOUS NEXT



- Isabel dos Santos is the oldest daughter of Angola's longtime former president, Jose Eduardo dos Santos, who stepped down in fall 2017.
- Her father made her head of Sonangol, Angola's state oil firm, in June 2016, but Angola's new president removed her from that role in November 2017.
- Forbes research found that while Isabel's father was president, she ended up with stakes in Angolan companies including banks and a telecom firm.
- She owns shares of Portuguese companies, including telecom and cable TV firm Nos SGPS.
- A spokesperson for Isabel told Forbes that she "is an independent business woman and a private investor representing solely her own interests."

AFRICA



Angola: The fall of the dos Santos clan

One year ago, the dos Santos family handed the Angolan presidency over to Joao Lourenco. The new president promised to tackle corruption which crippled the oil-rich nation. Now the ex-president's son has been arrested.

Isabel dos Santos has now found herself in the firing line of the Angolan judiciary. The Angolan Procuratorate is now investigating whether the lucrative contracts it concluded with the state during the reign of her father were appropriately transparent.

Incidentally, Isabel dos Santos has been spending more and more time abroad in recent months. More recently, she has been flying back and forth between Lisbon and London – though she claims it is purely for business reasons.

"After the arrest of Zeno dos Santos, she will probably think twice before she flies back to Luanda," says Solombe.

The World's 50 Richest Arabs 2016 • Wafic Said



Mon 18 Jun 2016 04:36 AM



37 Wafic Said

Industry: Banking and finance
Country: UK (Syria)
Wealth: 2.2 Billion

Syrian-born Wafic Said arrived in London to help his brother run a kebab shop. His life was to change after he befriended two young Saudi princes, Bandar and Khalid, and later helped manage their financial affairs.

He had started his financial career at UBS in 1963, before establishing a project development and construction management business in Saudi Arabia in 1969.

Over the next two decades his group took on some of the largest public sector projects in the kingdom and he became a billionaire through his connections with Saudi's royal family, acting as an advisor and consultant on many major infrastructure projects.

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Said, who has Saudi nationality but lives in London, is still best-known for Al Yamamah — the colossal Saudi fighter jets contract that is Britain's biggest ever export deal worth an estimated \$60bn.

Said, who now splits his time between the UK, Paris and Monaco, is the chairman of Said Holding Limited, a Bermuda-based holding company with investments in Europe, North America and the Far East. The firm has a diverse portfolio of investments including fixed income, quoted equities, hedge funds, private equity and real estate.

In 1996, he donated £23m (\$33m) to help establish the Said Business School at the University of Oxford and a further £50m (\$73m) of support has followed since.

He has also established Said Foundation in memory of his son Karim. It offers scholarships and training opportunities for talented young Syrians, Jordanians, Lebanese and Palestinians, mainly to study in the UK.

Billionaire Tory backer blacklisted by top bank

Arms dealer barred over money-laundering rules





What is your AML business risk appetite (BRA)

This will drive you client risk appetite (CRA)



AND WHAT ABOUT.....





CODE ON THE PREVENTION
of
MONEY LAUNDERING
&
TERRORIST FINANCING

(Issued under Section 7(1)(a) of the Financial Services Act 2007 and
Section 18(1)(a) of the Financial Intelligence and Anti-Money Laundering Act 2002)

March 2012
(Updated as at 28 May 2017)







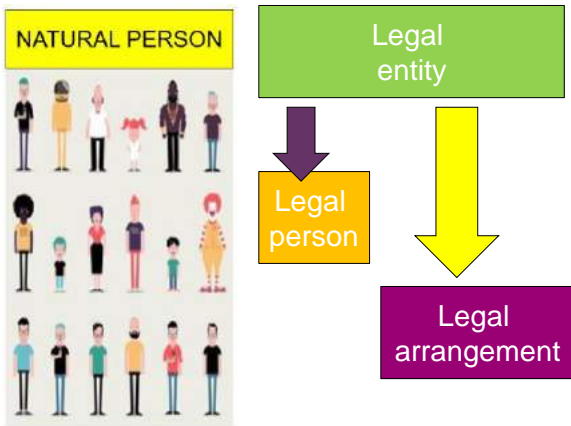
“CUSTOMER” MEANS



- a natural person or
- a legal person or
- a legal arrangement

FOR WHOM A TRANSACTION OR ACCOUNT IS

- arranged,
- opened or
- undertaken



Customer (transaction or account) includes



- (a) **A SIGNATORY** to a transaction or account;
- (b) **ANY PERSON** to whom an account or rights or obligations under a transaction have been assigned or transferred;
- (c) **ANY PERSON** who is authorised to conduct a transaction or control an account;
- (d) **ANY PERSON** who attempts to take any action referred to above;
- (e) **AN APPLICANT FOR BUSINESS (Business relationship/occasional transaction)**;

“APPLICANT FOR BUSINESS”



Means a person

- who seeks to establish a **BUSINESS RELATIONSHIP**

or

- carries out an **OCCASIONAL TRANSACTION,**

with a reporting person;



“OCCASIONAL TRANSACTION” means

Any transaction carried out **OTHER THAN**
In the course of a business relationship;



“BUSINESS RELATIONSHIP” means

- an arrangement between a person and a reporting person,
- where the purpose or effect of the arrangement is to facilitate the carrying out of transactions between the person and the reporting person on
 - a frequent,
 - habitual or
 - regular basis;



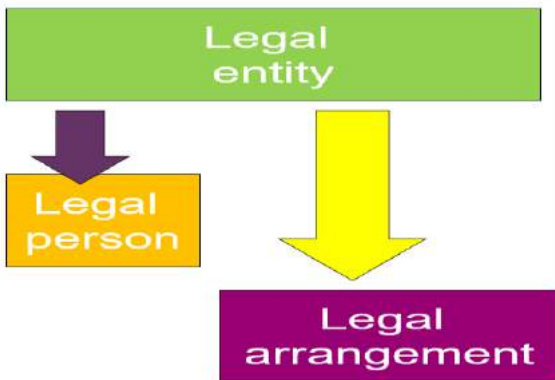


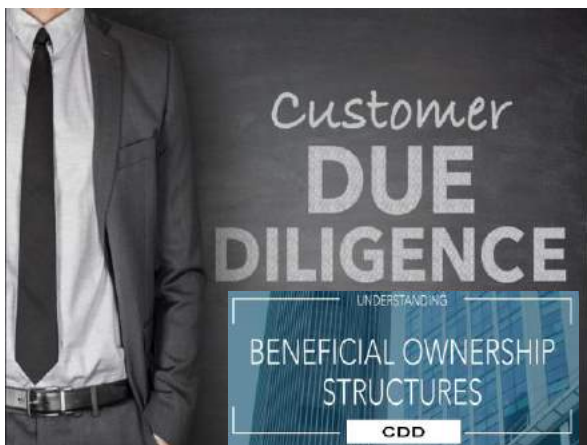
NATURAL PERSON


Comsure 

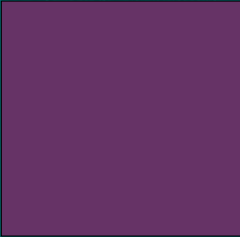











 A beneficial owner is defined as the natural person(s) who ultimately owns or controls a customer




Source: "Guidance on Transparency and Beneficial Ownership" Financial Action Task Force (FATF) 2014

Camsure 

 A beneficial owner is defined as the natural person(s) who ultimately owns or controls a customer




and/or the natural person on whose behalf a transaction is being conducted.

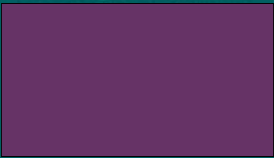


Source: "Guidance on Transparency and Beneficial Ownership" Financial Action Task Force (FATF) 2014

Camsure 

 A beneficial owner is defined as the natural person(s) who ultimately owns or controls a customer

and/or the natural person on whose behalf a transaction is being conducted.



Source: "Guidance on Transparency and Beneficial Ownership" Financial Action Task Force (FATF) 2014

Camsure 

A beneficial owner is defined as the **NATURAL PERSON(S)** who ultimately owns or controls a customer and/or the **NATURAL PERSON** on whose behalf a transaction is being conducted.

It also includes those persons who exercise ultimate effective control over a legal person or arrangement.

Source: Guidance on Transparency and Beneficial Ownership, Financial Action Task Force (FATF) 2014



A beneficial owner is defined as the **NATURAL PERSON(S)** who ultimately owns or controls a customer and/or the **NATURAL PERSON** on whose behalf a transaction is being conducted.

It also includes those persons who exercise **ULTIMATE EFFECTIVE CONTROL** over a legal person or arrangement.



FIAML-R 6. (1) = legal person



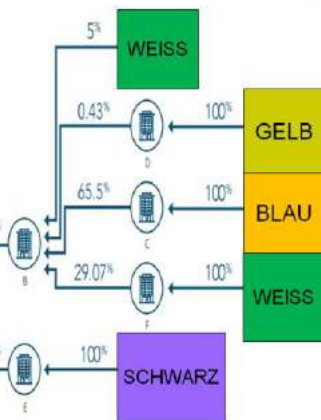
Where the customer is a **legal person**,

The reporting person shall

- identify and take reasonable measures to verify the identity of beneficial owners by obtaining information on —
- the identity of all the **NATURAL PERSONS** who **ULTIMATELY HAVE A CONTROLLING OWNERSHIP INTEREST** in the legal person;

LEGAL PERSON

Your Customer

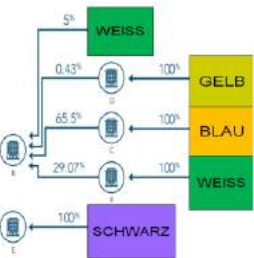




Who is a customer for CDD

LEGAL PERSON

Your Customer





MFSC SAY

For avoidance of doubt, in the case of a **legal person**, **principals of applicants for business** include the following:

legal person - principals



- **PROMOTERS**

- **UBO - Beneficial owners and ultimate beneficial owners**

- **OFFICERS** - The term "officer" is defined under section 2 of the Financial Services Act 2007.

- **CONTROLLERS** - 8 The term "controller" is defined under section 2 of the Financial Services Act 2007.

- **COMPANY DIRECTORS** - The FSC expects Licensees to verify the identity of **at least two directors** of corporate applicants for business.



"OFFICER" MEANS

The term "controller" is defined under section 2 of the Financial Services Act 2007.

"OFFICER" means



1. member of the board of directors,
2. chief executive,
3. managing director,
4. chief financial officer or chief financial controller,
5. manager,
6. company secretary,
7. partner,
8. trustee or a person holding any similar function with a licensee;

**“CONTROLLER”
in relation to a corporation, means a
person –**

**The term “controller” is defined under
section 2 of the Financial Services Act
2007.**

A-D

- (a) who is a **MEMBER OF** the governing body of the corporation;
- (b) who has the **POWER TO APPOINT OR REMOVE** a member of the governing body of the corporation;
- (c) **WHOSE CONSENT IS NEEDED** for the appointment of a person to be a member of the governing body of the corporation;
- (d) who, either by **HIMSELF OR THROUGH ONE OR MORE OTHER PERSONS** –.....

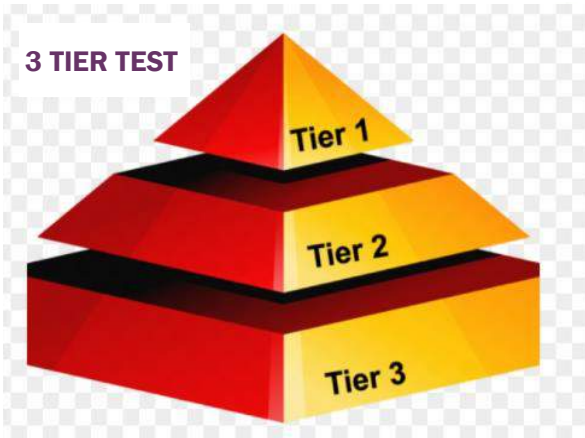
D (I)-(IV)

- (i) is able to **control, or exert significant influence** over,
 - the business or financial operations of the corporation whether directly or indirectly;
- (ii) **holds or controls**
 - not less than **20 PERCENT** of the shares of the corporation;
- (iii) **has the power to control**
 - not less than **20 PERCENT** of the voting power in the corporation;
- (iv) **holds rights in relation to the corporation that, if exercised,** would result in
 - **paragraphs (ii) and (iii);**

E-F



- (e) who is a **parent undertaking** of that corporation, or a **CONTROLLER of such parent undertaking**;
- (f) who is a **beneficial owner or ultimate beneficial** owner of the persons specified
 - in paragraphs (a) to (e) and
 - who appears to the Commission to be a controller of that corporation;



The Test - Can be summarised as identifying a person who exercises:

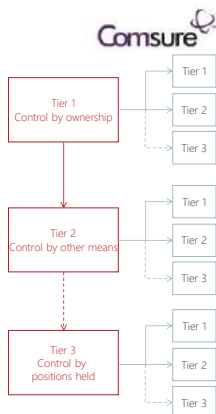
1. control through **ownership interests**;
2. control through **other means**; and
3. control through **positions held**,

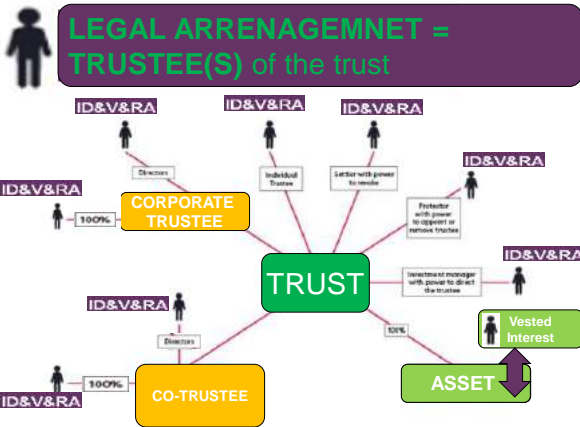
Apply the tiers:

- 1 and 2 to be considered in every case
- 3 to be considered, only if no-one has been identified at 1 or 2.

And

- When any person identified above is **not an individual**, re-apply the test to identify any individual who ultimately controls the entity.







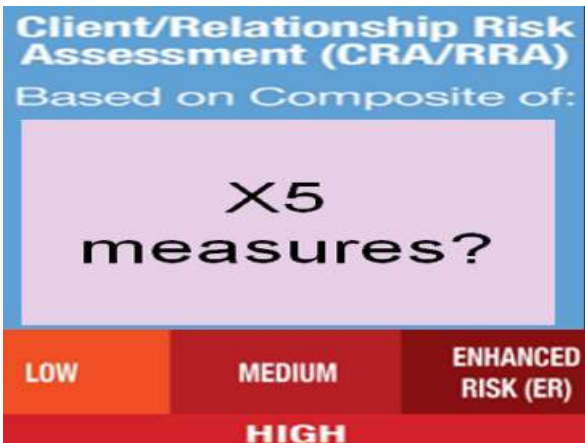
High Risk relationships

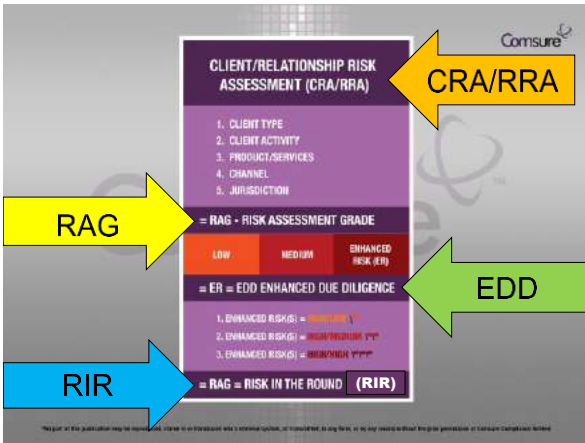
CHAPTER 5: HIGH RISK AND LOW RISK RELATIONSHIPS

5.2 High risk relationship

Licenses should apply enhanced due diligence measures in all high risk business relationships, customers and transactions.

Where a Licensee has assessed that the business relationship or occasional transaction is a high risk relationship, based on the customer's individual risk rating, that is, the nature of the customer, the business relationship, its location, or any other specificity of the business relationship, it must ensure that adequate policies, procedures and controls are in place to apply enhanced CDD measures as required under Regulation 9 of the FIAML Regulations.







Where a Licensee has

1. assessed that the **BUSINESS RELATIONSHIP OR OCCASIONAL TRANSACTION** is a high risk relationship,
2. based on the **CUSTOMER'S INDIVIDUAL RISK STATUS**
3. it must ensure that **ADEQUATE POLICIES, PROCEDURES AND CONTROLS** are in place to apply **ENHANCED CDD MEASURES** as required under Regulation 9 of the FIAML Regulations.



**EDD –
More of the Same,
And New Information**

The 2015 prosecution of Ms Michelle Jardine and STM Fiduciaire (“STM”)

Lessons from the prosecution of an MLRO

The 2015 prosecution of Ms Michelle Jardine and STM Fiduciaire (“STM”) for offences under the Proceeds of Crime (Jersey) Law 1999 (“POCJL”) caused considerable concern across the Channel Islands for all those involved in the regulatory and compliance industry.



Professional scepticism

Professional scepticism is an attitude that includes

- 1] a questioning mind,
- 2] being alert to conditions which may indicate risk triggers
- 3] a critical assessment of customer and independent evidence.

CDD SUMMARY

1. TO IDENTIFY, AND VERIFY

1. Customers,
2. Beneficial owners (of customer) and
3. Other key principals (of customer)
 - (whether **natural persons, legal persons and legal arrangements**)

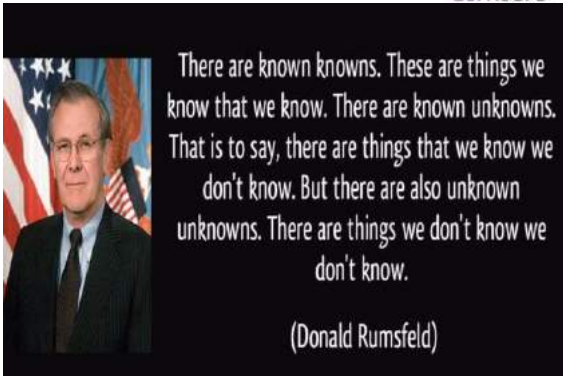
2. AGAINST THE ABOVE ESTABLISH

1. the purpose and intended nature of the business relationship or occasional transaction and
2. associated risks AND apply EDD where there is higher risk



Summary and Close





1. Stage 'A' -Unconscious Incompetence.
2. Stage 'B' - Conscious Incompetence
3. Stage 'C' - Conscious Competence,
4. Stage 'D' Unconscious Competence.



Comsure 

FINISH
ANY QUESTIONS...?

 Comsure

 managing the risks
so you can focus
on the rewards



- **Comsure** was founded in 2005 with a view to providing comprehensive business risk advisory services & is able to offer your organisation a wealth of skills and experience.

 Comsure

 managing the risks
so you can focus
on the rewards





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