

BUSINESS FROM SENSITIVE SOURCES NOTICE (NUMBER 1)

TO THE MONEY LAUNDERING REPORTING OFFICER OF ALL FINANCIAL SERVICES BUSINESSES

18 November 1999

It has been brought to the Commission's attention that some local financial services businesses may have been taking on business from sources which are sensitive from the Commission's point of view. Whilst the business may come well introduced and pass the standard test for verification of identity, the Commission considers that certain cases should be subject to a greater level of caution. The Commission has no desire to stifle innovation in seeking new sources of business but merely wishes to emphasise the need to exercise a higher degree of awareness of potential problems associated with certain areas.

The Commission would in particular highlight difficulties which have been experienced with business from the Commonwealth of Independent States and other jurisdictions in the former Soviet Union, certain states in eastern Europe and certain African states. Care should also be taken when dealing with introductions from certain countries which are associated with the production of illegal drugs (and the associated laundering of funds). It should also be noted that international bodies have highlighted the need for particular attention when dealing with other countries not knowingly associated with the production of illegal drugs. For your information, the Commission is enclosing* notices from a number of bodies which draw attention to particular problems with some of the jurisdictions mentioned above.

Financial services businesses are also reminded that they are required to be aware of, and comply with, international sanctions (such as, but not limited to, Orders made under the United Nations Act 1946) as they apply in the Bailiwick of Guernsey.

Please note that the revised Guidance Notes on the Prevention of Money Laundering include a statement that, when carrying out due diligence, financial services businesses should have regard to Business From Sensitive Sources Notices such as this.

The Commission would be pleased to provide further advice if you have any queries arising from this Notice.

Peter Crook

* These notices are available on request from the Commission.