

No. 9

WEDNESDAY

First Session

21st November, 2001

Seventh Parliament

SAINT VINCENT AND THE GRENADINES

**THE
PARLIAMENTARY DEBATES
(HANSARD)**

ADVANCE COPY

OFFICIAL REPORT

CONTENTS

Wednesday 21st November, 2001

Prayers	5
Minutes	5
Statement by Ministers	5
Motion	7
Proceeds of Crime and Money Laundering (Prevention) Bill, 2001 (Third reading)	7
Announcement by the Speaker Financial Intelligence Unit Bill, 2001 (Third reading)	53
Adjournment	55

THE

THE PARLIAMENTARY DEBATES

OFFICIAL REPORT

PROCEEDINGS AND DEBATES OF THE NINTH MEETING, FIRST SESSION OF THE SEVENTH PARLIAMENT OF SAINT VINCENT AND THE GRENADINES CONSTITUTED AS SET OUT IN SCHEDULE 2 TO THE SAINT VINCENT AND THE GRENADINES ORDER, 1979.

SIXTEENTH SITTING

21st November, 2001

HOUSE OF ASSEMBLY

The Honourable House of Assembly met at 10.15 a.m. in the Assembly Chamber, Court House, Kingstown.

PRAYERS

MR. SPEAKER IN THE CHAIR

Honourable Hendrick Alexander

Present

MEMBERS OF CABINET

Prime Minister, Minister of Finance, Planning,
Economic Development, Labour, Information,
Grenadines and Legal Affairs.

Dr. The Honourable Ralph Gonsalves

Member for North Central Windward

Attorney General
Honourable Judith Jones-Morgan

Deputy Prime Minister, Minister of Foreign
Affairs, Commerce and Trade.

Honourable Louis Straker

Member for Central Leeward

Minister of National Security, the Public Service
and Airport Development
Honourable Vincent Beache

Member for South Windward

Minister of Education, Youth and Sports
Honourable Michael Browne

Member for West St. George

Minister of Social Development, Co-operatives,
The Family, Gender and Ecclesiastical Affairs
Honourable Girlyn Miguel

Member for Marriaqua

Minister of Telecommunications, Science
Technology and Industry
Honourable Dr. Jerrol Thompson

Member for North Leeward

Minister of Tourism and Culture
Honourable Rene Baptist

Member for West Kingstown

Minister of State in the Ministry
of Education, Youth and Sports
Honourable Clayton Burgin

Member for East St. George

Minister of State in the Ministry
of Agriculture, Lands and Fisheries
Honourable Montgomery Daniel

Member for North Windward

Minister of State in the Ministry
of Foreign Affairs, Commerce and Trade
Honourable Conrad Sayers

Member for Central Kingstown

Minister of Transport, Works and Housing
Honourable Julian Francis

Government Senator

Honourable Edwin Snagg

Government Senator, Parliamentary
Prime Minister's Office, Special
Responsibility for Labour and
Grenadines Affairs

OTHER MEMBERS OF THE HOUSE

Honourable Arnhim Eustace	Member for East Kingstown/ Leader of the Opposition
Dr. the Honourable Godwin Friday	Member for Northern Grenadines
Honourable Terrance Ollivierre	Member for Southern Grenadines
Honourable Juliet George	Government Senator
Honourable Andrea Young	Government Senator/Deputy Speaker
Honourable Gerard Shallow	Opposition Senator
Honourable Major St. Claire Leacock	Opposition Senator

ABSENT

Minister of Agriculture, Lands and Fisheries Honourable Selmon Walters	Member for South Central Windward
Minister of Health and the Environment Honourable Dr. Douglas Slater	Member for South Leeward

SAINT VINCENT AND THE GRENADINES

HOUSE OF ASSEMBLY

WEDNESDAY 21st NOVEMBER 2001

PRAYERS

The Honourable Speaker, Hendrick Alexander read the Prayers of the House.

MINUTES

The Minutes of the sitting held on the Tuesday 13th November, 2001 copies of which had been circulated previously, were taken as read and were confirmed

STATEMENT BY THE MINISTERS

DR. THE HONOURABLE RALPH GONSALVES: Mr. Speaker, Honourable Members, may I just crave your indulgence to make a formal statement briefly on the State visit to this country tomorrow and on Friday of His Excellency Hugo Chavez, the President of the Bolivarian Republic of Venezuela. President Chavez arrives tomorrow morning at 9:30 a.m. at the E.T. Joshua Airport. There will be a welcoming ceremony, Mr. Speaker. The programme regarding the welcoming ceremony has been distributed to all Parliamentarians. The Leader of the Opposition has been formally communicated with as to his own role in the proceedings. The press, those who attended the press conference yesterday they have been given copies of the programme and the details have been broadcast, I have been advised, on several radio stations. Mr. Speaker, President Chavez leaves the State with his delegation on Friday morning. Among the principal activities tomorrow after the welcoming ceremony at the Arnos Vale Airport would be the laying of a wreath at the war memorial in the afternoon and there is a special sitting of Parliament tomorrow at 3:30 p.m., the programme in that regard too, Mr. Speaker, Honourable Members have been circulated to honourable members and I believe also to the media. There would be the signing tomorrow afternoon by both President Chavez and myself on behalf of our respective countries of two agreements. A general agreement of cooperation and also an energy accord. The press would have an opportunity to question president Chavez tomorrow afternoon after the signing of the cooperation agreements at the Cabinet Room. On the evening, tomorrow His Excellency the Governor General will host President Chavez and Mrs. Chavez at a cocktail reception at Government House.

Mr. Speaker, tomorrow afternoon from midday is being declared a half-holiday to enable the citizens of this country to come out and meet and greet someone who is unquestionably a major leader in the world today. We have had a very long relationship with Venezuela indeed this visit commemorates 20th anniversary of diplomatic relations. Those relations were established on October 29th 1981. It is not the first time a President from Venezuela would be visiting here, but I believe it would be true to say that president Chavez would probably be the most outstanding Venezuelan President who have visited our shores. In 1988 His Excellence President Jaime Lushinchi, came to St. Vincent and the Grenadine at the invitation of the Government then headed by Sir James Mitchell.

Mr. Speaker, after the sitting of Parliament tomorrow I have been advised that there will be a cultural rally at Bedford Square at the Central Market area around 4:30 p.m. song and dance; and you would have steel bands, Starlift and Potential and the Band Rage so that at least for a brief moment President Chavez will have an opportunity to enjoy some of the cultural life of St. Vincent and the Grenadines. I should report Mr. Speaker, Honourable Members that a separate programme has been arranged for Mrs. Chavez. We consider this visit to be a most important one for all sorts of reasons and those reasons would be fully amplified tomorrow, in respective speeches no doubt, Mr. Speaker, when the leader of the Opposition and our distinctive visitor and myself would address the Parliament at the special sitting.

Sufficed to say, Mr. Speaker, that this is the first English speaking country in the Caribbean that President Chavez has chosen to accord a state visit. He had hitherto visited Trinidad and Tobago at the time when there was a CARICOM meeting but that was not a State visit and it is a tribute if I may say so with all the modesty that I can command to the Government of St. Vincent and the Grenadines and to the people of St. Vincent and the Grenadines that this outstanding leader has decided that a visit to our country is of importance to his own country and to the hemisphere. I think Mr. Speaker, that Vincentians tomorrow would be able to show that we are a small nation but a great people. A small nation but a great people. I am urging Vincentians to come out in the morning at 9:00 o'clock at the airport. President Chavez' plane touches down close to 9:30 a.m. and there would be that welcoming ceremony there but certainly the afternoon which would be a half-holiday. I think we need to demonstrate the importance of this particular visit which is a visit frankly, Mr. Speaker, which is a together now visit; one Head of State visiting another country and where the Head of State, Her Majesty who is represented by the Governor General would be the first person who will meet President Chavez as is right and proper in all the circumstances. I am obliged, Mr. Speaker.

ORDERS OF THE DAY

DR. THE HONOURABLE RALPH GONSALVES: Mr. Speaker, I know that today may very well be a short day but out of an abundance of caution because I know, I have been here long enough to know Parliamentarians. I beg to move Mr. Speaker, Honourable Members that under Standing Order 12 (5) that the proceedings of today's sitting be exempted from the Provisions of the Standing Order Hours of sitting.

HONOURABLE LOUIS STRAKER: Mr. Speaker, I beg to second the motion.

Question put and agreed to.

PROCEEDS OF CRIME AND MONEY LAUNDERING BILL 2001

DR. THE HONOURABLE RALPH GONSALVES: Mr. Speaker, Honourable Members, I would like to suggest in relation to these two bills, the Proceeds of Crime and Money Laundering Prevention Bill and the Financial Intelligence Unit Bill if perhaps in the interest of time the discussion can be carried out together. I believe the Leader of the Opposition has no objection to this particular course of action, though each bill will be taken procedurally separately, because both bills are inextricably linked. And I believe Mr. Speaker, that the Leader of the Opposition is nodding and take that as concurrence that he agrees with this particular approach. He is agreeing, Mr. Speaker.

Mr. Speaker, I should first procedurally bring to the House's attention the report of the select committees which dealt with both bills and I would beg to lay these particular reports on the table. They have been circulated, Mr. Speaker, Honourable Members.

Mr. Speaker, I beg to move that the select committee report on the Proceeds of Crime and Money Laundering Prevention Bill 2001 and the Financial Intelligence Unit Bill 2001 be adopted.

HONOURABLE LOUIS STRAKER: Mr. Speaker, I beg to second the motion.

DR. THE HONOURABLE RALPH GONSALVES: Mr. Speaker we have agreed on the occasion when these Bills had their first reading both sides of the House agreed with your own kind concurrence Mr. Speaker, that the debate on the Bills when they come out of the select committee would proceed as though we are debating the second reading of the bill and the report from the select committee at one and the same time. This has been done procedurally Mr. Speaker, to facilitate the taking of these two complex Bills to the select committees so that when we return we would have had the opportunity for quite fulsome discussion in those select committees and then to be able

to proceed in a more efficacious way. Mr. Speaker may I just ask for a moment if the Sergeant-at-Arms could pull this window down for me, the breeze is playing havoc with my notes. [Pause] And I do apologize for those who are listening. I have to remember Mr. Speaker, to do that with this openness and democracy in the House so that the people could know what is happening.

Mr. Speaker, I would first of all like to pay tribute to all the members of the select committee, members of this House. I would also like especially, Mr. Speaker, to pay tribute to the consultant Legal Draftsman on these two bills Mr. Fitzroy Drayton, who is here with us today, who was the principal Draftsman of these two bills. He is a Vincentian by birth, grew up in the United Kingdom, trained in the United Kingdom and works currently in Trinidad for an anti money-laundering unit connected with the CFATF and the FATF, the Financial Action Task Force. I would also like, Mr. Speaker, to pay tribute to Mr. Richard Carpenter who is consultant of the same Caribbean Anti-Money Laundering Programme who attended the first of the four meetings of the Select Committee and Mr. Speaker, I would also like to thank the other persons from the legal profession and also the Offshore Finance Sector who came to one or more of the sessions of the committee and I think I have to pay tribute to and thank Mr. Linton Lewis, Mr. Bertram Commissiong, Mr. Brian Glasgow, Mr. Rosemond Cropper, Mr. Graham Bollers, Mr. Roger Dalrymple. Indeed Mr. Speaker at the very first meeting there were other persons who had attended. I also would like to thank too, Mr. Rodney Gallerger from the British High Commission in Barbados whom we invited to sit in on these meetings and who took the opportunity to do so in each case save and except the one yesterday. As you would have noticed, Mr. Speaker, we have been very open and democratic in this particular exercise, so we have involved, as we have to, by law, the whole of the Parliament, we have involved the stakeholders and we have involved persons from the international community through the FATF and also from the British High Commission. Mr. Speaker, I have to thank very much, the hard working staff of the Attorney General's Chambers, and last night they worked literally through the night. Mr. Speaker, because these bills are very complex and there are many amendments in the select committee and the correction had to be made on the computer. There had to be some rewording of some sections. Even when we had agreed in principle what we will do and then we had to have entirely new bills read for this morning: and the Proceeds of Crime and Money Laundering Bill, Mr. Speaker, Honourable Members have some 68 sections. It is a very hefty bill and I think we cannot shower enough praise on the Attorney General's Chambers and her hardworking staff and also Mr. Drayton who was with them.

Mr. Speaker, we also have to give a lot of praise to the Offshore Finance Authority and more particularly, Mr. Collin Williams and Miss Louise Mitchell who were exceedingly helpful in the process of drafting these bills and made extremely worthwhile suggestions for their improvement. I think as a nation we can be proud of this particular exercise which we have just gone through and as Mr. Bertram Commission

says that perhaps this is the first time in St. Vincent and the Grenadines that bills have been drafted for the Offshore Finance Sector for St. Vincent and the Grenadines in the interest of the people of St. Vincent and the Grenadines. And I did not say that, Mr. Speaker, I am only quoting him.

Mr. Speaker, it is well known that St. Vincent and the Grenadines is on the so-called FATF blacklist and there are many reasons why we are on the black list. There are matters of legislation which do not quite capture the offence of money laundering and associated offences, also there is in the view of the FATF a regulatory framework both in its legal character and in its day to day practical manifestation that this regulatory framework is not of a quality which measures up to international standards. All these are among the reasons given, originally for the blacklisting. There are many more details, Mr. Speaker, and would know doubt emerge in the debate either now when I speak, certainly when the Leader of the Opposition speaks, or other members, or in my own winding up. Sufficed to say, Mr. Speaker, that this black listing has been detrimental to St. Vincent and the Grenadines. There are some who do not mind the black-listing because the conditions of the wild west favours them, well that may be, so but it does not favour St. Vincent and the Grenadines.

Since we have come to Office, Mr. Speaker, we have made, we have taken a number of deliberate steps to clean up the offshore finance sector. The first thing we did we revamped the Offshore Finance Sector. We have a board, which is now in place which is antiseptic in its virtue and integrity, it is headed by Mr. C.I. Martin. It includes the Deputy Governor of the Central Bank, the Eastern Caribbean Central Bank. It includes Justice Monica Joseph, Retired Justice of the High Court, and Acting Court of Appeal Judge. And of course the two statutory officials, the Director General of Finance and Planning and Mr. Collin Williams the Offshore Finance Inspector Acting. I do not believe Mr. Speaker, that anyone can throw the slightest pebble against the virtue and integrity of these four gentlemen and lady. If I may say so Mr. Speaker, when we were appointing the Offshore Finance Authority as Minister of Finance, I made the recommendation for both Mr. Allen and Mr. Martin, but the third person who was not statutorily named, that is to say outside the Offshore Finance Inspector and the Director General of Finance and Planning, I advised the Cabinet that I will not seek to name that third person until I held consultation with the international regulatory authorities and persons connected therewith. And I said to them Mr. Speaker, and this is the confidence of an administration which is clean, I said give me the names of three or four persons, and I will select one of those because we are a sovereign nation; do not give me any European or North American, give me Caribbean persons, and I will say, Mr. Speaker, that among the names suggested was Justice Monica Joseph, I knew her, the entire country knows her, and knows her worth and we went and selected her. That is the process by which we went about selecting persons for the offshore authority. Consultations were done with the Governor of the Central Bank. Indeed I would say this Mr. Speaker, immediately when we took office, we, Mr.

Speaker, established working relationships with the Central Bank that no offshore bank or trust company would be registered, unless we first sort the advise of the Eastern Caribbean Central Bank. Operationally what happened is that when the applications came to the Offshore Finance Authority they were then sent all the documents, copies to the Eastern Caribbean Central Bank, they would do their own due diligence. And we will do our own due diligence. Indeed, Mr. Speaker, we took a decision to terminate the services of the due diligence firm which has been working with St. Vincent and the Grenadines for a long time. And we selected a firm to do the due diligence called the National Fraud Centre out of Philadelphia USA; an entity which came highly recommended by international regulatory agencies.

Mr. Speaker, we have recently formalised the guidelines, the administrative guidelines and signed them with the Eastern Caribbean Central Bank as to how we will proceed. We have revoked the licences of several banks and this morning before coming here I wrote formally to the Offshore Finance Authority advising the revocation of the licenses of another bank and also I advised the appointment of a person to investigate the affairs of yet another offshore bank and to submit a report to the offshore Finance Authority within three months, under section 18 (2)(d) of the International Banks Act of 1996.

Mr. Speaker, those changes and more, and some of the more I cannot speak about, we have instituted. Once you are clean you have no problem doing business in St. Vincent and the Grenadines. We are balancing prudence on the one hand with enterprise on the other and we are doing so in a new international environment, particularly post September 11th and Mr. Speaker, last Parliament I brought to this House, laid on the table the International Convention for the suppression of the financing of terrorism, a convention which security counsel resolution 1373 enjoined just to ratify and the Ministry of Foreign Affairs either has done or is in the process of informing our Ambassador to the United Nations to accede to that particular treaty, that particular convention before the 31st of December. Indeed Mr. Speaker, the nine conventions and protocols which are annexed to the convention on the suppression of terrorist financing, we in St. Vincent and the Grenadines have ratified seven of them, two which we have not yet ratified and we will do so before the end of this year, is one relating to nuclear material and another one relating to terrorist bombings. It is a question Mr. Speaker, of the capacity of our Legal Department to do all these things, get on with business while we are doing all the other domestic work. Indeed there is no distinction between what is domestic and what is international these days. There are some people who have not read a book on international relations and who are oblivious to what is happening in the world and who are motivated purely by malignant partisan politics, seek very often in this country to lecture the Government as to how to conduct international relations. But of course children and fools must not play with edged tools; and this Government listens because as a democratic country, but we proceed on the best analysis which is available to us in all circumstances.

Mr. Speaker, we have gone further and in the last Parliament we have brought into domestic legislation four of those treaties, conventions and protocols, two in relation to maritime safety and security and one in relation to aircraft safety. Mr. Speaker, this Government is only eight months old and that is why the praise is not too high for the Attorney General's Office. And again I must commend the staff. It is in that context therefore, Mr. Speaker, that we come to present these two bills to Parliament. They are part essential building blocks in the process to get us off the black list. And if you noticed Mr. Speaker, the pace at which we are working, and I must say this, the Leader of the Opposition on these matters has cooperated fully with the Government. It is not his fault that he cannot control the tongue of he who seeks to pretend as though he is the de facto leader of the NDP, but the Leader of the Opposition, I must praise him for his fulsome support, because Mr. Speaker, I outlined to the Leader of the Opposition and he will tell you this, that I always discuss the parliamentary time table and agenda with him: a courtesy that was never accorded to me or my predecessor, the distinguished statesman and Minister of National Security. Never accorded to us, and I said to him that I want us to get this bill to Parliament today because we are proroguing Parliament on the 23rd, it would be the shortest prorogation of Parliament in the history of this country, it is only going to be prorogued for two days, Saturday and Sunday, we begin back work on Monday. Because if we had prorogued Parliament before these bills were passed, the bills would fall and we will have to start afresh. And why it is important Mr. Speaker, is that on the 6th of December, the FATF is meeting in Miami, and St. Vincent and the Grenadines have arranged an appointment with the FATF on the 6th of December, and we would like to go there, saying to them that we have passed the Proceeds of Crime and Money Laundering Prevention Bill and we have passed the FIU bill. Because, Mr. Speaker, because these bills constitute important corner stones for this country to get off the black list, the FATF. I am not addressing Mr. Speaker, here the matter of the OECD harmful tax regime proposition, which proposition has come under attack from even the US Government and the Treasury Paul O'Neil. But we must be equally mindful that the US Government's thrust on the issue of money laundering and particularly the way money laundering, and particularly the way money laundering can finance terrorism, that on the wings of the anti money laundering fight the issue of the harmful taxation regime comes in its wake. So that they are distinct but not completely unrelated and that is what we have to bear in mind when we are fashioning legislation.

We have to fashion legislation Mr. Speaker, where our comparative advantage or indeed absolute advantage, lies no longer in secrecy, because we had passed a confidentiality Act which is really in some respects a secrecy Act, and that will have to go consequent upon these laws which we are passing today. So our advantage is not going to be in secrecy and confidentiality. To be sure, we need still to have a tax advantage and we still need to have protection of assets which are basic consideration for anybody who wants to come to an offshore jurisdiction. But secrecy, that is out.

You see what happened in 1996 when the legislation was revamped and it transpired subsequently that the revision of those laws were paid for by practitioners in the business? When those laws came into being, I remember reading in offshore finance and other learned journals about the offshore sector internationally, the trumpeting headlines, "The Best Confidentially Act in the World". That is how St. Vincent was sold, so that people's ears internationally pricked up and our intelligence was so limited then we did not realize that we were on the cusp of a war internationally against secrecy and confidentiality in finance. We were not aware of that, and interestingly, if I may say parenthetically, Mr. Speaker, that the persons some who now seek to traduce a Government which is very alert to what is happening internationally, had taken the vows of monastic silence in the face of a regime which was oblivious to the changes which were taking place in the international arena, but that is what partisan politics is about. On one occasion they are very voluble with much bombast signifying nothing, but in earlier period they had taken the vows of monastic silence when the NDP was rampaging with some of these pieces of legislation. And I see people in the audience here, some journalists who smile when I say that, knowingly, their knowing smiles do not indicate the position which they held then, all I am saying is that they smile knowingly. Because they know what I am speaking is the absolute truth.

So, Mr. Speaker, we come to these bills within this context. The Proceeds of Crime and Money Laundering Prevention Bill is designed to address the problem of drug trafficking, money laundering and profit from all criminal offences. The bill is divided into seven sections and I will seek to go through them as best as I can, Mr. Speaker.

Mr. Speaker, I take it that because I am speaking on a motion I have an hour and a quarter and not forty-five minutes. An hour, fine, I am obliged. As distinct from the usual forty-five minutes. The time remaining, Mr. Speaker?

HONOURABLE MR. SPEAKER: Half an hour.

DR. THE HONOURABLE RALPH GONSALVES: Half and hour. I am obliged, Mr. Speaker. The bill is divided into seven sections, the first deals with a series of definitions and interpretations and it introduces concepts that are new to St. Vincent and the Grenadines; in particular the concept of criminal conduct and relevant offences. The definition of a criminal conduct is drug trafficking and any other relevant offences. We are making it wide and the sweep is omnibus. The definition of relevant offence is any offence "trial able" on indictment or any offence which is "triable" able both summarily. And on indictment and the importance of these definitions will become apparent later, and there are other definitions, Mr. Speaker which I do not need to address and they maybe specific in their specific context.

Part two addresses confiscation orders. In part two of the bill provisions are made Mr. Speaker, for the making of confiscation orders when a person has committed an

offence and has benefited from that offence. Previously confiscation orders, could only be made in St. Vincent and the Grenadines when a person was convicted of one of the following offences: drug trafficking, money laundering, possession of property derived from unlawful activities, organized fraud. That is how it was in the current Proceeds of Crime Bill which we are seeking to repeal today and replace by this Bill, the Proceeds of Crime and Money Laundering Prevention Bill.

In this particular Bill Mr. Speaker, provision is made for the Confiscation Orders to be made when a defendant has been convicted of a drug trafficking offence or a relevant offence when he has benefitted from that offence. In the case of drug trafficking, when a person has benefitted from the offence, the High Court will determine Confiscation Order should be made in order to calculate the amount that has to paid by the defendant. The High Court will be able to make a number of assumptions. (a) That the property appearing to be held by the defendant at any time since its conviction, or (b) to have been transferred to him at any time since the beginning of a period of six years (c) that any expenditure of the defendant for the period six where payments made or received by the defendant were received by him in connection with drug trafficking. Whilst this provision has been described as draconian there is a protection in the High Court, in that the High Court will not make the assumption (a) if it is found to be incorrect in the defendant's case, or (b) if the court is satisfied that there will be a serious risk of injustice in the defendant's case if the assumption is made. Once the High Court has determined the amount of a defendant's benefit by applying the assumptions that I have listed the court will make an order in that sum, unless the defendant satisfies that he has insufficient assets to satisfy the confiscation order. The High Court in those circumstances will make a confiscation order taking into account the assets held by the defendant. In cases where a defendant is convicted for a relevant offence, other than drug trafficking, and it appears to the Magistrate Court or the High Court, that the defendant has benefited, the court can make a confiscation order. This confiscation Order will be based on what has been obtained by the defendant as a result of or in connection with the proceedings before the court. Where a defendant has found to have been so benefitted he will be ordered to pay a sum equal to the sum of the benefit from his crime; in cases where the defendant's benefits from criminal conduct is more than a hundred thousand dollars, the High Court will be able to make the same assumptions as the Court can make, had the defendant been convicted of drug trafficking. In order that these matters be dealt with expeditiously there is a time limit set within which the cases must be brought. The limit is one year, unless the prosecution can satisfy the High Court that there are exceptional circumstances for the matter not been dealt with sooner.

Mr. Speaker, I just want to say here, parenthetically, that I want, as I am talking here about drug trafficking and other relevant offences. I want the drug traffickers out there to listen to me and to listen to me very carefully, those who are still involved in drug trafficking, you better stop it; because this Government will ensure without getting

involve with the independence of the Director of Public Prosecutions, that these acts of drug trafficking are taken to the High Court so that it becomes easier and better for a judge to handle the question of confiscation; so if you believe you build your palace from drug trafficking and that you will be taken to the Magistrate Court and you will just be given a fine of a hundred thousand dollars and you pay your money and you call it 'George' I warn, a different ball game is about to begin. That you will be subject to confiscation orders. So what you have as a result of drug trafficking you are in danger of losing it, so my advice to you if you make your money already as a drug trafficker, stop it. If you haven't got caught yet, stop it, and go legal. I think that is as fair a warning as I can possibly give. Go legal. Set up whatever enterprise you want to set up, earn your money the normal way, and for those enterprises which have a legal front but are involved in drug trafficking, I say to them stop it. The people of this country know that in the past I defended all sorts of persons, in private practice, when I was a lawyer. The good the bad, the indifferent. Because we have an adversarial legal system, and that is how it should be. Today however, I represent the whole of St. Vincent and the Grenadines, they are my clients. And I intend to stamp out the drug trafficking. So I want them to get a clear message on that matter. I know the statement which I have made here today, will make me unpopular with certain people, but I am satisfied that the good and decent people in this country would want me to say what I have just said. And that is the group of people who have built this country.

Mr. Speaker, confiscation orders can be considered in the following circumstances, a if the evidence is available that was not available to the Director of Public Prosecution at the time the confiscation orders was made, to show that his benefit was greater than assessed and (b) that the defendant's realizable property has increased since the making of the confiscation order, and that he would have been able to satisfy the confiscation order.

Part three of the bill addresses the enforcement of confiscation order. In part three where a confiscation order has been made the High Court will set a term of imprisonment, in default, in the event that that defendant does not pay the confiscation order. So you can get prison for what you are doing plus the confiscation order. And if the confiscation order is not satisfied, you can have an alternative term of imprisonment because the confiscation order has not been satisfied. So you can get essentially two sets of jail. That is the reality. These terms of imprisonment will be set according to the amount of confiscation order that has been made. Confiscation orders over the sum of a hundred thousand dollars, the period of imprisonment in default is ten years. And I repeat, these terms of imprisonment will run consecutively to the term of imprisonment to be served for the substantive criminal offence. So if you got ten years for the crime and you have a confiscation order for a hundred thousand dollars, and you do not meet that, there will be another ten years there waiting for you. I know what is going through you mind, where you are going to hold fellows if you do that. Well we are building a new jail. [Interjection] Eh? The new jail has a name.

What is the name? I hope your name not on it. Oh all right. I hope your name not on it. All right. I hope, I hope. I hope you have the right jail, and I hope you are not talking too soon, you know. Because when Ottley Hall comes, I have things to talk about Ottley Hall. You will hear me on the budget with that. Do not believe, I hear at the party's convention, one person said, at your NDP party convention, they say they will investigate corruption, where it going, but let me just say, you will see, shortly, just watch it. And watch how it grows. And I want to say this, I have given instructions to the Attorney General's Office and I have told the Chief Surveyor, those instructions have been given, all lands bought by NDP persons below purchase price will be acquired by the Government of St. Vincent and the Grenadines for public purpose. So go ahead and believe that you all can... You all forgot who won this election. You all have forgot who have one this election! So I am taking calm, I am taking it easy, but do not forget the manifesto of the Unity Labour Party. And anything I have in that, I intend to carry out. Anything the ULP puts in that, the ULP intends to carry out. So help me God. [Interjection] Yes! I know you would like me to move on, because I was going well until you try to interfere with me. You know. Incidentally too, Mr. Speaker, those who owe substantial amounts of money, those companies or individuals who owe substantial amounts of money to the National Insurance Scheme, and not dealing with it they will have attachment place to their properties.

HONOURABLE ST. CLAIRE LEACOCK: You are boring. You are boring.

DR. THE HONOURABLE RALPH GONSALVES: It's boring? It's boring? It's boring, because your company owes in excess of \$30,000.00 having taken workers money and do not pay it over to the National Insurance Scheme. That is what is boring. I never said so before, but I will say so now. That is boring. That is boring. That is boring. That is boring. Not my company, you know, your company. You take workers money and do not pay it over.

HONOURABLE MR. SPEAKER: Honourable Member could we move on?

DR. THE HONOURABLE RALPH GONSALVES: I am obliged, Mr. Speaker.

Mr. Speaker, part four deals with information gathering powers. Part four of the bill there is a power to make production order. The order would require a person who has possession of material to which the application relates, to produce the material to a police officer. A police officer making the application will have to satisfy the High Court that the material is of a substantial value to the investigation and does not consist of items subject to legal privilege. The High Court will also be satisfied that it is in the public interest having regard to the likely benefit to the investigation. If the person fails to comply with the production order, he commits an offence and is liable to imprisonment for two years and or a fine for one hundred dollars or both. A search warrant is also provided in circumstances where the production has not been complied

with, or it is not practicable to communicate with the person who holds the material. The Director of Public Prosecution would also be able make application for the material held by the Government, if the material will assist in the investigation. The Director of Public Prosecutions can also apply to the High Court for a monitoring order. This Order will require a financial institution to provide information to a police officer about transaction conducted by a particular person within the institution. This order will be made where there are reasonable grounds for suspecting that (a) a person is about to commit a drug trafficking offence or a relevant offence. (b) was involved in the commission or is about to be involved in the commission of such an offence or (c) has benefitted or is about to benefit from the commission of such an offence. Failure to comply with the monitoring order is a criminal offence and on conviction a person is liable to a term of imprisonment of two years and a fine of a hundred thousand dollars or both. So you see, Mr. Speaker, we are part of an international community and we have certain obligations. It is a new world. It is a new ball game.

Part five, Mr. Speaker, Honourable Members, deals with money laundering offences. In part five of the bill can be found the money laundering offences. The first offence is concealing the proceeds of ones own criminal activities by converting, transferring, bringing into or removing from St. Vincent and the Grenadines, for the purpose of avoiding prosecution for a drug trafficking offence or the making of a confiscation order. The second offence is concealing of property on behalf of another, to avoid the making of a confiscation order or protection, or prosecution for a drug trafficking offence. The next offence is arranging with another to retain the proceeds of criminal conduct. This offence can be committed by securing proceeds by concealment, removal from the jurisdiction, transfer to the nominees or otherwise.

Mr. Speaker, some of these offences, accounts and lawyers have to be careful in their conduct. Mr. Speaker, a new offence is created of "tipping off," which is committed when a person knows or suspects that an investigation is being conducted and they disclose to another, information, so that the investigation is prejudiced. So if you know something is happening and you love to "run your mouth," whether on radio or where, and you want to tip off, you want to play bright, 'boy you know they investigating Tom for money laundering' and you go and tell Tom or somebody else, you tip off, it is an offence. This is not something which is new in Western jurisprudence, it is there in the United States of America. It is there in Britain. We have to get serious in fighting money laundering.

Mr. Speaker, there are certain obligations which are placed on financial institutions in dealing with money laundering. And the penalties for money laundering are as follows for certain offences, imprisonment for five years and a fine of five hundred thousand dollars, on summary conviction, that is, before the Magistrate's Court. And on indictment an unlimited fine or 20 years imprisonment or both. For the offence of failure to disclose knowledge or suspicion, tipping off, and failure to report a suspicious

transaction, the penalties on summary convictions are a fine of up to \$500,000.00 or imprisonment for three years, or both. Or for a conviction on indictment, an unlimited fine or ten years imprisonment or both. In this bill, there is establishment of national money laundering committee.

Mr. Speaker, the bill makes composition for that national anti-money laundering committee and it consist of the Financial Secretary, the Director of Public Prosecution, Attorney General, the Commissioner and the Chairman of the Offshore Finance Authority and it is responsible for a series of things, including issuing guidance to the financial intelligence units.

Part six deals with seizure of cash and part seven deals with a range of supplemental matters to carry out into being a particular law. And Mr. Speaker, offences under this bill and the Drug Trafficking Offences Act and the Proceeds of Crime Act, 1997 will be extraditable offences for the purposes of the Fugitive Offenders Act because under the present Fugitive Offenders Act money laundering is not mentioned. And this bill which we have here, repealed the Proceeds of Crime Act of 1997 save for section 59, 60 and 61 for the purposes of the Fugitive Offenders Act. Mr. Speaker, that in a nutshell is what we have here for the Proceeds of Crime Bill.

On the Financial Intelligence Unit Bill, Mr. Speaker, I want to go through very quickly. The primary purpose of this Bill is to make provision for a central unit within St. Vincent and the Grenadines with the responsibility for the collection, analysis and dissemination of suspicious transaction reports submitted by the financial institution as required by the Proceeds of Crime and Money Laundering Prevention Bill 2001. Mr. Speaker, the establishment of this FIU and the passing of the Proceeds of Crime and Money Laundering Prevention Bill, take account of the international situation that we have to in St. Vincent and the Grenadines meet. We have to take account of the revised recommendations of the FATF, the 19 revised recommendations of the Caribbean Financial Action Task Force. The 25-point criteria of the list of non-cooperative countries and territories of the FATF have also been taken into account, and this is particularly important as it leads to the black listing of St. Vincent and the Grenadines by the FATF. The FIU, the Financial Intelligence Unit, will have a director who will have responsibility for the administration of the FIU. Appointed to the FIU will be a barrister of law, solicitor and accountant, police and customs officers, specially trained in financial obligations, will be in FIU. I know some skeptics out there who are saying that where are you going to get such police officers. I want to say this, under the leadership of the Leader of the Opposition some police officers were sent for training in these matters and since I have come to office, there has been much further training. And there has been a core of police officers and custom officers who have been having training in dealing with these sorts of matters and the financial intelligence unit, and the white collar crime unit, which we promised in our manifesto that we will establish, that is in a long way of being established currently.

The functions of the FIU are to receive all suspicious transaction reports, can request information from financial institutions, and a series of other functions to be able to carry out the responsibilities assigned to it, and other responsibilities touching and concerning it as they relate to the Proceeds of Crime and Money Laundering Bill. A specific offence is created under the bill of failing to provide or refusing to provide the FIU with information requested under the bill. This bill Mr. Speaker, provides that there is no liability against the Minister of Finance, in relation to the FIU, the Director, officers, or personnel of the FIU for anything done or omitted to be done in good faith and in the administration or discharge of its functions and duties under the bill.

Mr. Speaker, there is a series of other provisions in the FIU bill and there are some that relate to the confidentiality of all matters concerning the FIU. Mr. Speaker, just bear with me. [Pause]. Mr. Speaker, Honourable Members, as I wind up the debate in this regard, I want to draw attention of the Honourable Members to Clause 55 of the Proceeds of Crime and Money Laundering Prevention Bill. It reads in part:

“There shall be established a fund to be known as the confiscated assets fund, called the ‘fund’. There shall be paid into the fund (a) proceeds of criminal conduct recovered under the confiscation order, cash forfeited under part 6, money forfeited under section 37 of the Drug Prevention of Misuse Act, money paid to the St. Vincent and the Grenadines Government by a foreign jurisdiction in respect of confiscation of assets. The Minister of Finance after consulting with the National Anti-Money Laundering Committee on cabinet-authorized payments to be paid out of the fund, (a) for the purposes related to (1) law enforcement including the financial intelligence unit and in particular the investigation of suspected cases of drug trafficking and money laundering. (2) treatment and rehabilitation of drug addicts, (3) public education in relation to drug addiction, (4) activities of the Offshore Financial Authority to satisfy an obligation of St. Vincent and the Grenadines to a foreign jurisdiction in respect of confiscated assets. (5) to meet the expenses of the national anti-money laundering committee, (6) to meet the remuneration or any expenses of a receiver appointed under this Act, (7) to pay compensation or cost award under this Act and (8) to cover cost associated with the administration of the fund and such other payments as Parliament may from time to time determine.’

In short, from time to time, when the properties are confiscated and when there is compliance in relation to a confiscation order, the monies are going into a confiscation assets fund. The primary purposes are to deal with the matters listed, to carry out the work of the national anti-money laundering committee, deal with the matter of health and education and treatment of persons involve in drugs. But also, Parliament can say out of that what you can take to apply to other purposes, so like if you have a lot of

money in the fund which is more than what is required for these other things, well Parliament can say you can use some of it for something else.

Mr. Speaker, these two pieces of legislation will go some way, a considerable way, in conjunction with the other changes which we have made in the regulatory framework. In practical terms in the offshore sector, to trigger a possible removal of our country from the black list. But I must say this, because of the work we have done since we have come to office, the FATF in its last report took the deliberate decision not to apply counter measures against St. Vincent and the Grenadines, so that itself was a victory, you are on the black list but counter measures are not applied. Our next step is to see if we could get off the black list. I want to say this, Mr. Speaker, many persons out there would be saying why try and get off the black list; well counter measures can be brought against you if you remain very long on the black list, if you are not making progress and what are some of the consequences? An important consequence is that the FATF, and when you talk about this, you talk about the powerful countries in the world, United States of America, all those in Europe, all those in Canada, they will then under their law, direct their banks not to have corresponding banking arrangements with St. Vincent and the Grenadines. If we lose corresponding banking arrangements because we not controlling the money laundering, because we are not taking care of the drug trafficking, and the money which comes through that, or what is emerging even through the financing of terrorism, the black list can lead to corresponding banking arrangements being taken away, that would kill all trade and commerce with St. Vincent and the Grenadines. The people who sent their cheques to St. Vincent and the Grenadines nobody will, you would not be able to cash them; they would be worthless. Because when they go back, no one will honour them because they come through a country like St. Vincent and the Grenadines which is black listed. I want the people to realize that the Government and the opposition in this country will not be at one on this issue unless the implications were very serious. I know that after today, that even though confiscation orders existed under the law before today, but they did not exist with the clarity as in the current bills before and with the enforcement mechanisms before us, I know it would be said, well you see ULP Government want to take away man property. You see I tell you this fellow Ralph is a communist man, all the time. And I know what will be said on the ground. I was not born yesterday, Mr. Speaker, and I know the lies and the distortions. And Mr. Speaker, the truth will always prevail. If the NDP were in power and they did not bring these kinds of laws well 'crapaud' did smoke St. Vincent and the Grenadines pipe. Of course they may have the luxury of supporting it here, but on the ground use, malignant political partisanship otherwise, well I will confront that head on. And Mr. Speaker, the only way that would be silence is when you see real things are happening; like those who are involved in money laundering, that they are brought to book, and the clauses for confiscation. All you have to do to avoid the confiscation is to be clean. Take an ordinary, normal, decent job like everybody else, that is all you need to do. Do not get

involved in drug trafficking and money laundering. Don't get involve in the associated offences.

Mr. Speaker, I fully expect that this bill will get unanimous support in this House, because at the end of it, it is so important, I want to give a warning in advance that I am going to ask, Mr. Speaker, for a division of the House so that each person can stand up and be counted. You either voting for these or you not voting for them, there are no half way, in between. Those who want to sit on the fence, not going to get any fence to sit on today; I want to make that abundantly clear. If you are a man you have to stand up and be counted like a man or a woman if you are a woman.

I want to thank you Mr. Speaker, Honourable Members who have listened very attentively, save and except for one very interesting, as happens in Parliament, good natured cross talk; and that is part of the spice and life of the Parliament. And I wish, Mr. Speaker, that this bill receive the unanimous support of this Honourable House. I am obliged.

HONOURABLE MR. SPEAKER: Before I take you Honourable Leader of the Opposition I would like to of course recognize some students, and I believe the St. Vincent Grammar School who is visiting, sitting in the gallery here this morning we want to welcome you, as I said previously we are indeed heartened by the interest that the students have been paying in the proceedings of the House and I am sure it will serve them well in their own development and in their future education. And while I say that I would also like to say that each of us as Members of this Parliament ought to also be mindful of that fact, that we are on radio and there are also persons who we are trying to be role model, for in the House, and I think it is essential, while the Prime Minister will consider the cross talk as being an essential piece of exciting, whatever he refers it to that the Rules of the House in Section 36 (4), I think, let me make sure I get it clear, Section 36 (3).

“It shall be out of order to use offensive and insulting language in the House.”

And we have to be very careful with what we say. I am prepared to be very liberal in the way I conduct this House and to allow persons their cross talk but it must be done within certain limits and within the rules and the regulations of the House. Thank you, very much Mr. Leader of the Opposition.

HONOURABLE ARNHIM EUSTACE: Mr. Speaker, Honourable Members this morning we have commenced debate on two very important pieces of legislation. The Proceeds of Crime and Money Laundering Prevention Act 2001 and the Financial Unit Bill. Mr. Speaker, I say important because there are serious developments internationally which have been having their impact on our economy and on the people of St. Vincent and

the Grenadines. Mr. Speaker, it is well known that the way international environment is now operating and changing that it behooves us as developing countries be able to understand the events that are taking place around us and to make the necessary adjustments as needed to ensure the maintenance of the standard of living of our people. And in this context Mr. Speaker, over the years and during the previous administration, we have been making efforts to improve the diversification of our economy. The same international environment, Mr. Speaker, is impacting negatively on what we have been accustomed to in bananas, it is impacting negatively now due to terrorism and what we expect from our tourism and it is also impacting on our Offshore Finance Sector. So Mr. Speaker, three of the main pillars of the productive sectors of our economy are being impacted by that changing environment. And Mr. Speaker, the pieces of legislation before us today must be seen in that general context.

Mr. Speaker we have been in the Offshore Finance Business for a very long time; and around the end of 1996 or thereabouts, about 20 years of operations we had about 3000 entities registered here in St. Vincent and the Grenadines. Some time during the year 1995 and '96, M. Speaker, significant changes were made and a new series of legislation introduced into this Honourable House, aimed at improving our performance in the Offshore Finance sector and we had Mr. Speaker, several bills in this House in that regard. I want to say Mr. Speaker, that the circumstances at the time were not what they are today. We did not have any attacks on the FATF over the OECD at that time Mr. Speaker, we sought as a Government to put legislation in place aimed at giving us some advantage in the Offshore Sector. There are some, if I recall, some 61 offshore jurisdictions in the world and here we were trying to ensure that we would be able to compete in that environment. Sometime around the year, 1986, 1987 and thus we made a series of changes, introduced a series of new Acts and these Mr. Speaker, formed the basis of some recovery for the offshore sector, because Mr. Speaker, by the year 2000 we had moved from some 3,000 entities registered in St. Vincent and the Grenadines to some 12,000 registered by that end of that period 2001.

Mr. Speaker sometime during those discussions and in an effort, Mr. Speaker, to gain some sort of advantage, some comparative if not absolute advantage we had to seek the niche. We had to seek Mr. Speaker, to have something that identified our offshore sector as being somewhat different from the other 60 or so jurisdiction. And at that time what was chosen was confidentiality, and two, we would not restrict ourselves to just a few financial products, but we will do the whole range of activities, mutual funds, international insurance, trust companies, international business companies and so forth. Those were the two Mr. Speaker, that we thought could give us some sort of advantage and improve our performance and Mr. Speaker, in the first two years that is in fact what happened, that is why we moved from three thousand to 12,000 companies, registered here in St. Vincent and the Grenadines by the year 2000. But sometime during 1998, to 1999, Mr. Speaker, there were the beginnings of rumblings in the international community as the OECD countries, richest countries in the world

sort to prevent their nationals from investing in our jurisdictions in effort to keep the money in their own countries. That Mr. Speaker, was the reality of the situation, they were getting concerned with lot of revenue and a lot of investment was taking place outside of their jurisdiction, by their own nationals, in places of the Caribbean, Africa and elsewhere. In addition to that Mr. Speaker, they had a concern about the whole question of money laundering. Mr. Speaker, you have to place our countries in that general context, here we are trade liberalization is buffeting our banana industry which was the mainstay of our economy and we had to find Mr. Speaker, other activities to maintain income and employment in our country. And in fact, we are Mr. Speaker, a very, very small country. And the avenues that we have for maintaining the standard of living for our people Mr. Speaker, are not that many. As trade become liberalized we found that it is harder and harder to compete with our commodities and that is why we are involved in exercise of banana restructuring at this time, Mr. Speaker, so it is important Mr. Speaker, that we recognized that movement and improvement in the offshore sector was part of the general diversification process of our economy, in an effort Mr. Speaker, to keep our standard of living and to improve it. So that is, Mr. Speaker, why the Offshore Financial Authority was set up. That is why we have such a strong Confidentiality Act, Mr. Speaker. Because we wanted to identify a niche that could be identified as St. Vincent and the Grenadines, I am coming to St. Vincent and the Grenadines to invest because, 1. I could invest in various financial instruments or products and on the other hand I could get confidentiality for my business.

Mr. Speaker, the OECD and the FATF made their position known. In recent years they have made efforts to assess the performance of various jurisdictions, and they have come up with a number of recommendations, and because of their own strengths, we in this part of the world find that in our jurisdictions we have to look carefully at what they have to say, see to what extent we are able to implement what they say, Mr. Speaker, without doing untold damage to our offshore sector, in fact without destroying it.

The Prime Minister in his presentation Mr. Speaker, pointed out, and it is there in the objects and reasons for this bill, the Act, I want you to listen carefully, the Act has also taken cognizance, I am speaking from the objects and reasons, the Act which is before us has also taken cognizance of the revised 40 recommendations of the Financial Action Task force. Nineteen recommendations of the Caribbean Financial Action Task force and the 25 point criteria for assessing non corporative countries and territories of the Financial Action Task Force. So Mr. Speaker, that is what we are up against. But in particular the FATF is very concerned about money laundering, the OECD appeared to be more concerned with harmful tax competition and in fact they are trying to pin a deadline on us with the hope that we would bring our tax regimes in line with theirs, which should have been something Mr. Speaker, which I maintain, as totally unacceptable to countries like our own. Over the years Mr. Speaker, in an effort to improve our competitive position, we have been trying to reduce taxes; both corporate

and income taxes and trade taxes so that our economies can become more competitive; and if we were to follow the OECD Mr. Speaker we will have to raise taxes and that would only put us in more difficulty. So Mr. Speaker, as early as 1999 we began the process of making changes in the offshore legislation which we had put in place in 1996, in response to what was coming from the FATF and the OECD.

Mr. Speaker, when the select committee of this Parliament met to discuss this bill, the first discussion we held the very first day, concentrated, Mr. Speaker, on policy, because it was recognized Mr. Speaker, that making changes at the time that we are now making, on this bill goes to the heart of the very things that we thought and accepted in 1996 as important for moving the offshore sector forward. And that any changes of that type Mr. Speaker, meant that we were coming up with a new type of offshore sector, and the question is, with all this that is before us, can our offshore sector retain competitiveness? Mr. Speaker, I do not know the answer to that up to now; but know why these pieces of legislations are being brought to this House. I know, Mr. Speaker that they are necessary piece of legislation, in the context of what is happening internationally, but what I do not know Mr. Speaker, is whether at the end of this exercise, our offshore sector will continue to grow. It seems that we will have to depend on our administrative effectiveness, and matters of the sort and that relates to all offshore sectors. So Mr. Speaker, while I accept the need to change, at this point in time I cannot honestly say that in making this change that our offshore sector will get stronger. But I know that we have to make it.

Mr. Speaker, some of the changes we tried to make before, and some were made in 2000 where we made some revisions to the Confidentiality Act, with provisions to the International Banks Act all aimed at the same time looking at what was being said by the FATF and the OECD. Indeed I was in contact while I was Prime Minister with Mr. Drayton who is here with us this morning, on some of these very issues and looking at redrafting legislation. I am happy to see that he is continuing to assist us, Vincentian born as he is. But Mr. Speaker, the reality is, you know, that we do not seem to have a choice in this matter. That Mr. Speaker, is the reality. And therefore we come to this Parliament today with this legislation and having had several meetings discussing it, we on this side of the House are very familiar with the intent and the content of this legislation. Mr. Speaker, we are being examined very closely by the international community. They are looking at us as well as all the other jurisdictions that are involved in the offshore sector. And Mr. Speaker, let us not fool ourselves, countries look after their own interest first. And Mr. Speaker, those who are more powerful often get their way and Mr. Speaker, those of us who are less powerful often have to accept things which under other circumstances we might not have accepted, because as the Prime Minister indicated there can be counter measures if we do not do certain things. Mr. Speaker, that is the sad reality.

Mr. Speaker, like the other members of this House, I am concerned about the possibilities, the loss of corresponding banking relationships and all the other counter measures that can be taken against us if we do not make changes in our legislation. Mr. Speaker, equally I am concerned about the additional cost that much of this legislation is going to bring on us because it increases significantly the administrative burden, and I am not even talking about the burden on the legal department. The administrative burden of being required to deal with all of these various activities. We have to deal with money laundering, drug trafficking and a whole hosts of different offences, and we are going to examine to see how we deal with them and at the bottom of it all Mr. Speaker, we expect to come off, or this will assist us in coming off, the black list. And Mr. Speaker, there are some heavy penalties in this Bill which the Prime Minister in his presentation has already referred to. I do not have any problem Mr. Speaker, with the heavy penalty, because I believe that we, in fact, have to play a role in dealing with money laundering and Mr. Speaker, it is hoped that the Fund that is established, into which, when we confiscate cash and other things, when that Fund is established we hope that there will be sufficient funds in there to meet a whole series of activities thereby reducing the burden on the public purse; and all that is well and good. Mr. Speaker, I can only hope that because of this legislation, that the offshore sector will not decline. I do not think anyone of us here can say clearly Mr. Speaker, that in complying with the requirements as set out that we expect the offshore sector to grow, that is only something that the test of time will reveal, Mr. Speaker.

Mr. Speaker, if the Offshore Sector fails we will find ourselves even more dependant on the tourism sector. It is now the largest earner in our economy, that sector; and we all know, it is receiving some blows right now because of the events of September the 11th. So all of our major sectors are under threat at the same time. The FATF may not be concerned about that Mr. Speaker, but we have to be concerned about it, and I do not want us to forget for one moment Mr. Speaker, that in this world of increasing competition that we have limited opportunity because of our size and vulnerability.

Mr. Speaker, I agree with the prime Minister that we need to take, and continue to take action in relation to this sector for the reasons already advanced. But Mr. Speaker, equally, we have to be concerned with the implementation of this legislation that we are putting on the books, and more legislation to come, and some has been passed already, so there is a lot of legislation in relation to this sector. Mr. Speaker, the international community is not only looking at whether we pass laws they are looking at how we perform in relation to its implementation. Mr. Speaker, when I was the Minister of Finance of this country, I had occasion as the Minister responsible for the Offshore Finance Authority, just as the Prime Minister has today, to revoke the licenses of a number of offshore banks. And Mr. Speaker, that was done in much the same vein as is being discussed here today, in that we need to demonstrate very clearly that we are seeking compliance with our laws from those entities which are in our jurisdiction. And I had occasion Mr. Speaker, to be involved in the revocation of six licenses, and I have

asked for investigations into some others. Having done that Mr. Speaker, I was then put in a position, as a citizen of this country and a Minister of Government, I was placed under severe attack on the grounds, in an effort to discredit me, and others, that I had borrowed money from some of those offshore banks, that was in 1999. Mr. Speaker, I remembered that very, very clearly, and at the time I made the comment that I really have to be a fool to borrow from a bank and then revoke its license. That bank Mr. Speaker, put a notice on its door after the revocation that said as follows: "this bank will be reopened when the rule of law returns to St. Vincent and the Grenadines." The rule of law. That was the banks' position, the bank did not think obviously that its licenses should be suspended but as is often the case with entities that perceived themselves to be powerful in small countries like our own, and St. Vincent is not the only country like that, they feel that they can push a government around; that they are so powerful, Mr. Speaker, that they can push us around. I was told that in 30 days a statement will come to me about my indebtedness and up to now Mr. Speaker, I have not gotten the statement about how much I owed and for what I owe, and I came to the conclusion Mr. Speaker, as everyone in this country knows that was really a political stunt intended to cause embarrassment, but Mr. Speaker, it was a serious matter because they were dealing with a government.

Mr. Speaker, a few weeks ago I had occasion in this Honourable House to ask of the Prime Minister and Minister of Finance about the licenses that were revoked. And what action the current government had taken with respect to those licenses. Mr. Speaker, if I could paraphrase the response that I had, it was this that, the Government did not think they could win the case brought on this matter and therefore discussions were held and a consent order was done so the licenses of New Bank and Nano and Sons were restored. Mr. Speaker, I was concerned, and I am still very concerned Mr. Speaker, about that particular exercise because Mr. Speaker, to my mind there was some serious conflict of interest situations arising during that transaction, which I believe Mr. Speaker, will not serve us well, in terms of how the international community views our jurisdiction regardless of what laws we pass Mr. Speaker, so the licenses were restored.

Mr. Speaker, we hear a lot of talk today about transparency in Government, and I agree with it, you should be as transparent as far as we can. But Mr. Speaker, my memory tells me that the current acting Offshore Inspector, Director, represented that same bank when we were seeking to put a receiver in place. And here in his new role, a few months later, as Offshore Finance Inspector, having removed the lawyer who was representing the previous government, held some discussions and negotiations, came to an agreement and there was a Consent Order and for me Mr. Speaker, that is a serious conflict of interest, which will not sit well, Mr. Speaker, with the international community we are trying to impress here with this type of legislation. There is no transparency there Mr. Speaker. I have heard discussion that you know, we did not think we could win the case, we were advised that we could not win and so forth. But

surely, to have someone acting as offshore finance inspector, who represented the same banks just a few months earlier, is really totally unacceptable. Mr. Speaker, that situation is not acceptable and whatever legislation we pass Mr. Speaker, if this sort of thing continues we will find ourselves on the list ir-regardless of the type of legislation we put in place.

Mr. Speaker, it is my understanding that at this point in time the United States administration has issued a warrant for the arrest of Thierry Nano; that warrant was issued on the 8th of November, 2001. Thierry Nano I understand is involved with both banks whose licenses were restored. This is just Mr. Speaker, a couple of weeks after those licenses were restored. I was aware Mr. Speaker, as Finance Minister and as Prime Minister, that investigations were being conducted about that same gentleman, and I use the word "gentleman" advisedly, and Mr. Speaker, I do not know what the Government of St. Vincent and the Grenadines is going to do about this matter. As I understand it, Mr. Speaker, we have in the United States district court Southern Florida, United States vs. Thierry Nano warrant for arrest Case No. 013759STB, you are hereby, and this is to the United States Marshal and any authorized United States Officer,

"you are hereby commanded to arrest Thierry Nano and bring him or her forthwith to the nearest magistrate or judge to answer the complaint charging him or her with the offence of money laundering."

Mr. Speaker, that is the legislation that we are discussing here today, money laundering legislation. Legislation critical Mr. Speaker, as we are all agreed at the select committee and statements made in this Parliament. Mr. Speaker, it is my understanding that sometime last Thursday this warrant was sent here to the Government of St. Vincent and the Grenadines. It is my understanding Mr. Speaker, that Mr. Nano was here in St. Vincent and the Grenadines at the time and I would like to know. Mr. Speaker, why Mr. Nano was not arrested. I would like to know Mr. Speaker, from the Government of St. Vincent and Grenadines why Mr. Nano was not arrested. Are we going to hear that there was some monumental blunder in the bureaucracy? or are people going to make their own judgments. I have been informed Mr. Speaker, that Mr. Nano slipped out of this country a day or two ago on SVG air from Martinique, and now he is a fugitive from justice, that is the gentleman whose license we have just restored in this country. And I wonder Mr. Speaker, when we talk about this type of legislation whether we really mean what we say. What does the police department and the Commissioner of Police have to say why Mr. Nano was not arrested before he left this country. How is the United States and other members of the FATF going to view that particular development. What do you expect them to think of St. Vincent and the Grenadines and its law enforcement or about our Minister of National Security or about our Prime Minister or about our Parliament? At the same time, Mr. Speaker, that we are bringing legislation to this House to deal with the very

same event, we are letting one of those persons so charged out of this country. But they will get him. They will get him. Mr. Speaker, I did not see the same urgency as when we were dealing with Mark Vaughn, even with an order of the Court, action was still taken, what is different about Mr. Nano? what is different? why couldn't he stay here, why could he be caught here and the same way we handed over Vaughn we hand him over to the relevant authority? What is so special about Nano, what power does he have over us in this country. Mr. Speaker, we need an answer to that question because what we are doing here is a waste of time, Mr. Speaker, if we do not deal with that issue. Mr. Speaker, this is a very fundamental issue facing our country at this time. I hope, I know Mr. Nano is a French citizen, I hope that he is caught shortly and brought to justice. You know we have a saying in St. Vincent and the Grenadines "time longer than twine."

Mr. Speaker, how will this reflect on our government? There are persons in our Government who are providing legal services to Mr. Nano. How does this reflect on our Government here in St. Vincent and the Grenadines? Are they going to take us seriously when we say we are going to deal with issues like money laundering? All I say Mr. Speaker, is that we better soon help them find Mr. Nano, otherwise we would be wasting an exercise, we would have had a wasted exercise in terms of our efforts to come off of the black list. Wasted exercise. And I want to know Mr. Speaker, and I know you are going to tell me it's a bank, I want to know, Mr. Speaker what is going to happen to the current restored licenses of New Bank and Nano and Sons. I really want to know that Mr. Speaker, because this is serious business. This is serious business Mr. Speaker, we cannot, Mr. Speaker, speak matters like transparency and so forth and at the same time allow matters like that to happen in our country, we cannot. We just cannot.

Mr. Speaker, I am supporting the legislation before this Honourable House, but I am supporting that legislation, Mr. Speaker, in the context that I expect in terms of its implementation that we are going to be vigorous and committed, but I think over the last few days we have damaged our reputation even further, after being on the blacklist, of what has transpired. With all this talk about cleaning up our offshore sector we still have conflict of interest arising out of staff at the offshore sector. The Prime Minister was at pains to talk to us in the past in the New Democratic Government about the need to separate our promotions from the management of the institution, is it separated now. Is it separated now, is the Offshore Finance Inspector also part of promotion today? in fact that is the substantive post as I understand it. He is only acting Financial Offshore Inspector. These are issues of concern Mr. Speaker. And when we talk about sanitizing the board, and matters of that sort, right in the operations Mr. Speaker, we have these serious conflicts of interest.

Mr. Speaker, I support the Prime Minister fully when he says, and he gives the message to drug traffickers in this country. They have been harbingers of doom and

death to many of our young people and I support his call and his warning to them. It is something I support unreservedly. I have always taken the position, Mr. Speaker, on behalf of my party that I will not have any tolerance in that regard and therefore I support the Prime Ministers call. And those who are out there must understand that we in this Parliament are united where that matter is concerned. The public out there must understand that if we say we are making these changes in the law that we mean what we say. I have said here in this Honourable House with constant attempts by the Prime Minister when he speaks to 'together now' I have been saying all the time Mr. Speaker, that when a matter comes before this House which I think is in the interest of the people of St. Vincent and the Grenadines I will give it my full support. I think this Bill Mr. Speaker, is in the interest of the people of St. Vincent and the Grenadines.

Mr. Speaker, the Financial Intelligence Unit is also something which I support. Because I believe it provides us an avenue with dealing with the issue of suspicious transactions. Not only avenue but a mechanism for penalizing those involved in suspicious financial actions, or transactions. And Mr. Speaker, I want to point out and I hope that the Minister of Finance will be concerned about this: when we look at this question of funding these various activities, we know initially that the funding is going to be quite onerous on the public purse. And I can appreciate that Mr. Speaker, that is why during the select committee meetings I advocated that with respect to the fund for confiscation that activities of the financial intelligence unit be financed also from some of those confiscated proceeds because I know these things could turn out to be expensive. And there are a lot of calls Mr. Speaker, on the public purse of St. Vincent and the Grenadines and to the extent that we could have them funded from non-traditional sources of revenue which do not impose any additional tax burden on the people of St. Vincent and the Grenadines I will give it my full support. But Mr. Speaker, I want to point out that we on this side of the House have been participating in these exercises in the select committee, which is something that the Honourable Prime Minister, in his day as Opposition Leader did not do, because we believe that it is part of our duty, Mr. Speaker, to impact on legislation at the level of the select committee. And we believe that the evidence so far is that we have had some good select committee meetings, including this one that dealt with these bills. I believe that all concerned benefitted from the exercise and I want to just state that clearly. But Mr. Speaker, I want to say to the Honourable Prime Minister that he will be spending some time trying to work even more to deal with some of the issues that have arisen, because it is going to be important to the international community that Mr. Nano has his day in court. He must have his day in court, because that is the only way we can convince the international community that we are serious about the pieces of legislations that we have brought to this Honourable House today. And the Government of St. Vincent and the Grenadines will have to cooperate fully with the law enforcement authorities in the United States, and I suspect possibly in France, to ensure that Mr. Nano is brought to justice. His ability to remove himself from this country after a warrant has been issued for his arrest is a matter of deep concern,

deep concern! and I expect Mr. Speaker, that the Government of St. Vincent and the Grenadines, whatever the reasons why he was not picked up while here, whatever the reasons, will have full investigation into what transpired. And I assume Mr. Speaker, that would be done quickly, because it is a serious embarrassment Mr. Speaker, not only to the Government of St. Vincent and the Grenadines but to all of us, at a time when we are seeking to show to the international community that we are serious about issues concerning money laundering. With those words Mr. Speaker, I wish these legislation safe passage through this Honourable House.

HONOURABLE MR. SPEAKER: Any further debate on this bill?

DR. THE HONOURABLE RALPH GONSALVES: Mr. Speaker, since there are no further debate on this bill, I will wind up. Mr. Speaker, I would like to thank the Honourable Leader of the Opposition for having...

HONOURABLE MR. SPEAKER: Just a moment, I do not know why you are standing.

DR. THE HONOURABLE RALPH GONSALVES:for having. Mr. Speaker, I was awaiting so I am winding up. Yes, you indicated to me, but I did not see anybody come in so I was going to simply reply. Nobody stood up, I was waiting. This is the point, I was waiting so that we can finish the debate. [pause]. It is true Mr. Speaker, that the Leader of the Opposition had indicated to me that maybe two other persons plus himself will speak and then you the Speaker, asked who else would like to speak, but the point is this if no one got up.

HONOURABLE MR. SPEAKER: If you would just sit a while. You see in relation to the rules as you would understand, I ask the question and whom my eye catch would be the one who I would give permission to; nobody responded when I ask the question. Now the Prime Minister stood up after and began his wounding up, in relation to the rule I would have to go along with that. I believe if he wants to give way to somebody else based on the agreement that you all did make then you may do so.

DR. THE HONOURABLE RALPH GONSALVES: Mr. Speaker, I have no problem in giving way because the Leader of the Opposition has ventilated issues and I have also ventilated some and other members if they wish to speak I have no problem with that. It is just a question that if no one got up to speak the debate has to be wound up, so the question is that I do not know if any other person on the opposition side more would like to speak, despite the fact that I am within my right to wind up, I will give way, because I do not want to stifle the debate, that is not the spirit of the Unity Labour Party Government, and it is not my spirit either. So that if somebody wishes to speak, I will sit down and let them speak, its absolutely no problem with me at all Mr. Speaker, but I think that I put it down frankly speaking to inexperience on the part of the members on the Opposition who, I mean it is their first season in Parliament, so to speak, other than

the Leader of the Opposition, and in that sense I can understand. It is either you want to speak or you do not want to speak, you cannot play cat and mouse. You know that is for sixth form debating societies.

HONOURABLE MR. SPEAKER: So you are giving way?

DR. THE HONOURABLE RALPH GONSALVES: I am giving way, Mr. Speaker. I will wind up when they are finished. Or when other persons who want to speak.

HONOURABLE MR. SPEAKER: You see sometimes we tend to gauge as to who must go first and then the time just slips away.

DR. THE HONOURABLE GODWIN FRIDAY: Thank you, Mr. Speaker, and I am much obliged to the Honourable Prime Minister for giving way. I have a few points that I wish to raise regarding the Proceeds of Crime and Money Laundering Bill. Mr. Speaker, the Honourable Prime Minister and the Leader of the Opposition have both indicated the circumstances in which this bill arose and in fact became necessary; and the Honourable Leader of the Opposition has made it clear that we on this side are of the view that it is in the interest of St. Vincent and the Grenadines that legislation of this nature be supported and be implemented as quickly as possible. Now we all know the importance of finding economic activities which will continue to generate income for us today and into the future. But it is vitally important to understand, that in order to do this, we can only go so far as it benefits us overall, that we must make it clear, that as a country we are not prepared to sacrifice our dignity and our commitment to the rule of law and to the principles governing international cooperation and development in order to make a few dollars out of an industry. And as the Leader of the Opposition has pointed out, we do not know how the impact of this legislation, how it would impact on the industry but we support the intention of the legislation and most of its contents. We have had differences regarding certain aspects of it, but we do not see that they are so fundamental as to withdraw our support to the legislation. What I wish to do however is to seek clarification and to put on the record some of the objects that we have made. This bill imposes a lot of obligations on a lot of institutions and individuals in this country. In fact, it is a bill that has a very low threshold for finding someone guilty of an offence under its provisions, because it sets a fairly low test in some places; requiring simply that there be reasonable grounds to suspect that certain properties arise from money laundering and in so doing imposes the risk on anyone dealing with that property to criminal prosecution and liability. It is therefore important that the provisions that deal with the criminal liability be very clear, so that individuals know when they are about to run afoul of the legislation. And there are two main provisions which to my mind, and to our side, are the objections that we have raised in the past creates doubt in the revised version of the bill. And this is a provision that was discussed before and again I wish to reiterate our concern that is with respect to section 45, the section dealing with tipping off. The manner in which it is currently

structured creates some doubt as to the offence and I was aware of this but strengthened in my view, that this section needs further consideration, by the fact that another member on our side, independently read the section, a member who is not legally trained, and concluded that he was not sure what the offence was, because of the way in which it was organized. Part (a) seems to say it is an offence simply to know and suspect that a police officer is acting or is proposing to act. There is a semicolon at the end of part (a) and then a conjunction that join parts (a) and (b) does that create one offence or does it create two offences. The second point that I wish to raise and I know that that point was ventilated ...

DR. THE HONOURABLE RALPH GONSALVES: If the member would please give way. I would just indicate so that there would, ... in the tipping off 45 (a) in the language of the law is the mental element and it is the actual disclosure in the (b) which creates the offence that is the *actus reus*, that is why there is what is called the conjunction, it is conjoined, you have to have both, so that the person who will be charged not under 45 (1) (a) or (b) but under 45 (1) because you have to have both the mental element and the actual disclosure of the Act. It was determined Mr. Speaker, that that was the way it would be clearer for all concerned, including the prosecutor, in dealing with the offence, so it is not an 'or' it is an 'and' and that is why it creates one offence, one single offence. They are only put in (a) and (b) to separate the two elements of the single offence under 45(1) but I appreciate my learned friends concern but I simply explain it as a matter of law.

DR. THE HONOURABLE GODWIN FRIDAY: Mr. Speaker, I am grateful to the Prime Minister for his explanation, it is consistent with the previous explanation but my concern nevertheless remains but I know we have discussed this so I leave that matter. It is a matter I am sure will be give fuller discussions in a court of law.

Now the second concern I have, has to do with clause 46 and I have two concerns with respect to clause 46. One is policy related and the other has to do with the nature of the offence under clause 46. You will see that clause 46 is a fairly long clause and it has six parts and it outlines essentially obligations that are placed on financial institutions and persons engaged in relevant business activity. Both of which are defined in the legislation in the schedule and it says the things that you have to do and in part six it sets out the compliance programme that they have to meet and then in clause 47 sub (2) it specifies an offence but it is not clear from reading of clause 47 what is the specific offence. It is not drafted in the same way as the other clause, if you will notice that clause 45 says very clearly that a person commits an offence 'if' and it goes into that. And clause 44 similarly says in sub 2 "a person commits an offence if he knows and suspects. Clause 46 does not make it clear what the offence is. There is an implication that the offence is failure to comply with the clauses, but where you have a criminal liability that subjects someone to imprisonment to up to three years and a severe fine up to five hundred thousand dollars I think they need to know what it is

would trigger that offence. Part 6 as I said, has a number of sub clauses and one of them is sub clause (c) "training of personnel in the identification of suspicious transactions. If an institution does not provide the training, does that mean that the offence has been committed? because it says that, it does not quite clearly specify what an offence is, so I raise that issue because I think if I was someone operating in the industry I would want to know what would trigger that offence based on the obligations that are imposed; because not every obligation in the statute creates an offence for failure to comply; and what is it in clause 46 that would trigger this very serious penalty of a liability of up to three years in prison and five hundred, it cannot simply be sub section (d) which is a failure to appoint a staff member responsible for continual compliance with the Act. But as it is now, it just simply refers to subsection 2 to say that a person commits an offence that is subsection 2 of 47; that a person commits an offence under subsection 46 and is liable to on summary conviction imprisonment to three years and a fine for five hundred thousand dollars. It is a matter that came to my attention as I was reading it this morning again, and I thought I should bring it to the attention to see what the response would be.

The other concern I have with respect to section 46 as I say, this is the section which members of the public, people working in financial institutions, people working in institutions defined here as relevant business activity, and these are institutions such as they are stated in schedule two: banks, building societies, insurance companies, person licensed as dealers, or investment advisors, postal and courier services. Relevant business activities means car dealerships, jewellers, real estate agents, casinos et cetera, barristers at law and solicitors, accountants, these are people who are covered in this section. So this is a section that has implications for workers in banks, for directors of banks, managers in banks and insurance companies and so on. So it is important for the public at large, for this is what draws many of our citizens who have been going about their jobs in a certain way since time immemorial, now has obligations imposed by this legislation that not only says that you have to do it, but that if you do not do it that there are serious consequences. So it is important that this section in particular, I believe, is very clear that people know what their obligations are, and that is the legal test. And the second point has to do with the means to comply with that section; because if we look at it and we know the nature of our economy and society a lot of these operations would be very small, there might be one or two member people running some of these operations but they would still have to meet the same obligations or run the risk of the criminal penalties. So what I want to know, is what assistance, time period, advise that the government will be providing to persons and institutions operating in this sector to facilitate compliance, to enable them to comply in going about their normal business activity. We should not just simply be waiting for people to run afoul of the legislation in order to convict them. Because many people have been operating, banking, insurance and so on in a certain way; now they have to be aware that this legislation whether they like it or not, draws them into a different sphere that requires a greater amount of diligence on their part and another

set of record keeping. In particular you have in section 46, or clause 46 of sub clause 6, it says under clause (c) that there has to be training of personnel in the identification of suspicious actions. Again how does a small institution, one or two, three people provide that training, there are no in house training facilities. Are there programmes that would be run to allow people to recognise these transactions and to be prepared to do something that would allow them to comply with the legislation? Because as we all know, this is a very technical, complex area, we do not want ordinary citizens going about their normal routine practice to be found liable of violating this legislation because the consequences are too great. So what I want to do is to at least raise the issue and to ask that this government give serious attention to facilitating, to providing resources to allowing the financial institutions and the relevant business activities and the individuals operating in those areas to comply with the legislation. That they know what they are required to do and that they have the means to do so, otherwise it would be a grave injustice to persons operating in that industry if they were to be convicted without having the necessary intention to violate any of the requirements of the legislation. And I say this because the legislation as it is drafted, in some areas, does not require the usual mental element that is required in criminal matters in the sense that it has here what they call an objective requirement, that is you do not just simply have to infer that somebody intends to do something based on the circumstances of the case, all you have to do in some sessions is to demonstrate that he ought to have that intention or know that the property in question was resulting from criminal origin. So it is a low threshold as I have said, therefore convictions can be made more easily which means that therefore it has to very clear to people what their obligations are and the means to comply where they intend to comply or provide it and that is an obligation. I believe the Government should take upon themselves and as a responsible government wishing to ensure that this industry progresses in the new era that it should provide those recourses because if it does not, in any event, the industry will have a black mark it will be counter productive in the end, in bringing this legislation to the House.

Mr. Speaker, finally again I want to raise an objection that was made earlier with respect to section 43 of the revised bill: and that is understanding really what it means. That is the section which makes it an offence, [pause] bear with me Mr. Speaker, again this was discussed I wish to note on the record that section 43 it makes an offence for somebody, I will read it "a person commits an offence if knowing that any property is or in whole or in part directly or indirectly represents another persons proceeds of criminal conduct. He acquires or uses that property or has possession of it "and then it goes on in the following section to say that," it is a defense if that person having acquired the property knowingly if that person paid adequate consideration for the property. That means if you acquire a car that is worth \$30,000.00 and you know it was a proceeds of crime it would seem that section 42 would say so long as you pay the right value for it that that is a defence for your purchasing that piece of property.

Mr. Speaker, there are other small minor things but we have done thorough discussions. I think those are the three legal issues that I thought was important to put on the record. I wish again, as the Honourable Leader of the Opposition has stated, to note that our support for this legislation is because we believe that this legislation is necessary for us to maintain our position in this industry and to allow us to benefit in other areas as well because to remain as the Honourable Prime Minister has noted on the black list or to fail to comply with the international requirements in this area and yet proceed with the industry would bring repercussions upon St. Vincent and the Grenadines that we can only guess at this time. So Mr. Speaker, it was in that context that the Honourable Leader of the Opposition has indicated his support for this bill and the other members on this side of the House give it their support with the reservations and concerns that I have now placed on the record. Mr. Speaker, I am much obliged.

HONOURABLE ST. CLAIRE LEACOCK: Mr. Speaker, I rise to make my contribution to these two most important pieces of legislation that are before this Honourable House today, and I do so Mr. Speaker, while confessing that I expected that we should have been able to discuss and agree on these two pieces of legislation without much acrimony, without much difference particularly since we are all agreed of their significance to good governance of the financial state of St. Vincent and the Grenadines and the way forward in these challenging times. And even though I express Mr. Speaker, this concern at this time, I still believe at the end of the day that on this side of the House we are obliged to send a very strong signal that the legislation before us are unreservedly deserving of our support and so I would not want my contribution to smatter of any doubt as to whether or not those of us on this side of the Honourable House are in favour and in support of the legislation. I had the privilege Mr. Speaker, to stand in on one session of the select committee in the absence of my leader, the Honourable Arnhim Eustace and I found the exercise most edifying and that the policy direction in general was by and large ratifying. As I understood it Mr. Speaker, the Government of the day was taking the position by way of public policy that they were not going to hold on to the past “advantage” with the adjective competitive that we were promoting this industry on the basis of it’s confidentiality, that is we are promoting ourselves hitherto as having one of the most water tight pieces of legislation; that it provides confidentiality, and if I understood the chairman at the time the Honourable Prime Minister to be making his point, his indication was that the Government would depart to a policy that they would seek advantage in the market place base on efficiency and effectiveness in the piece of legislation. And while Mr. Speaker, the Leader of the Opposition quite justifiably brings to our attention the fact that, an efficient, effective position as against confidentiality may well result in the loss of some earnings in the industry, one has to take on board precisely how we would precede in the implementation of that legislation. And it is for that reason, Mr. Speaker, the Leader of the Opposition, Honourable Leader, I am too saddened this morning that what should have been a straight forward discussion/debate/discussion has had in a sense to be diverted by developments in the

industry which if not properly managed can leave a very sour taste in the mouth of the sector, and I would therefore suspect that the Government has an obligation to move with dispatch to correct this most unfortunate and I might dear say unsavory development.

It has to be registered, Mr. Speaker, to be a sad day, and a sad occasion for us if as alleged Mr. Speaker, the relevant ministries in question had before them the knowledge of the warrant No. 013759 SGB for that arrest of Mr. Thierry Nano and that for what ever reason, and I said as alledged and for whatever reason the same efficacy that surrounded the detention of Marc Vaughn could not have been applied to prevent him departing St. Vincent and I am even more saddened Mr. Speaker, in view of the fact to the extent that that problem was brought to the attention of this Honourable House this Morning by the Honourable Leader of the Opposition that we almost concluded a debate without the Honourable Minister of National Security standing to give some explanation for a problem that has clearly occurred on his watch. And I still contend Mr. Speaker, that even now that there ought to be clarification provided so that this country could be at rest that we are in a country where the justice that prevails is the same justice for all. I therefore asked Mr. Speaker,...

DR. THE HONOURABLE RALPH GONSALVES: Mr. Speaker, I just want to put my friend's mind to rest, he will hear from the Prime Minister a full statement on the matter, you do not have to worry about that.

HONOURABLE ST. CLAIRE LEACOCK: I am relieved, Mr. Speaker, that the Honourable Prime Minister will give a fulsome statement but I still express my disappointment that he had to be flushed out by the Honourable Leader of the Opposition in the sense that no where in his one hour presentation there was an iota, there was an indication that there was something there that was just not right at this time.

DR. THE HONOURABLE RALPH GONSALVES: If the Honourable Member would give way, the point about it is this, the Honourable Member must appreciate that matters of national security are not matters which you announced in the House where there is ongoing criminal investigation. It would be an act of irresponsibility on my part to have announced that there is a warrant for arrest for anyone. I just want to make that point. So it is not a question of being flushed out but in so far as the matter has been raised I will give a fulsome explanation.

HONOURABLE ST. CLAIRE LEACOCK: Mr. Speaker, it warms my ear that the Honourable Prime Minister would in due course indicate to the public of St. Vincent and the Grenadines that a warrant would be issued and so Mr. Speaker, I move on, satisfied as he has promised that there will be full disclosure and for that reason, Mr. Speaker, I will not ask the rhetorical question where is Mr. Nano, and why he wanted by the United States Government because we have already been offered a satisfactory

explanation. Neither Mr. Speaker, would I ask whether he would be the first victim of this piece of legislation and the property that he now owns in St. Vincent would be confiscated even before that of my own which has been threatened by the \$30,000.00 supposedly debt to the National Insurance Scheme which I will speak about in time. And Mr. Speaker, I also will not ask whether all those sets of assets with which he has previously been identified in the newspapers, sponsoring and/or investing in, would also fall by the side.

Mr. Speaker, talk about transparency. We have heard this morning that this government in an effort to be transparent would leave no stones unturned in bringing to justice those who have been found guilty or who have been involved in one form or the other in criminal activity and I do not think I need to belabour that point Mr. Speaker, but I want to make the point Mr. Speaker, that when we go before the FATF on the 6th of December as advised we would seize the opportunity to let the body know what we have done or will be doing with Mr. Thierry Nano. Now, there was some talk this morning Mr. Speaker, both by the Honourable Prime Minister and the Honourable Leader of the Opposition about comparative advantage in the industry. I can attest to the fact, that the previous administration did in fact as I said before cite confidentiality as one of its strong provisions in our legislation which we marketed, and marketed as a comparative advantage. Comparative advantage we all know here is an economic term which seem to suggest that a country has something naturally that gives it some kind of advantage, an edge over another. But in this realm Mr. Speaker, the comparative advantage which we spoke about or are speaking about is man made, brought about through legislation and is therefore essentially very fickle. I say that to make the point that if we are to move on and to establish a new form of comparative advantage as the Prime Minister has identified namely through efficiency and effectiveness and democracy et cetera that by itself we would not obtain a comparative advantage because there must reside within the country, Mr. Speaker, the institutional environment, and just not the public policy, Mr. Speaker, but the public policy will. And that is why, Mr. Speaker, it is so important that to the extent that the Government expects to have it right with respect to their public policy they must now walk the talk and make an example of those who have fallen short of the legislation that is before us or that is on the books already.

Let us Mr. Speaker, have the demonstrating effect in this situation. Mr. Speaker, I am quite comfortable and happy when the little cross talk comes from the Honourable Prime Minister we agree on these things. There are a lot of things we agree on, you know. One of them is that I will be in this Parliament for a long, long time, now nominated, later elected. [Interjection] It has taken four sessions to draw you out Madam, Minister of Tourism.

DR. THE HONOURABLE RALPH GONSALVES: You want to be leader of the opposition, now; you have to win your seat first.

HONOURABLE ST. CLAIRE LEACOCK: Another matter on which we agreed.

DR. THE HONOURABLE RALPH GONSALVES: Why all of you trying to take advantage of Arnhim, I am sorry, the Honourable Leader of the Opposition?

HONOURABLE ST. CLAIRE LEACOCK: Mr. Speaker, I found it very interesting that the Honourable Prime Minister made references to those who previously had monastic vows with respect to the Offshore Finance Sector. I suspect that he may have asked others on his side that question privately before. That he would want to present the question again this morning to those Honourable Members is also heartening with respect to the transparency he is speaking about in the industry. But I want to make a very fundamental point this morning, Mr. Speaker, on the questions of money laundering and drug trafficking as it relates to other dynamic aspects of our society; namely, what also is happening with respect to our capital markets because they are all interconnected, Mr. Speaker. Speaking for myself I dread the day when proceed to make some of our leading financial institutions, to wit the National Commercial Bank, perhaps VINLEC, truly privatized industries without the necessary protection. To wake up one day and find that because of our absence of control and monitoring of drug barons, money launderers that they eventually own VINLEC and the National Commercial Bank and it can happen Mr. Speaker. Only this week we heard with all the chest beating and thumping of how sovereign we are, of the great bank, Barclays Bank, an international bank and the difficulty they ran into in France; it is difficult at times Mr. Speaker to ensure these things, and I say this very early because I would hate to know that one day when Vincentians pay their light bill they are paying their light bill on behalf of a particular launderer or drug dealer. I serve a very early caution. Want to make the point again, Mr. Speaker, as I get one more assurance from the Honourable Prime Minister that the question with respect to corresponding banks and the importance to do with the country it is not just simply a matter of protection against launderers and dealers but as I just pointed out already it is also protection. We have to deal with the question of confidentiality as well, even at the level of the bank. In the same way that there can be a veil attempt to embarrass here, and it could not work, by bringing what should be confidential activities, National Insurance Scheme to the Parliament it is the same way the people are leaving, by the droves, our own National Commercial Bank from the same loose lip statements that have characterized much of what is taking place in past and present administration.

Mr. Speaker, I also want to make the point this morning in addressing these bills specifically with respect to our discussion to the word offshore finance sector, that there is a popular view of offshore which generally means monies coming to the shores of countries like St. Vincent and the Grenadines and other havens like ours from the industrialized community, but I have been noting increasingly Mr. Speaker, that the term is now broadening. Broadening to include those people who would want to take

advantage of business in St. Vincent but to register their businesses and companies abroad offshore in inverted commas in the hope of what happen in St. Vincent and the Grenadines is not revealed. So sometimes when we speak about transparency as is happening now with the new contracts of the banana industry et cetera we would hope that those things too can come back on shore, Mr. Speaker.

Mr. Speaker, there is no doubt that the offshore finance sector like tourism, like agriculture, like construction, like telecommunications, all provide very important pillars, for the development of this blessed land, St. Vincent and the Grenadines. And for this reason Mr. Speaker, we have to be extremely careful in the way we build these institutions. For that reason Mr. Speaker, while I understand the position of the Government in its claim and quest for sanitization of the sector to seek the endorsement the oversight if you may wish to say it, of the East Caribbean Central Bank to that institution, and I would say in principle I understand the benefit of the ECCB is one of greatest success stories. Let us be mindful always, Mr. Speaker, that we can find a regional institution, with great credibility being drawn into the mud as a result of actions over which it had absolutely no control and I would submit to you Mr. Speaker, the very issue at hand of the alleged involvement of Thierry Nano is a case in point, we therefore have to be extremely cautious Mr. Speaker, and I see in the House in the audience, the public gallery, thank you my senator friend, Honourable Julian Francis, the Acting Offshore Inspector, a highly professional zed individual, lawyer, journalist, international relations person, former student of mine as well and one for whom I have great respect, and I do believe that he means well and while my leader my have raised some apprehensions I believe given time that he will redone to the credit of St. Vincent and the Grenadines so I have no reason to take any shots at him, simply to implore of him while he is in charge of this most important sector that he does all that is within his powers to make sure that our East Caribbean Central Bank's name does not decline and becomes dragged into the mud or quagmire of domestic politics, because Mr. Speaker, if it can happen to the international banks such as Barclays it can happen to smaller institutions such as those we have in these parts.

Mr. Speaker there was a point in the discussion of this legislation that I had concerns as to whether the broad brush approach in some cases and the propensity at times for some people to be malicious in their actions, mental and otherwise that a number of persons could find themselves exposed in small two by four St. Vincent on the basis of suspicion but I am heartened to learn, Mr. Speaker, that the foundation previously established by the New Democratic Party and for which the Honourable Leader played a major role in seeing that the policemen, the customs officers and others who would be involved have been trained, have been built upon by the Government of the day. But I will hope Mr. Speaker, that we can even go better, that the time will come when the institutions to be would be involved in this very complex industry maybe able to recruit into their fold the higher caliber of individuals perhaps people with professional backgrounds in accounting, business, and law, already the case with one person in the

force and perhaps the very Commissioner himself is a qualified person, because this institution Mr. Speaker, is going to have to deal with some very tough and very bad guys. [Interjection] I have no problems with the Commissioner, I have no problem with him, I invest faith until such time as he disappoints, I will speak appropriately when that comes.

I want however to say, Mr. Speaker, that it is one thing for us to have legislations on the books, it is one thing to have the intention to prosecute, to bring before the court but we also have Mr. Speaker, experience to guide us and one of those experience we have Mr. Speaker, is that very often in the region the judiciary, maybe fearful of prosecuting, or public officers maybe fearful of prosecuting because they do not perceive that they have the level of security or protection to make sure that they can stand on their own feet when they there are preferred charges against the criminal elements, and it may well be Mr. Speaker, that in order for this legislation to have teeth that they have be subsidiary or supporting legislation through the Ministry of National Security to make sure that our judges, our magistrates, our senior civil servants, whether they are Customs Officer or in the Financial Offshore Sector have a guarantee, not a 24 hour watch perhaps as the Honourable Prime Minister now enjoys but some kind of guarantee or undertaking that the State machinery stands fully behind them and in the same forthright manner in which the Prime Minister has established himself against crime that there is no uncertainty as to how they would be protected when they give credence and enforcement to the law. I say that to make the point, Mr. Speaker, that is one thing to have the legislations on the books, it is another thing to have the public policy will on the books Mr. Speaker, but it is completely different thing for those who must administrate and prosecute to have the fortitude to go forward and give real meaning to the legislation. Mr. Speaker, with those few remarks and with the assurance that this society within the fullness of time hear from the Government of the unsavory activities of certain undesirables in this society I asked for a speedy and safe passage through this House, thank you, much oblige.

HONOURABLE MR. SPEAKER: Any further discussion on this bill?

HONOURABLE VINCENT BEACHE: Mr. Speaker, I really did not want to debate this bill. Because I thought the Honourable Prime Minister said all that was supposed to be said. But because of certain areas of concern, certain things that came out in the debate, the Ministry of National Security to make certain observations, and remarks and to set certain persons mind at rest. I am sure that the Honourable Senator Leacock knows and he is Major Leacock, with military training knows that in matters of security and especially when those matters of security have not been concluded and when they are on going investigations that you cannot broadcast this. Plain and simple. The question of Phillip Vaughn or Marc Vaughn and the question with what is happening with and I am told what has come out with the issuing of this warrant by the United States are two different matters completely. Phillip Vaughn or Marc Vaughn

one of his very many, maybe over 30 aliases, was deported from St. Vincent and the Grenadines which the police do every day. If somebody is here illegally, the police do not have to go to a judge or a magistrate to have that person deported. Phillip Marc Vaughn applied to Cabinet for permanent residence, if my memory serves me right, some time ago. Cabinet agreed, he was informed of this, he was supposed to meet certain conditions, he was supposed to pay the fee, months went by he did not do it. He was asked about it, he did not do it. Hence he was here illegally and he was deported. In this other matter, with the warrant issued by the United States and Honorable Prime Minister will deal with this, is an entirely different matter, we are a country of laws. And let me say here, that before, and I was acting Prime Minister at the time with Phillip Marc Vaughn, that before the police even took the decision to deport Phillip Vaughn legal advice was sought whether they had the authority and we were told that the authority was there because he was an illegal immigrant, so two different things all together. But I might also remember Mr. Speaker, where despite the fact it was legal to evict or deport Marc Vaughn, Parnell Campbell very lucky man, threw himself in front of a vehicle that had its engine running. Very lucky, because all it meant was if that driver got nervous and his foot had slipped off the breaks and had gone on the accelerator I hate to know what might have happened. But that is the extent to which Campbell went to try for us not to deport Phillip Vaughn. He barged in to the air traffic controllers, the manager of the airport's office, without any permission. All of this happened, we could have charged or got the police or the DPP to put a charge against Mr. Campbell and he knew it, it is not a matter that he was ignorant. He is a lawyer. He has been representing people. He knew it. But under the new heightened security arrangements since the 11th of September this year, I am sure that access to these areas would not be as easy as it was then. So I just want to clear this up. Until the passage of this, and I just want to say this, money laundering was not an offence in St. Vincent and the Grenadines except for drug trafficking, it was not an offence. The police has had to give back people money, we found a guy there with some \$30,000.00 in a false bottom of his suitcase which we confiscated and had to give him back because it was not an offence. And who made this not an offence, the NDP administration, because when we had the currency control, it was an offence then, but that was removed, so if you want to take out a million dollars in your suitcase from St. Vincent, it is not an offence as of now. It would be an offence when this law is passed. So anybody could have taken out two million dollars, whatever it is in their suitcases and go about their business, they might be caught in the United States because you have to make a declaration or in Barbados but in St. Vincent, eh? [Interjection] \$50,000.00 or whatever it is but it was not an offence. Okay. So I just want to make these points.

Mr. Speaker, I am glad that the Honourable Senator Leacock raised the point about the police, because again the protection for civil servants, public officers and the police there was ample protection under the public act. That is there, that you must assist, that is not the name of it, I do not have it here. An Act was there, that if you assisted

the police or a public servant, if you saw them in trouble, fighting with somebody for whatever reason that they wanted to arrest somebody, but they were being beaten up, and you went to their rescue you had protection, Public Officers Protection Act, that is what it is called. But it was the same Parnell Campbell who came here and remove that provision, so that if you go now, if you see the police in trouble, or a civil servant or whoever it is, a public officer and you go their assistance and by trying to part them, usual term that person slip and fall through your effort, hits his head and dies you have no protection. You are on your own. We intend to bring that provision back into the Act. But further, and I stated that before, I am well in agreement with Honourable Senator that we need people of higher calibre in the police force. And so we have been giving serious consideration, and we have been deliberating, as has happened in some other jurisdictions, whether or not the recruitment of police officers in the police force, and when I talk about police officers here I am not talking about gazetted officers as such, police officers should not be done at different levels; because you are not going to get somebody with a degree or even advance levels subjects coming into the police force as constable having to go through the training and wait 25 years before they even promoted to a corporal, that is not going to happen. So there are possibilities, and we are looking into it, getting the different legislation from different areas to see how it is done, that you can recruit persons. It has been done here before but only an officer, I remember when Colonel Jenkins I think was his name, he came straight out of the Army and came here, so this is being looked at. But if, and when this comes about, you going to get a lot of criticisms; that you only trying to get this in the force, you only want people who are of a certain educational calibre, et cetera. I have no problem with recruiting policemen as it is now, but you know, and I know, Mr. Speaker, that upward mobility is very slow. And for whatever reason the policemen do not seem to try to educationally better their standards. Now in the United States Army and even in the British Army, you can come in at the ranks and rise to officers, but you cannot do it by just staying there and hoping that time and time alone is going to give you that promotion. You have to really rise to a certain level of academic capability. For those of you who might have read the present Secretary of State Colin Powell's book, I will advise those who have not read it, to read it, it is really an eye opener to see what is happening. And so we are also looking into the areas where policemen can be trained not only in drills and not only but train academically as well. Because too often we have persons arrested and then through technicalities they are set free, because either the charge was not laid properly or they were charged wrongfully under some other sections and so on. So all of this, because we need to have a modern police force; a police force that would be respected and a police force that the people can look up to. We have very good policemen but we also have some very bad ones. There was a matter being investigated out at Marriaqua there, yesterday I think, or day before yesterday, I am not going to say much about that, because as I said it is being investigated by a police officer. So as the Honourable Leader of the Opposition stated: "might is right," do not make anybody fool you, he did not put it in those words, but might is right; and regardless of how we want to feel that we are independent we must

think carefully when we feel that we are independent to understand fully what independence means. We might be sovereign but we are not independent. As a matter of fact even the great nations are not independent. The war that is now being fought in Afghanistan, the United States with all its might could not do it alone, they had to get the agreement and cooperation with other nations. They cannot do it alone to fight drugs. They cannot do it alone to fight terrorism. But whether we like it or not, and you have seen what happened, I am not going to go over what has happened with what the FATF demands or what the CFTF demands or what the other units or the OACD demands, it has been highlighted already. But if we do not comply Mr. Speaker, and we have no corresponding banks we might ourselves as a nation become money launderers. Because the only way we are going to be able to trade is by laundering our money through some other country if they would agree or some other organisation. And it is not going to be easy. So even though it is unpalatable, what we are doing, it is not a matter of whether we can do it, it is a matter that we have to do it, if we are going to continue. And it begs the question sometimes, with all that is going on, is it really worth it, why don't we just say no offshore institution and forget, but would we be better off, I am not advocating this. I am not advocating it at all. I am saying that every week, every day, it is some new thing coming up. Some new thing. I know one thing, that if we did not have it, we would have slept a lot better and easier and more comfortable but we see what is happening with agriculture, we see what is happening with tourism. Something that we did not create happened in the United States but it is affecting the whole world because of the tourism sector. So we are all interdependent, and even though we do not want to do certain things, we are forced to do it, otherwise the result is that we are going to be worse off than if we had complied.

Mr. Speaker, I was a member of the select committee so we went through the bill clause by clause. Obviously there is going to be some dissension, but one thing I do not want us to do is to water the bill down and then have to come back here at the next sitting or the sitting after that to try to strengthen it, or to amend it, to put back what we have taken out, because, not only does it take time up but it looks as though you are not sure of what you are doing. I am not saying that this bill would not be coming here for amendment, it is a changing world and as we go on and as new areas are introduced, new measures come up, we will have to do this, nobody would have thought in August that travel would be such a hassle; nobody bothered about terrorism, getting an Act passed to prohibit the financing of terrorism. It was there before, the United Nations passed a resolution to that effect 30 years ago, but terrorism then was localized. It is now globalized and so I know that these two pieces of legislation, sometime in the future we might have to come back to amend these legislation, either to give it more teeth or to cover up loopholes or if it is that, it is not to our advantage to do it, to soften it, I do not know. Because one thing I know as a farmer, is that if you are not making money in the crops you plant, is you either stop planting, or you plant something else.

So Mr. Speaker, I think with these few words, there were some concerns by the Honourable Member for the Northern Grenadines with the compliance but I think there are certain sections in the Act that states quite clearly that a person engaged is not necessarily just somebody who is working with the institution, because that institution if it does its compliance order, would state the person that is supposed to be responsible for seeing that there is compliance. And with these few words Mr. Speaker, I think it is a very good bill and it is deserving and I know it would get a unanimous support in this House. I thank you.

HONOURABLE MR. SPEAKER: Any further debate?

DR. THE HONOURABLE RALPH GONSALVES: Mr. Speaker, Honourable Members, first I would like to thank all Honourable Members for their contribution to this debate and I am very happy that there is unanimity on this bill and it would be important Mr. Speaker, as I have indicated just for the record, not so much for domestic purposes but for purposes internationally that we take a division of the House when the time comes so that the entire international community will see that every single member of this Honourable House supports these two important pieces of legislation.

Mr. Speaker, there are a few minor editorial changes, and one which I drew to the attention of the Leader of the Opposition, and I will do that at the end, which I want to suggest. But I want first to speak to a national security issue which was raised by the Honourable Leader of the Opposition, I want to say first of all, that before the debate began I took the Leader of the Opposition, into my confidence on a particular course of action which was being taken in relation to certain national security matters. I did not of course, speak to him about a warrant sent by the United States of America for the arrest of Mr. Thierry Nano for money laundering. The reason Mr. Speaker, is that a national security matter of this kind is something which should be kept to a narrow group of persons, very, very narrow. Indeed, the only persons on the government side who were in possession, until today when it was disclosed in the House, of that particular piece of information, was the Minister of National Security, the Minister of Foreign Affairs and Deputy Prime Minister, the Honourable Attorney General and myself. Because, Mr. Speaker, on matters like these we have to be extra ordinarily careful. Naturally the Commissioner of Police and the Director of Public Prosecutions were made aware of the matter, simply because their formal legal roles demands that the information be given to them. I was first made aware of the warrant for the arrest of Mr. Thierry Nano and the reason why I did not want – and it is unfortunate that it has arisen, because it is a way of publicizing to him now, that there is a warrant out for his arrest, and it is an act, in my view, of irresponsibility to have so proclaimed it. But since there has been a proclamation, I will have to explain the facts to the extent that in my judgment as Prime Minister, and having had consultation with the Minister of National Security and having also had consultations after the Leader of the Opposition spoke, with the Commissioner of Police, I will therefore speak in relation to some matters, not

all matters, because there is at the moment a most involved investigation, regarding a number of persons, in this jurisdiction and outside of this jurisdiction. Indeed some of the persons being – in matters relating to some persons, in this jurisdiction may even surprise the Leader of the Opposition.

On Thursday evening late I was in my hotel room in Rome having just returned from some meetings with Sache and other officials, the Acting Prime Minister the Honourable Minister of National Security telephoned me, the Deputy Prime Minister was away at the time, he had been at the United Nations addressing that august body. Among the things, the acting Prime Minister informed me, was that the United States of America had sent to St. Vincent and the Grenadines a warrant for the provisional arrest of Thierry Nano and they were seeking his extradition on money laundering charges. It should be pointed out from the information, which was made available, then, and subsequently to the Government of St. Vincent and the Grenadines, it does not appear that any of those charges relate to money laundering out of St. Vincent and the Grenadines; inside of St. Vincent and the Grenadines that is to say coming outside of St. Vincent and the Grenadines. The Acting Prime Minister read the relevant data to me, it was submitted by the US Government and I gave instructions that immediately the Attorney General should be contacted and that the Attorney General be asked to speak to the Director of Public Prosecutions who is an independent officer under the Constitution, who is responsible for all criminal prosecutions.

I was in touch on Saturday with the Government at home from London, and was brought further up to date on the matter. On my return on Monday evening from Barbados, I telephoned the acting Prime Minister and I told him I would be arriving about 6 o'clock and I would wish a meeting in my office at 6:30 p.m. within half an hour of my arrival; the meeting should consist of the Attorney General, the Director of Public Prosecutions, the Commissioner of Police and the Acting Prime Minister, well then the Minister of National Security because the Prime Minister was now on the ground. And this matter was thoroughly discussed. A legal issue arose because Mr. Nano is a citizen of St. Vincent and the Grenadines. Citizenship incidentally, granted not by the ULP government but by the NDP Government; and because he is a citizen of this country, he is on a different footing than Phillip Marc Vaughn who was not a citizen. Therefore Phillip Marc Vaughn if he is here for any reason – any non citizen could simply have his immigration permit revoked, if he is here as a visitor or if he in the case of Phillip March Vaughn was an unlawful migrant in the country, he could simply be turned over as a matter of executive action to the United States authorizes. In the case of a citizen there has to be an arrest which would be pursuant to the Fugitive Offenders Act Chapter 126 of the Laws of St. Vincent and the Grenadines which was brought into law on the 27th of December, 1989 by the NDP Government. There was a previous law, dealing with fugitive offenders which had been repealed, and this was the Act under which if a citizen of this country has to be arrested on a warrant issued from overseas for him to be arrested on the process of extradition initiated must be done

pursuant of the Fugitive Offenders Act. In the first Schedule of the Fugitive Offenders Act which relates to the offences for which you could extradite a citizen of St. Vincent and the Grenadines, money laundering is not an extraditable offence, so if the United States of America wanted a citizen of this country for money laundering it is not listed in the 1989 law, which the NDP passed, as an offence for which you can begin extradition proceedings or to arrest a person upon.

Mr. Speaker, Honourable Members those persons who were on the select committee yesterday know that when I opened the meeting of the select committee I said I noticed that there is a deficiency in the Fugitive Offenders Act, I did not tell anybody the reasons. I noticed that there is a deficiency in the Fugitive Offenders Act and that a person who is alleged to have committed a money laundering offence, a citizen, our citizen who is alleged to have committed a money laundering offence externally, could not have been extradited under the Extradition Act on a plain reading of that Act, and therefore that is why I insisted that in this law before us today, there is this provision. Section 65, "an offence under this Act, the Drug Trafficking Offences Act and the proceeds of Crime Act will for the purposes of the Fugitive Offenders Act be extraditable offences and this provision will apply whether or not there is any extradition treaty with the requesting State, there is the word 'twenty' there but it should be twenty."

Mr. Speaker, the reason why I want that to be passed is that, given the state, well I knew certain facts, that other persons did not know; but I wanted this provision in to plug a loop hole in the Fugitive Offenders Act. I would say to you, Honourable Members, that the person in question Mr. Nano was under surveillance, in the meantime I must say, Mr. Speaker, he was not under surveillance by the authorities of St. Vincent and the Grenadines that is as far as I will go. Unfortunately, for reasons which I will not and cannot properly disclose, he skipped the country, even it appears from the facts known to me now whilst or before I was even trying to correct this measure, at the select committee to bring to Parliament. Mr. Speaker I would say to this Honourable House that being aware that this law would take a few days for it to be passed and then gazetted, and we want this to be done by express speed, I have spoken to the Honourable Attorney General about that, and the Clerk knows, because I made the point at the select committee that within the framework of the Fugitive Offenders Act of 1989 the Director of Public Prosecutions was asked by me to read a particular provision in conjunction with the extradition treaty, the Mutual Assistance Treaty with the United States of America, to see if we could bring the warrant within the particular frame. Of course as I have said, whilst all that was being determined, the fugitive fled.

Mr. Speaker, according to the information available to me, the fugitive fled from Bequia to St. Vincent in circumstances which are yet to be determined, and went out on a special charter to Martinique. He is currently in a jurisdiction, the facts of which have

been brought known to all who are interested in this matter. And Mr. Speaker, as I speak to you, the Government of St. Vincent and the Grenadines is collaborating 100% with law enforcement authorities of the United States of America and with other law enforcement authorities. Those authorities I will not name, but the fugitive will be taken into custody and he will be brought to justice. He is at the moment, like anyone else, innocent until he is proven guilty. You must never forget that fact.

Now, Mr. Speaker, maybe at the margins I have said perhaps even more than I ought to have said but I believe – I want to assure the House and the people of St. Vincent and the Grenadines, that this government is prepared at all times to shoulder our international obligations and to make sure that within the framework of our law that no fugitive will find a safe resting place here.

Mr. Speaker this is a government of laws and not of men. And consequently anything which is to be done has to be done in accordance with law and I have outlined what is the framework which we have presented. I want to say, that the authorities with which we are interfacing are in no way seeing the slipping away of the fugitive as being reflected adversely on St. Vincent and the Grenadines and on the administration of justice, absolutely no way. I have been in touch with those authorities, and I know about what I am speaking, and fortunately on matters like these I do possess credibility because the people know that I come to them always and speak the truth. I am, I must say disappointed that the leader of the Opposition when I took him into my confidence, that he did not indicate that someone had presented to him another piece of information, and I would have given him all the background which was necessary.

Now, Mr. Speaker, the Leader of the Opposition attempted to show that because Mr. Thierry Nano is now charged for money laundering in the United States that it means that somehow the decision of the Offshore Finance Authority to agree to a consent order in the matter which was before the Court proved that the decision was wrong, or that the Offshore Finance Inspector somehow did something behind the scene and there was some conflict of interest, because he had hitherto represented the bank Nano and Sons on some matter, before he had become Offshore Finance Inspector. Mr. Speaker, nothing could be further from the truth. Nothing could be further from the truth, because the revocation of the licenses of Nano and Sons, the banking licenses, the revocation was improperly done, no 'question', no 'if', no 'but' about it. I have the legal opinion of a distinguished jurist which showed that Nano and Sons were not asked, neither New Bank was asked to show cause why their licenses should not be revoked. That fundamental breach of natural justice meant that you could not win the case. In any event subsequent to the change of administrations the information was provided which was requested originally and it was on the basis of inadequate information or no information being provided that the licenses were purported to be revoked. I'll say this Mr. Speaker, under section 18 of the international's banks Act the Offshore Shore Finance Authority can only revoke a license if (a) the Offshore Finance

Authority makes a decision, (b) he is advised in relation to that decision to revoke by the Minister of Finance. That is what section 18(1) of the international's banks Act says in a nutshell. It is painful for me to report that there was no Offshore Finance Authority meeting to decide on the revocation of the license, indeed the chairman who was at the time the Director General of Finance and Planning heard about the revocation on the radio. It is the Offshore Finance inspector then, on his own, without a meeting of the Offshore Finance Authority because there are no minutes at all that there was any such meeting, and I am saying in this House that the Offshore Finance Inspector, who was then chairman did not convene such a meeting and did not authorize any such meeting to be convened. Those are uncontrovertibly facts. So that during the trial there would have been a discovery, a process of discovery: where was this decision made and on what basis and they would have found nothing because there was no decision. Indeed, there is no record on the file of the Minister of Finance then, the Honourable Leader of the Opposition now, ever put in writing his advice to the Offshore Finance Authority to affect the revocation, and those are the facts. So there was not going to be a snowball in hell chance of winning the case in relation to those offshore banks. So what you had to do on the basis of getting the information, you have a consent order so you can save yourself tremendous costs and I would not want to tell you what the costs were already on our side. The persons, I would not want to talk about the extent of the costs, it would blow people's minds. So there was a responsibility on the part of the Offshore Finance Authority, to act in circumstances, which it considered prudent and sensible, so I am glad that these matters are raised so that I can speak frankly and truthfully about these things.

You would recall on the last occasion when the Leader of the Opposition asked a question in the House, I said there are other matters upon which I could speak but I will not, it is facts like these, but he has put the issue on the table so I must therefore reveal those facts. There are even more facts which I cannot yet reveal but maybe on another occasion I may in my own judgment do so. Mr. Speaker, I want to say, that the issue of the Nano and Sons and New Bank Limited, though they are related to the question of Thierry Nano they are nevertheless distinct because they are banks, they are companies. I want to say this, if in the wisdom of the Offshore Finance Authority on the basis of all the facts being brought in relation to the allegations concerning Thierry Nano and the charges: two money laundering charges pending in Florida against him, they can proceed to request that he be removed as a director, and I believe even as a shareholder if he is, but that is a matter for the Offshore Finance Authority to consider in the light of all the information which is brought to them. And these are matters which will be dealt with in the usual thorough way in which this government functions.

Mr. Speaker, I should point out what these two money-laundering charges are. One of them relates to a series of transactions I think on May the 7th of \$265,000.00 for which Mr. Nano should be paid a 7% commission, that is about \$18,000.00. And the second

where the arrangement is alleged to have been made here in St. Vincent and the Grenadines on November the 7th but on the facts it does not appear to have been carried out through St. Vincent and the Grenadines for a 10% fee for the transfer of \$250,000.00 US dollars. That is another \$25,000.00 so you are talking really about relatively small monies. But if the US authorities in May felt that they had the evidence and they did not arrest him at that time they would have very good reasons no doubt why they did not arrest in the month of May or June, or July or any subsequent month when he was in the United States of America. They may have good reasons, because investigators will always have very good reasons. So Mr. Speaker, what was raised by the Leader of the Opposition is factual that there is a warrant out, and he called the number of the warrant but it is my duty to explain that you could not take a citizen and deal with him in the same way in which you deal with Phillip Marc Vaughn. And as I explain, we had to put the entire legal process and machinery in place. In fact this is part of what we are doing today and this part of what the Office of the Director or Public Prosecutions was doing in his particular interpretation of the even the existing law.

Mr. Speaker, Honourable Members, the Government of St. Vincent and the Grenadines continues to cooperate fully with the United States government and with other law enforcement agencies internationally on this matter and on other matters. One good thing which has emerge from this debate is that the people of St. Vincent and the Grenadines will realize that this one world is getting smaller and smaller. And that the burdens of leadership are getting more and more onerous. And that Mr. Speaker, Honourable Members, there are some aspects of the burdens of leadership which touch upon one's own personal security, it is not a matter upon which I will comment. I want to say that there is an investigation right away which is going on concerning an entry into the Office of the Attorney General, where it was stated among other things, as reason why certain things were not in place, certain things were not in place, certain keys, and other things, I am not going into the facts. That the Prime Minister was working in the Attorney General's Chambers late on Sunday night, at that very moment I was coming from Coventry to London. Peculiar things, and there is an encouragement by certain forces to try, in the search of political power, for their quick return will stop, -- certain forces, I am not saying all the forces which are associated with the NDP, I say certain forces will stop at nothing to return to power because their inside information will also tell them that this government has certain things in train in relation to certain persons and that they do not want these things to emerge. I do not want to talk more about these things. As you notice I came here I made a speech, I made no reference to any security matter but I suspect that the more that I speak that the public will get the full and clear impression that there are forces that are at work seeking inside of this country to undermine the legitimate work of the Government.

HONOURABLE MR. SPEAKER: You have the privilege to explain the national security matter, so you have 10 minutes to work upon that. Thank you.

DR. THE HONOURABLE RALPH GONSALVES: I am obliged Mr. Speaker, and I am grateful for your kind indulgence but I think it was important that I make the statement in the terms that I have made them. I want to repeat that the work of the Government here is highly appreciated by the law enforcement authorities internationally in the manner in which we are proceeding to deal with all matters which have been drawn to our attention. I want to make that absolutely clear. So that if persons in an irresponsible way want to say well, Nano was in the country there was a warrant for him, and Ralph them make him go, well that would be both untrue and they would not be speaking were the factual circumstances of the law which we are trying to clean up.

I want to say this Mr., Speaker, further, that every single bank in this country, every single bank which is offshore will have an on site inspection, that is one of the guidelines and those which have anything to hide that will be found out, and we have the law and some of them already seeing how the Government is moving. They are voluntarily surrendering their licenses. I want to repeat, there are some offshore banks in this country which are already voluntarily surrendering their licenses, because they realize that the jurisdiction is being cleaned up and it is an inhospitable place for those who want to be involved in illegal activities. And Mr. Speaker, I can bring all these facts. I want to also assure the public, I want to also assure the offshore finance sector, and I will say this Mr. Speaker, because it is important to be said, the advice which I as Minister of Finance I am required to give under section 18(1) of the International Banks Act as to whether a license would be revoked or as to whether some form of other action to be taken as prescribed in the statute that I consider my role there in a quasi judicial capacity; because the very first license which was sent to me, a letter to be revoked, by the offshore finance inspector, apparently this is the way things used to be done in the past, you send a letter to the Minister of Finance. I called him to my office, I said let us read the section under which I have powers to tender advice to the Offshore Finance Authority, and I read it, and I said to him this is a quasi judicial function therefore when you send anything to me for advice on these matters under section 18 you send the entire file to me. You may wish to draw certain particular items in the file to my attention and that is how this Minister of Finance functions, so that everyone will know that advice is tendered from the Minister of Finance, having a full examination of all facts and circumstances and upon the law. And that is the way the work is being done, the fugitive has left the jurisdiction but the world is small. The world is very small and the cooperation between nations is extensive including this one in St. Vincent and the Grenadines, so that the United States of America, the authorities there will not be disturbed in any undue way because the fugitive will get an opportunity to face the prosecutors and justice.

Mr. Speaker, I would like to say in building our offshore sector with this law, that Senator Leacock made the point correctly, which I had made at the meeting of the select committee when he was present that we have to seek our comparative advantage not in secrecy, not in confidentiality, but in efficiency and the delivery of

quality offshore finance services. That once we provide asset protection and do not unduly delve into peoples' tax affairs who come here to set up offshore enterprises, provided they do not offend money laundering provisions of this new law, and that you provide those services efficiently; effectively we have good governance, a lovely climate, people will come here to do their offshore business. I must Mr. Speaker, Honourable Members make the point that the offshore inspector, currently acting, has not been involved in any promotion, indeed though he was hired initially to address the question of promotion, because we are seeking to strengthen the regulatory capacity of the offshore finance authority, and because we are fighting to get off the blacklist, the conduct of the NDP administration and its menu of laws having gotten us there in the first place, that we are trying to correct and clean up that mess, that aspersions should not be cast upon the character and integrity of someone who is doing a very good job in the Offshore Finance Authority. Equally Mr. Speaker, the flight of the fugitive must not be permitted to throw smoke or sand in the eyes of the people because we are cooperating fully within the framework of our law. Had we gone and arrested Mr. Nano without having the authority under the law to arrest him under the Fugitive Offenders Act we would have been sued for having proceeded wrongfully or at least there is a likely prospect that that would have been the case. We are building a jurisdiction and a country of laws and not of men.

Mr. Speaker, I would like in terms of the corrections to point out in section 46 (4) there is a new subsection which we should put there reads as follows: a failure to report a suspicious, that is after sub 3, a failure to report a suspicious transaction as required in subsection 3 is an offence. A failure to report a suspicious transaction as required in subsection 3 is an offense and then we will simply renumber the preexisting (4) as (5) and so on right down, so (4) becomes (5); (5) becomes (6); (6) becomes (7).

Mr. Speaker, Honourable members I also, and I want to thank the member for the Northern Grenadines for his valuable contribution in this regard. Section 47 (2) a person commits an offence under section 44, 45 and 46 we have to put we have to put 46(3); I think that was one of the matters you drew to my attention. And in brackets after 46(3) in that 47(2) you put the following words in brackets, (failure to disclose knowledge or suspicion, tipping off, failure to report a suspicious transaction), close brackets, in other words those are the particular offences under 3 which would be caught. Sorry it should be 46 (4) because we just change (3), we have just done a renumbering. So it would be 46(4). And under 47 (1), Honourable Members, Mr. Speaker, a person commits an offence under 41, 42, 43 but after 43 the insertion we put in brackets is money laundering, to specify what we are talking about.

Mr. Speaker, Honourable Members we turn attention to 65 which I had indicated earlier where the word 'twenty' should be 'treaty' that is a typographical error, it is an extradition treaty. And I think Honourable Members would note that the sweep of that is wide and broad, that extradition would take place for those offences even with those

countries where you do not have an extradition treaty, where that requesting State is asking for extradition. And then section 68 this acts repeals and replaces the Proceeds of Crime Act, save and except the sections 59, 60 and 61. The reason why we are saving those money-laundering offences under 59, 60, and 61 would be to satisfy the provision for the Fugitive Offenders Act. And Mr. Speaker, in schedule one at the last, after mutual fund license under the Mutual Fund Act, another category should be put there Credit Unions. And under the category relevant business activities means and before we reach car dealerships, Mr. Speaker, Honourable members there is an entire list which originally was in the draft bill, the first draft bill. Under services provided by the 'financial institutions include', so that whole list which hitherto was services provided by 'financial institutions include' they are now being put as relevant business activity means and put them before car dealerships, so that they will reading, lending finance, leasing, venture risk capital money transmission service, and the like, that whole long list, which the Clerk has, and which honourable members have; all of those. And Mr. Speaker, with those amendments to the report from the Select Committee, because that is what we are debating, with those amendment from the report of the select committee that I would like the motion for the approval of the select committee to formally be put to a vote before I move the third reading of each of the bills by title.

HONOURABLE LOUIS STRAKER: Mr. Speaker, I second the motion.

Question put and agreed to.

DR. THE HONOURABLE RALPH GONSALVES: Mr. Speaker, Honourable Members I beg to move that a bill to enact the Proceeds of Crime and Money Laundering Prevention Act 2001 be read a third time by title and passed.

HONOURABLE LOUIS STRAKER: Mr. Speaker, I second the motion.

Question put and agreed to.

DR. THE HONOURABLE RALPH GONSALVES: Mr. Speaker, may I please request the division so that each member can indicate his vote on this matter.

CLERK OF THE HOUSE OF ASSEMBLY: Honourable Members how do you vote.

Honourable Prime Minister, Minister of Finance, Planning, Economic Development, Labour, Information, Grenadines and Legal Affairs: Aye.

Honourable Deputy Prime Minister, Minister of Foreign Affairs, Commerce and Trade. Aye.

Honourable Minister of National Security, the Public Service and Airport Development. Aye.

Honourable Minister of Education, Youth and Sports. Aye.

Honourable Minister of Social Development, Co-operatives, The Family, Gender and Ecclesiastical Affairs. Aye.

Honourable Minister of Telecommunications, Science, Technology and Industry. Aye.

Honourable Minister of Tourism and Culture. Aye.

Honourable Minister of State in the Ministry of Education, Youth and Sports. Aye.

Honourable Minister of State in the Ministry of Agriculture, Lands and Fisheries. Aye.

Honourable Minister of State in the Ministry of Foreign Affairs, Commerce and Trade. Aye.

Honourable Minister of Transport, Works and Housing. Aye.

Honourable Parliamentary Secretary in the Prime Minister's Office, Special Responsibility for Labour and Grenadines Affairs. Aye.

Honourable Member for East Kingstown, Leader of the Opposition. Aye.

Honourable Member for Northern Grenadines. Aye.

Honourable Member for Southern Grenadines. Aye.

Honourable Senator Juliet George. Aye.

Honourable Senator Andrea Young. Aye.

Honourable Senator Gerard Shallow. Aye.

Honourable Senator St. Claire Leacock. Aye.

NOES (0)

ABSENT

Honourable Minister of Agriculture, Lands and Fisheries
Honourable Minister of Health and the Environment

Bill read a third time by title and passed.

DR. THE HONOURABLE RALPH GONSALVES: Mr. Speaker, Honourable Members I beg to move that a bill for an act for the establishment of a Financial Intelligence Unit Bill be read a third time by title and passed.

HONOURABLE LOUIS STRAKER: Mr. Speaker, I second the motion.

Question put and agreed to.

DR. THE HONOURABLE RALPH GONSALVES: May I please crave your indulgence and that of the Honourable House for a division of this Bill.

CLERK OF THE HOUSE OF ASSEMBLY: Honourable Members how do you vote.

Honourable Prime Minister, Minister of Finance, Planning, Economic Development, Labour, Information, Grenadines and Legal Affairs: Aye.

Honourable Deputy Prime Minister, Minister of Foreign Affairs, Commerce and Trade. Aye.

Honourable Minister of National Security, the Public Service and Airport Development. Aye.

Honourable Minister of Education, Youth and Sports. Aye.

Honourable Minister of Social Development, Co-operatives, The Family, Gender and Ecclesiastical Affairs. Aye.

Honourable Minister of Telecommunications, Science, Technology and Industry. Aye.

Honourable Minister of Tourism and Culture. Aye.

Honourable Minister of State in the Ministry of Education, Youth and Sports. Aye.

Honourable Minister of State in the Ministry of Agriculture, Lands and Fisheries. Aye.

Honourable Minister of State in the Ministry of Foreign Affairs, Commerce and Trade. Aye.

Honourable Minister of Transport, Works and Housing. Aye.

Honourable Parliamentary Secretary in the Prime Minister's Office, Special Responsibility for Labour and Grenadines Affairs. Aye.

Honourable Member for East Kingstown, Leader of the Opposition. Aye.

Honourable Member for Northern Grenadines. Aye.

Honourable Member for Southern Grenadines. Aye.

Honourable Senator Juliet George. Aye.

Honourable Senator Andrea Young. Aye.

Honourable Senator Gerard Shallow. Aye.

Honourable Senator St. Claire Leacock. Aye.

NOES (0)

ABSENT

Honourable Minister of Agriculture, Lands and Fisheries
Honourable Minister of Health and the Environment

Bill read a third time by title and passed.

DR. THE HONOURABLE RALPH GONSALVES: Mr. Speaker, Honourable Members, we have had a very long day and we have had an even longer period ahead of us, a harder period, Mr. Speaker, I think for the benefit of those who are listening on radio and of course reminder to those in the Honourable House that tomorrow the 22nd at 3:30 p.m. the House sits in special session for His Excellency President Hugo Chavez, President of the Bolivarian Republic of Venezuela. And on the 23rd Mr. Speaker, the House will be prorogued and on that same day 23rd there would be the finance committee meeting on the estimate at 1 p.m. The House would resume on the 26th

that is on Monday at 9 a.m. there would be discussion on the Estimates where there would be a proclamation read for the resumption of new session Parliament. And on the 28th Mr. Speaker, on Wednesday at 4 p.m. I will deliver my first budget address as Prime Minister, and Minister of Finance and on Thursday morning the Leader of the Opposition will have his reply and then we go on until the debate is concluded, so therefore Mr. Speaker, I beg to move that this House stand suspended until tomorrow the 22nd of November, 2001 at 3:30 p.m.

HONOURABLE LOUIS STRAKER: Mr. Speaker, I beg to second the motion.

SUSPENSION

*Question put and agreed to.
House suspended accordingly at 2:50 p.m.*