

Legal Affairs
Cayman Islands Government
c/o Attorney General's Chambers-SGO
Ground Floor, DMS House
Grand Cayman, Cayman Islands, BWI
TEL: 244- 2394
FAX: 949- 3364



**CAYMAN ISLANDS
GOVERNMENT**

MEMORANDUM
Ministry of Portfolio of Legal Affairs

To: Accountant General, Treasury Department
From: Chief Financial Officer, Portfolio of Legal Affairs
Date: July 27, 2021
Org Type: **Executive**
Description: CILPA 2021 2nd Quarter funding

Please effect immediately Cabinet Funding from Executive bank account [REDACTED] as set out below:

Appropriation Details

NGS 89 – Cayman Islands Legal Practitioners Association Ltd.

CI \$303,000.00

Regards,

A blue ink signature of Samuel Bulgin, consisting of a large, stylized 'S' and 'B' followed by a horizontal line.

Honourable Attorney General
Samuel Bulgin, QC

A blue ink signature of Reshma Sharma, consisting of a stylized 'R' and 'S' followed by a horizontal line.

Solicitor General
Reshma Sharma

MEMORANDUM

From: Clare Guile, Head of CARA

Date: 26 July 2021

To: Tiffany Ebanks, Chief Financial Officer

Cc'd: J. Lemuel Hurlston, Chair of CARA Board

Erik Bodden, President, CILPA Council

RE: Purchase Agreement between CIG and CILPA dated 8 November 2020

1. Under the terms of the Purchase Agreement, the outputs purchased by Cabinet and to be delivered by CILPA (delegated to its sub-committee, CARA) during the financial year 2021 is as follows -
 - 1.1. **1 Jan - 31 Dec 2021: 40-60 on-site¹ and off-site² inspections of firms of attorneys-at-law³ and enforcement⁴.**
2. In 2021, the minimum deliverable output for the year is 40 which equates to a projected average of 10 per quarter.
3. It is to be noted the Purchase Agreement outputs do not capture or measure other supervisory work required to be carried out by CARA, for example outreach and guidance to the legal sector, internal staff training, registering new firms, de-registering, policing the perimeter and intelligence and information sharing.
4. Additionally, in Q1 and Q2 resources have been focused primarily on (i) work in connection with the FATF Joint Group assessment; (ii) designing and implementing a new AML Annual Return process. The AML Return exercise is a key piece of analysis underpinning CARA's risk-based approach and the data has also been used to assist the Cayman Islands Government

¹ On-site is defined as inspections physically carried out at the firm's premises.

² Off-site is defined as 'Desk Based Reviews' and 'Follow Up inspections' of firms carried out by CARA remotely.

³ Conducting 'relevant financial business'

⁴ Enforcement is defined as any and all enforcement actions carried out by CARA in accordance with its supervisory powers detailed in the AML Regulations (2020 Revision)

8. During Q1 and presently, CARA has several vacancies and is operating with significantly reduced staff. Whilst this has adversely impacted the number of new on-site inspections and desk-based reviews which can be commenced, CARA has been able to maintain proactive supervisory engagement by way of off-site inspections reflected in Q3's figures. These follow up inspections relate to firms currently subject to remediation. Follow up inspections take place monthly until a firm has completed its remedial action plan in full to the required standard set by CARA. For the majority of firms their remedial action plans commenced in June and July 2021 hence the high projection in Q3.
9. CARA is currently unable to recruit supervisory staff until its future is determined by the Legal Services Council (the "LSC"). We are aware that it is the Honorable Attorney General's intention to recommend to the LSC the transition of CARA across to the LSC as one of its sub-committees in order that CARA can continue to supervise and monitor firm of attorneys-at-law conducting relevant financial business for AML compliance.

END.