

# Ireland falls short in enforcing money-laundering laws

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Published 26/06/2016 | 02:30



Peter Oakes, former director of enforcement

A former director of the Central Bank has called for Irish financial services firms to demonstrate "greater vigilance" when it comes to enforcing anti-money laundering legislation.

Peter Oakes, a former director of enforcement at the financial regulator, said his comments were sparked by a Sunday Independent story that revealed how a Dublin-based bank was used to funnel cash in an alleged \$114m global-bribes scandal.

Following allegations that stg£7m was transferred to an Isle of Man account to pay 'fixers' involved in Nama's Project Eagle loan-book sale, Oakes said that Ireland is facing global "reputational risk" as a result of the ongoing bad publicity.

Citing concerns over "inadequate procedures in place for investigating and reporting suspicious transactions", Oakes, a regulatory lawyer and founder of Fintech Ireland, said "there is much room for immediate improvement and ratcheting up of board-level deliberation on this important area of financial-crime governance".

Oakes' concerns echo those contained in a Central Bank report published late last year.

In that report, which examined anti-money laundering and compliance in the Irish financial sector, bank chiefs admitted that firms here needed to do more to "effectively manage" their money-laundering and terrorist-financing risks.

Domhnall Cullinan, head of anti-money laundering at the Central Bank, said any business with a large variety and amount of customers, high values and volumes of transactions, and a cross-border nature was "attractive" for money laundering or terrorist-financing purposes.

"More work is required by firms in Ireland to effectively manage money-laundering/terrorist-financing risk," he said.

The Central Bank also looks after enforcement in the funds sector. Irish domiciled funds have a net asset value of almost €1.8 trillion, making them a key part of the financial services sector.

"The Central Bank expects all funds and fund-service providers to carefully consider the issues raised in the report, and to use the report to inform the development of their AML, counter-terrorism financing and financial sanctions frameworks," said Cullinan.

As at September last year, there were 1,188 funds (or 6,080 funds including sub-funds) authorised by the Central Bank.

The Central Bank also noted a reliance on third parties to conduct elements of customer due diligence, and insufficient evidence of "effective ongoing monitoring of investor transactions".

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