

Financial Intelligence Unit (FIU)

Annual Report for 2015

Background

Jersey requires an FIU in order to comply with Anti Money Laundering (AML) and Counter Terrorist Financing (CTF) Recommendations issued by the Financial Actions Task Force (FATF) – Recommendation 29 requiring that:

“Countries should establish an FIU that serves as a national centre for the receipt and analysis of: (a) suspicious transaction reports; and (b) other information relevant to money laundering, associated predicate offences and terrorist financing, and for the dissemination of the results of that analysis...”

The FIU receive, analyse and disseminate intelligence derived from suspicious activity reports (SARs).

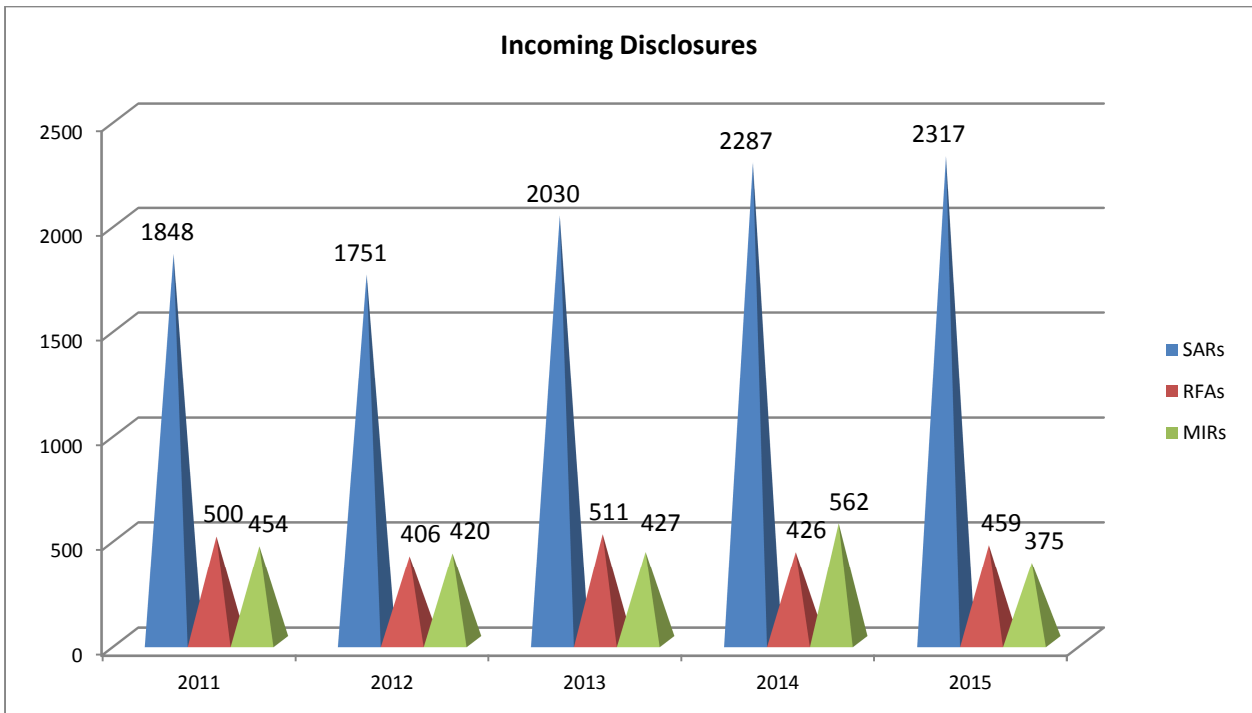
The Unit is headed up by a detective inspector with the rest of the team consisting of one detective sergeant, three detective constables, three civilian investigators, two analysts and two administration officers.

All SARs are subject to an initial assessment and grading (urgent or regular) with decisions made in respect to the granting of consent (such consent being required by local legislation in order to protect institutions against criminal charges of money laundering). Further analysis will determine how the intelligence is developed and this may include disseminating it on an intelligence basis, typically to an equivalent overseas FIU, where it is appropriate and permitted by legislation. Any such dissemination is completed on a sanitised basis with strict conditions on how such information may be handled and subsequently processed.

In addition to dealing with SARs, the FIU also receives and responds to requests for assistance (RFAs), typically from overseas FIUs on AML / CFT enquiries, as well as miscellaneous information reports (MIRs) from a variety of sources.

1. Incoming Disclosures

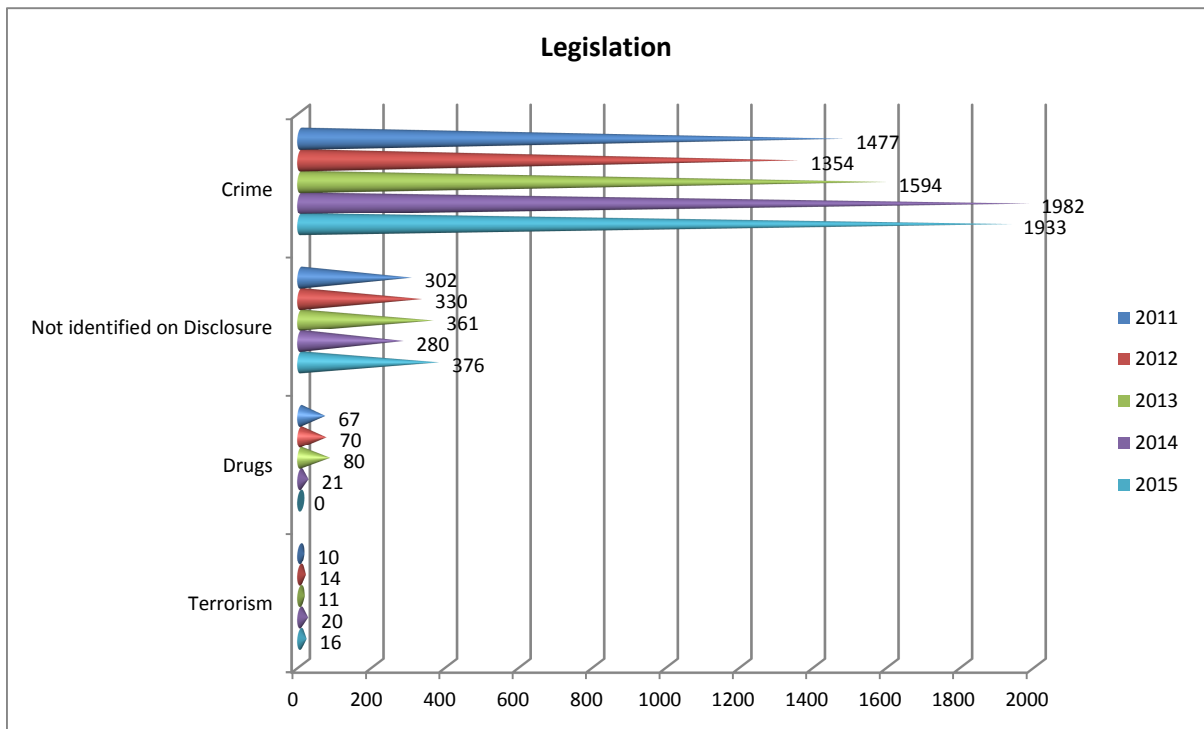
1.1. The FIU continue to see an increase in the number of SARs submitted.



2. Suspicious Activity Reports (SARs)

2.1. The FIU received 2317 SARs in 2015, the most since recording began, this is a 25% increase since 2011. On average, 94% of SARs are received using the secure online facility.

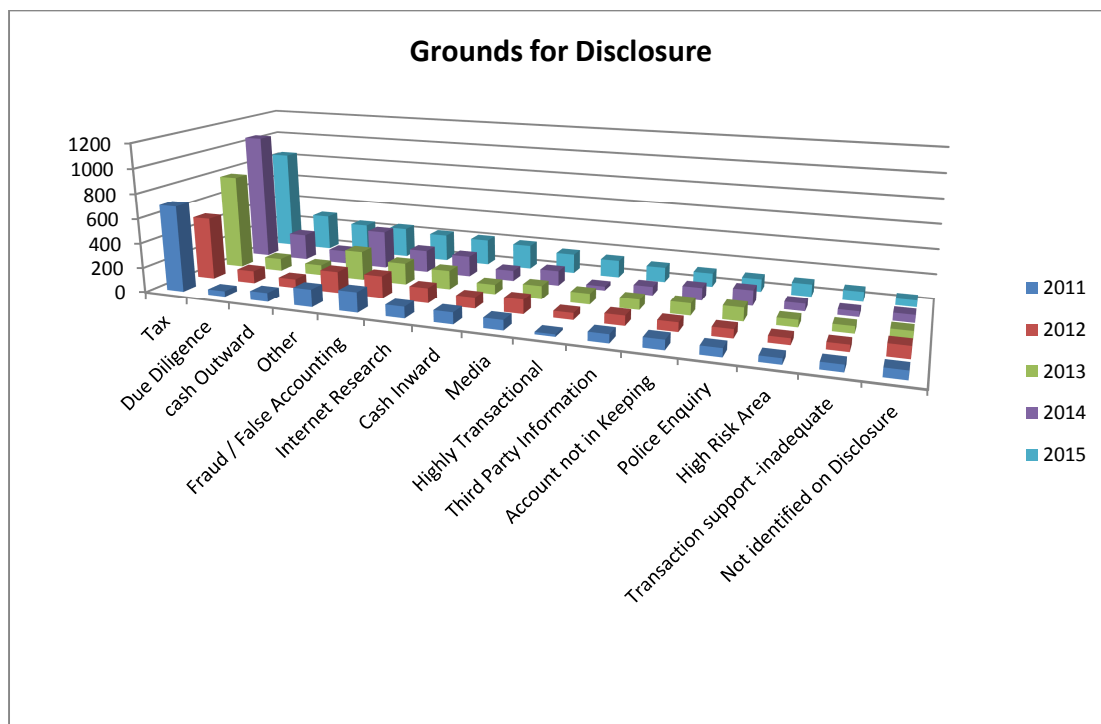
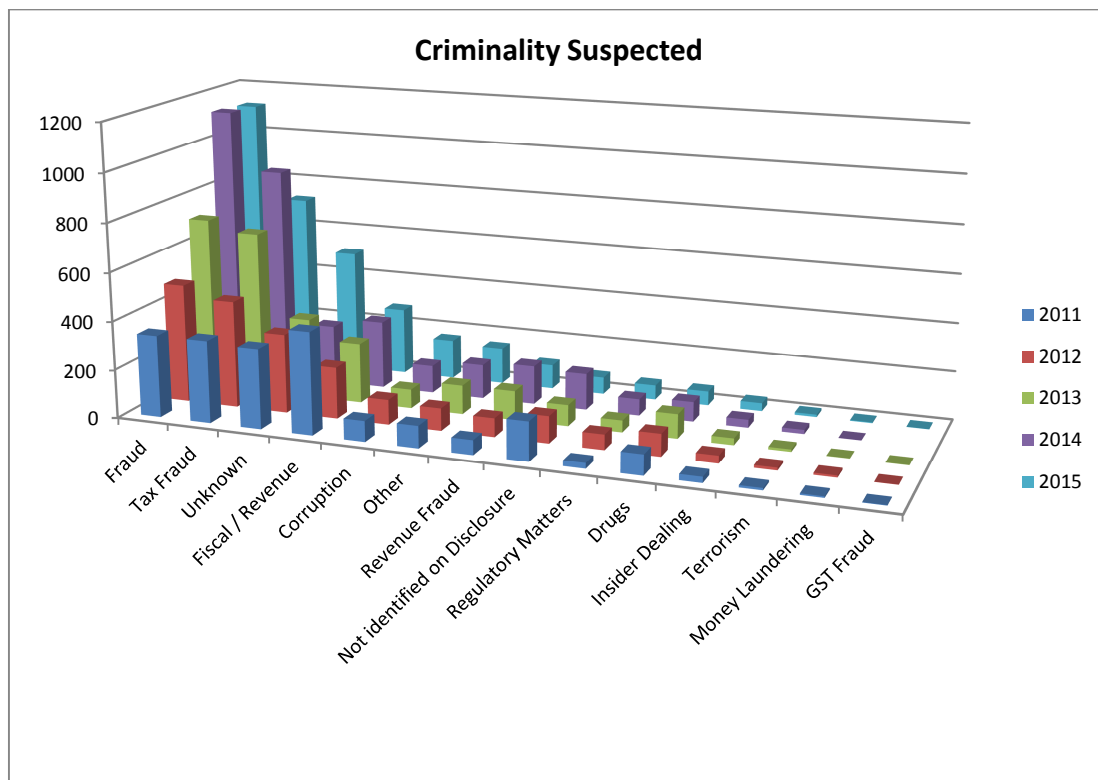
2.2. All data entered in a SAR can be researched by the FIU and it is used to identify patterns and trends, some examples are provided in this report.



Official - External

2.3. The majority of SARs are submitted under the Proceeds of Crime (Jersey) Law 1999 (POC). The Drugs Trafficking (Jersey) Law 1988 was repealed in August 2014 and elements of this law were merged into the POC, hence the decline in Drugs numbers.

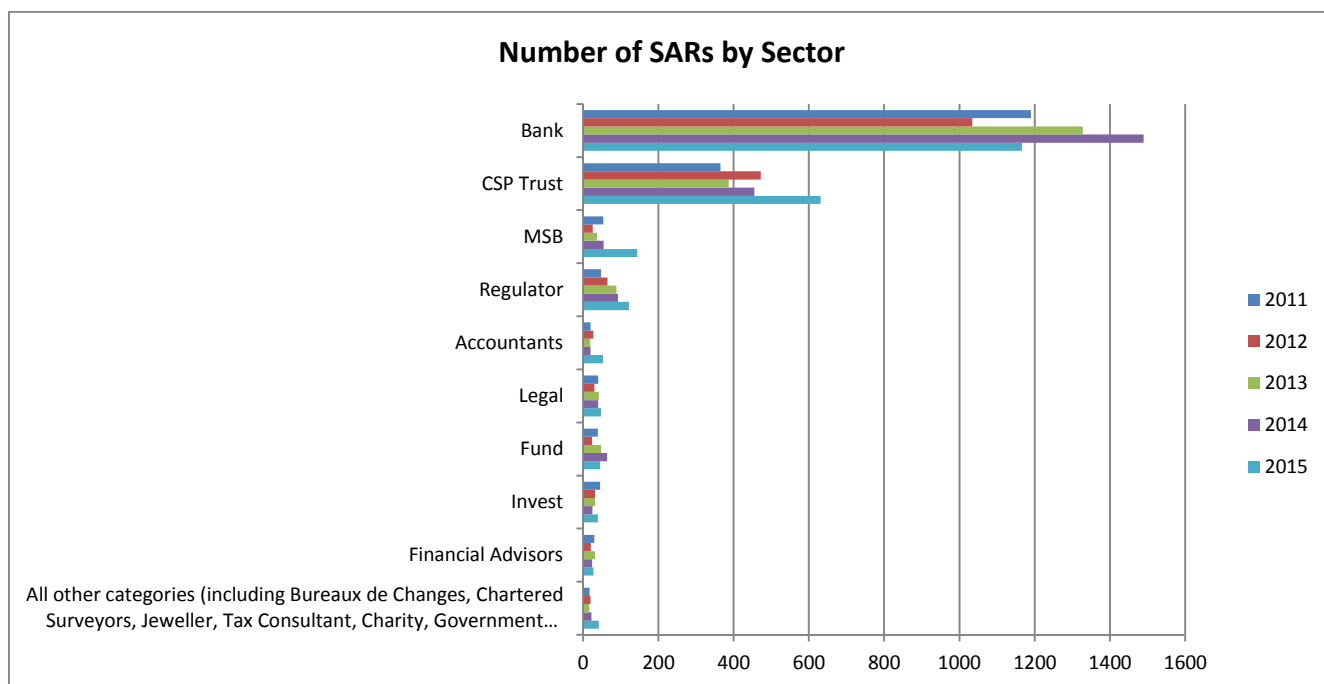
2.4. The number of SARs being submitted without the legislation being identified has increased significantly in 2015. Disclosing institutions have an obligation to report their suspicions of money laundering/terrorist financing under either POC or Terrorism (Jersey) Law 2002 and therefore it is unacceptable to leave this blank.



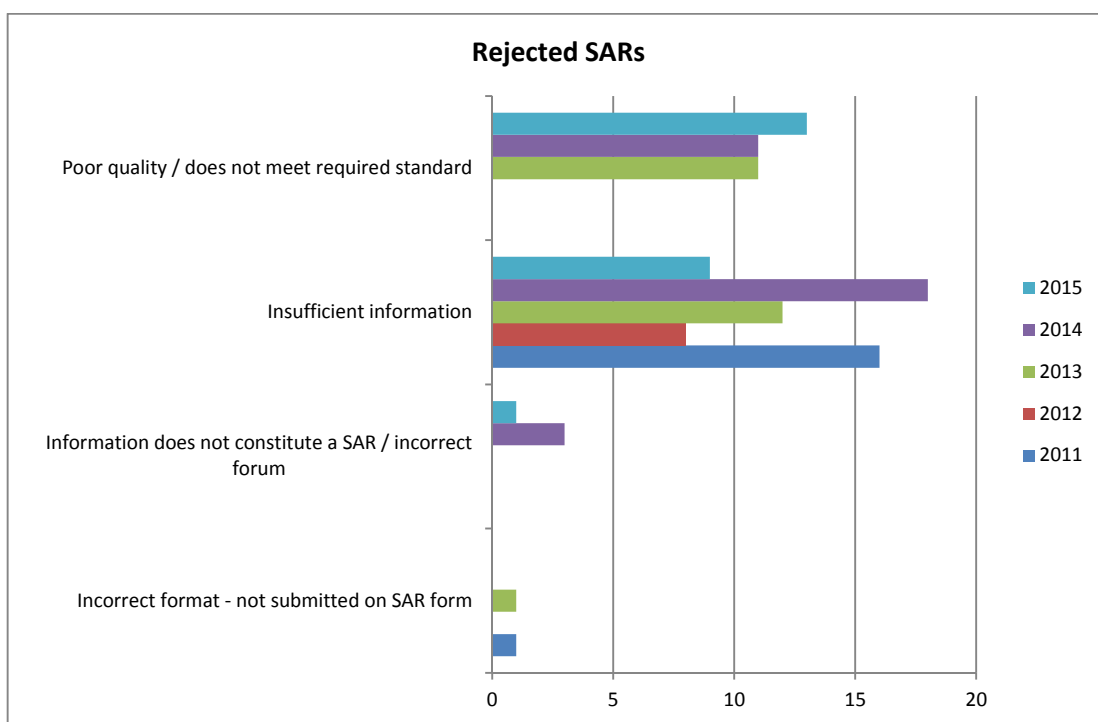
2.5. Tax continues to be the main reason for submitting SARs, accounting for a quarter of all disclosures in 2015.

2.6. The FIU have noted a number of SARs where the criminality, legislation or grounds for disclosure have not been identified. In 2015, Criminality unknown has more than doubled from last year from 241 to 504 SARs.

2.7. The below graph shows the reporting by sector over the past five years; Banks and Trusts continue to be the leaders each year.



2.8. The FIU have the option to reject SARs and do so for a number of reasons which are summarised in the table below. The numbers are relatively low with 23 being rejected in 2015, representing 1% of the overall number of SARs received.



2.9. In addition to the above, in 2015 the FIU Grading Officer contacted the disclosing institution on 265 occasions to gain further information; this typically related to asset details. This has more than doubled since 2014.

2.10. PEPs are monitored by the FIU. 2015 saw 3.5% of all persons subject to a disclosure designated a PEP. On 6 occasions, the disclosing institutions did not provide the nationality of the PEP.

The top five nationalities of a PEP are listed below:

Nationality	2014	2015	Total
British	16	14	30
Russian	18	8	26
Ukrainian	14	6	20
Egyptian	2	11	13
Nigerian	5	5	10

2.11. It has been noted that on occasions institutions are failing to complete vital information on the SAR template. There are instances when a passport number is provided or a copy of the passport is attached however the date of birth and so on has not been completed. Nationality, address, place of birth and so on are extremely important parts of customer due diligence that institutions should know and is crucial information for the FIU to carry out their enquiries.

2.12. Only those SARs containing all relevant information are accepted.

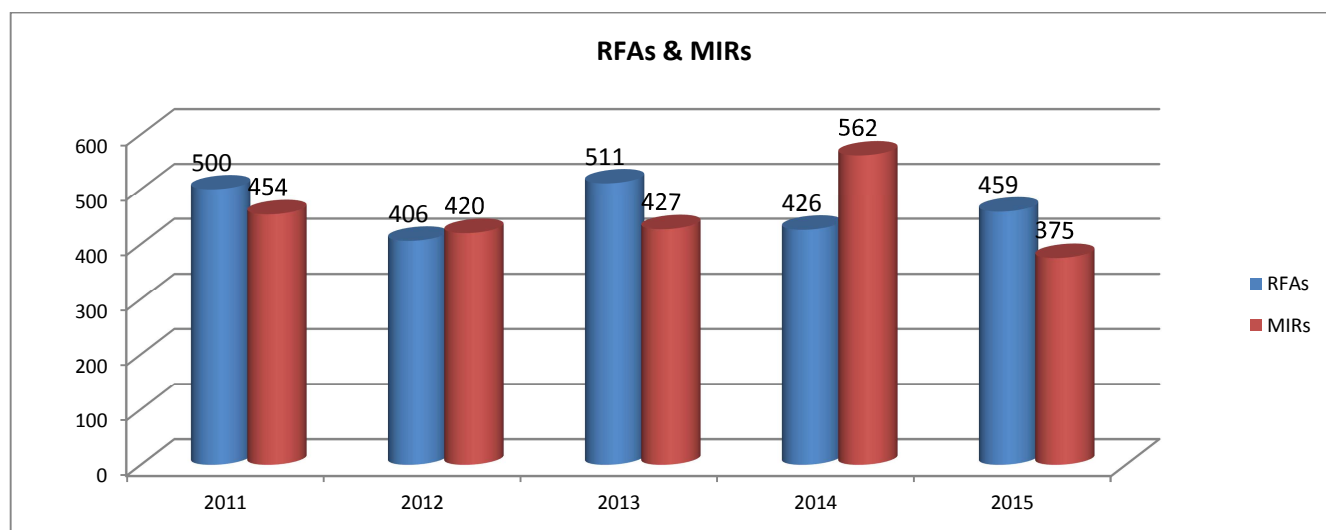
3. Requests for Assistance (RFAs) & Miscellaneous Information Reports (MIRs)

3.1. RFAs are received from a variety of sources. The majority are generally requesting information to assist with a money laundering or terrorist financing investigation being carried out by an agency in another jurisdiction where there is a connection to Jersey.

459 RFAs were received in 2015, 64% of which were received from Overseas Agencies.

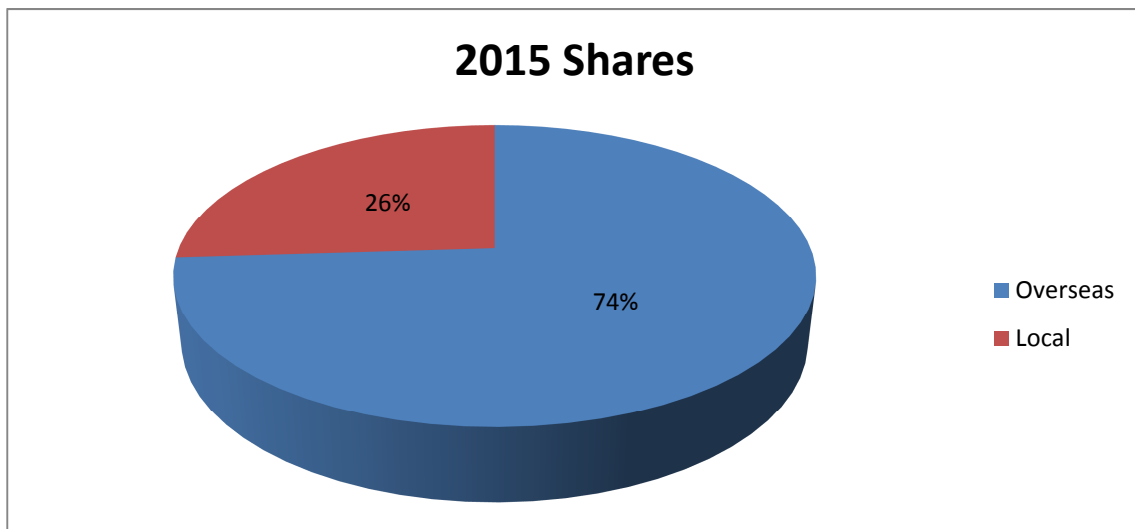
3.2. MIRs are also received from a variety of sources and comprise of any financial information that doesn't constitute a SAR or RFA. This could be information from a member of the public or an update/continuation to a SAR.

375 MIRs have been received in 2015, 49% of these were from Jersey Financial Institutions providing further information to previously submitted SARs. Continuation reports can now be submitted online, 60% of MIRs were received using this facility in December 2015.



4. Dissemination of Intelligence

- 4.1. The FIU intelligence assessment and sharing process is the first stage of an investigation that seeks to establish if the suspicions prompting submission of a SAR corresponds to a predicate criminal offence, active criminal investigation or prospect of a criminal investigation in the relevant jurisdiction.
- 4.2. The FIU's aim is to share as much as possible relevant intelligence information. Every SAR is scrutinised upon receipt and subject to an established grading process, against fixed criteria. FIU analysis is a methodical and structured process involving assessment of every SAR, the primary focus to identify suitability for referral to Law Enforcement where a decision on ML investigation can be made.
- 4.3. In 2015 the FIU shared with agencies both locally and around the world on 2555 occasions. The number of shares continues to increase; the FIU has seen a rise of over 25% since 2011.
- 4.4. The FIU shared with 236 different agencies in 2015. The National Crime Agency, Jersey Financial Services Commission, France Tracfin and USA FinCEN remain at the top of the list for the most number of shares.
- 4.5. 74% of the shares made in 2015 were to overseas agencies.



5. Proceeds of Crime (Financial Intelligence) (Jersey) Regulations 2015

- 5.1. This new legislation came in to force in March 2015 and allows the FIU to request financial information from any relevant person in order to fulfil its functions.
- 5.2. Since inception, the FIU has issued 50 notices under the above regulation.

6. Liaison Notices

- 6.1. Liaison Notices are issued across the finance industry when a person is charged with a serious crime and there is a potential financial aspect. These specifically seek to identify any accounts or assets not declared by the defendant and otherwise unknown to investigators.
- 6.2. There were 43 liaison notices issued in 2015, which remains consistent with the last couple of years. The majority are issued in relation to drug trafficking offences. Liaison notice was chosen as the grounds for disclosure on 36 SARs in 2015.

7. International Co-operation

- 7.1. Effective anti-money laundering and anti-terrorist financing efforts requires joint global collaboration, and involves a broad network of national and international organisations. International co-operation remains a priority for the FIU.
- 7.2. Jersey FIU does not require a memorandum of understanding with foreign FIUs for exchange of information, however some jurisdictions do. In order to assist and enhance the level of international cooperation, a further two MOUs were implemented in 2015. These were with South Africa and France bringing the total number of signed MOUs to 6.
- 7.3. The Jersey FIU continues to participate internationally and is a member of the Egmont Group and the Camden Asset Recovery Inter-Agency Network (CARIN)
- (1) The Egmont Group is the international body for Financial Intelligence Units and works to improve international cooperation in the exchange of information, training and the sharing of expertise. It has evolved over the years and is currently (2015) comprised of 151 member FIUs. It is also supported by a number of other international organisations that have observer status, such as FATF and World Bank, among many others.
- Jersey has been an Egmont member since 1998 and in May 2014 it signed the updated Commitment to membership. The FIU participates in the Egmont Group Annual Plenary meeting attended by representatives from all member FIUs, in 2015 this was held in Bridgetown, Barbados.
- (2) CARIN is an informal network of contacts and a co-operative group in all aspects of tackling the proceeds of crime. CARIN intends to develop as an informal co-operative body. The aim of CARIN is to increase the effectiveness of members' efforts, individually and collectively, on a multi-agency basis, in depriving criminals of their illicit profits.
- 7.4. As a jurisdiction, Jersey is assessed by Moneyval. Moneyval is a permanent monitoring body of the Council of Europe entrusted with the task of assessing compliance with the principal international standards to counter money laundering and the financing of terrorism and the effectiveness of their implementation.
- 7.5. A delegate from Jersey attends all Moneyval Plenary meetings. The plenary meetings take place in Strasbourg (France) at the seat of the Council of Europe. The number of annual plenary meetings is three. Plenary meetings consist of delegations of its Member States and territories and two FATF Member States, as well as representatives of observer States, organisations and institutions or bodies, as foreseen in Moneyval's Statute.
- 7.6. Two members of the FIU Team are trained Moneyval evaluators and one participated in the 4th round mutual evaluation of Bosnia Herzegovina in 2015.
- 7.7. The FIU is an active member of the Jersey Asset Recovery Task Force, established in February 2013 comprising of the FIU, Commission, Law Officers' Department and Chief Minister's Department. Formed to identify and recover any illicitly obtained assets linked to Arab Spring jurisdictions and Ukraine.

8. Presentations and Training conducted by the FIU

- 8.1. During 2015, Jersey FIU participated in a number of workshops/interactions on AML/CFT awareness in collaboration with the regulator, industry associations, professional bodies and reporting entities.