



# FijiFIU

Fiji Financial Intelligence Unit



## National Anti-Money Laundering Conference

18 February 2009  
Holiday Inn, Suva

Topic: **National Coordination: *Why Work Together?***

**Address by Mr. Pio Tikoduadua**

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Chairman of the National Anti-Money Laundering Council

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Thank you Director FIU for the kind introduction.

Distinguished speakers, invited guests, participating officials, ladies and gentlemen.

Bula Vinaka and Good afternoon.

### **Introductory Remarks**

I have the honor of discussing the topic – “National Coordination – Why work together?”

Protecting Fiji from Money Laundering requires strong partnership between the public and the private sector.

As you heard this morning in the Keynote Address by the Attorney-General, money laundering is the process of moving, concealing and legitimizing money criminals make from crime. Proceeds from criminal activities may be banked or spent on valuable assets or it may be re-invested in the same or another criminal activity.

Criminals will continue to enjoy their ill-gotten wealth if they are allowed to continue doing what they do.

After all, money laundering is not just a public sector problem. It’s not a problem just for the police, the prosecutors or the courts.

Likewise, the fact that money laundering takes place in financial institutions and at commercial enterprises and businesses, does not make “money laundering” just a private sector problem.

Ladies and gentlemen, money laundering is a problem for both the private and public sector. This afternoon I will discuss four reasons why we all need to work together in tackling this problem.

### **Effects of Money Laundering**

Firstly, money laundering negatively impacts the government and the private sector in one way or another. So it's in the interests of both sectors that we do something about it.

From Government's perspective, we are interested in combating money laundering as we see this as an effective strategy for fighting organized crime and other serious offences in Fiji. This morning's presentation has highlighted some of the emerging as well as continuing trends of organized financial crimes in Fiji.

Ladies and gentlemen, Fiji is becoming more vulnerable to organized crime.

A lack of action to prevent or detect money laundering in Fiji will mean that criminals can freely enjoy the proceeds of their crime. This breeds a culture of crime, making it attractive for people to turn to crime to earn wealth. This will also in turn lead to the public's lack of confidence in our legal and financial systems, which can result in increased level of criminal activity. We therefore cannot afford to have this situation.

Government is also concerned about the effect money laundering has on our financial system and business sectors. We have a relatively small financial and business sector. Having just a one or two businesses tainted by money laundering allegations can damage the integrity of a whole business sector, whether it's the banking sector, insurance sector or real estate sector. This may also hinder our country's reputation as a well regulated business environment. Existing and potential investors may lose confidence in our financial system and business sector and move on to other more secure jurisdictions.

What about the private sector? How does money laundering impact on your sector? Well money laundering can damage the reputation of individual businesses. A business caught up in facilitating the laundering of criminal proceeds may find its reputation seriously tarnished. Even if it was an innocent party. In a competitive commercial environment, reputation is everything.

Professionals, such as accountants and lawyers who, deliberately or innocently, assist criminal clients in their money laundering schemes risk bringing their firms and their profession as a whole into disrepute.

The business may even risk losing existing customers. Potential customers may shy away.

It will also find itself being subjected to intense scrutiny from law enforcement agencies and industry regulators.

### **Detection, Investigation & Prosecution**

Money laundering is a criminal offence under our laws. This brings me to my second point on why we need to work together.

For us to be able to effectively investigate and prosecute persons involved in this crime, a strong coordinated effort is required from the private sector, the law enforcement agencies, the prosecutors and the courts.

The complex nature of money laundering schemes makes it extremely difficult for our law enforcement authorities to detect and investigate without the assistance from private sector.

Let me share with you ladies and gentlemen, some facts about money laundering to stress this point.

Criminals will often seek out legitimate and reputable financial institutions and businesses to launder their dirty assets. Not the ones that are breaking the rules and already under scrutiny by the authorities. After all the money launderers are attempting to erase any trail from their criminal asset back to the crime.

Also money launderers now hide in the crowd. They pose as respectable customers wanting to conduct legitimate transactions with our financial institutions and businesses.

Proceeds of crime are not limited to only cash. It can be in the form of jewellery, houses, vehicles, boats, office equipment, and so on. So a variety of business types can be involved in the laundering scheme; from a commercial bank, to a real estate business, auto dealer, a front-end business or a jewellery shop.

Given these facts, ladies and gentlemen, it is quite clear that detection and investigation of money laundering will be difficult. Traditional investigative methods and techniques of arresting or apprehending criminals don't always work well for the reason that the "king-pin" is virtually unnoticeable in organized crime cases. Furthermore, due to the complexities of money laundering, criminal funds are difficult to trace and traditional investigations overlooked this important aspect of "depriving the criminal of their criminal wealth" in addition to putting them away behind bars.

Therefore, my point is that money launderers are well organized and smart.

The next question I would like to ask is "What about us? Are we better organized? And are we smatter?"

Financial institutions and businesses must be alert to any suspected money laundering transactions conducted by their customers and clients. Where necessary, they must report such suspicious transactions to the Financial Intelligence Unit. The Financial Transactions Reporting Act now requires this of you.

The information gathered by the FIU can provide vital leads to authorities. It can be the key which can open an investigation into a money laundering scheme while it is happening. And all this could happen without tipping off the perpetrators.

Law enforcement agencies must investigate suspected cases of money laundering efficiently. When investigating organized crimes, you should also be focused on the money laundering element of the crime. Proceeds of crime should be traced.

Prosecutors should be committed to taking up money laundering cases. It's not enough that we prosecute criminals just for the crime they commit. Whether its corruption, marijuana trafficking, racketeering or illegal fishing. We must also prosecute them for using and benefiting from the proceeds of the crime as provided under the Proceeds of Crime Act.

The Courts must also send out a clear signal to the community that it will not tolerate money laundering. Severe penalties are spelt out in the Proceeds of Crime Act for any person or corporate entity convicted of money laundering.

Action should be taken by the prosecutors and the Courts to confiscate suspected proceeds of crime using the provisions under the Proceeds of Crime Act. As mentioned earlier, we need to deprive the criminals of the proceeds of their crime. Doing so will send a clear and strong message to the community; **we will not tolerate people committing crime in order to generate and enjoy their illicit wealth.**

### **Prevention Measures**

Now to my third point on why we need to work together. As the sayings goes “prevention is better than cure.”

It’s not enough that we focus our efforts only on detecting and investigating money laundering. We need to be also proactive. That means trying our best to prevent the laundering of criminal proceeds through our financial institutions and businesses.

Preventive measures need to be implemented by individual institutions and businesses to deter criminals from using them for their laundering schemes. The Financial Transactions Reporting Act outlines some of these preventive measures.

Many of you here today represent businesses and financial institutions which are covered under the FTR Act. The preventive measures you adopt within your businesses are crucial.

As discussed earlier, criminals will seek out legitimate and reputable financial institutions and businesses. “You are at the front-line of this battle”.

Regulators such as the Reserve Bank of Fiji, Capital Markets Development Authority, together with the Fiji FIU, also have the important role of providing guidance to their sector on how to safeguard itself from being used for money laundering. They should be constantly monitoring their licensed entities to ensure that they are indeed putting in place measures to deter money laundering.

For example, a bank that has weak anti-money laundering programmes, will become target for abuse by criminals and suspected proceeds of criminal activities will virtually go unnoticed and undetected. Consequently, this will create a weak “link” in the system.

Money laundering is not just a national problem. The prevention of money laundering is now a global fight. If Fiji is seen not to be doing enough by the international community, such as, the APG (or the Asia Pacific Group on Money Laundering), the International Monetary Fund, the World Bank, the United Nations, to name a few, then Fiji as a nation will be seen as the weak link in the global fight against money laundering.

### **Lessons learnt and the way forward**

Ladies and gentlemen, this brings me to my fourth and last point on why we need to work together on anti-money laundering issues.

You might already know that Fiji have a National AML Council that is established under the FTR Act. As the name suggest, the Council is an inter-agency committee that is responsible for policy advisory and coordination at national level. The Council has the highest level of representation from key government agencies that contribute to the AML initiatives whose members include:

1. the Permanent Secretary for the Ministry of Justice, as Chairperson;
2. the Director of the Financial Intelligence Unit;
3. the Governor of the Reserve Bank of Fiji;
4. the Director of Public Prosecutions;
5. the Commissioner of Police;
6. the Chief Executive Officer of the Fiji Islands Revenue and Customs Authority.

The Director of Immigration is also a co-opted Council member.

The work of the Council together with its 3 Working Groups has significantly enhanced the coordination between relevant agencies to ensure the prevention, detection, investigation and prosecution of money laundering and other similar serious offences in Fiji.

Ladies and gentleman, I believe that we have come a long way from investigating crimes in isolation. Our national coordination efforts have evolved significantly. Complex crime

investigations require the highest level of corporation and coordination, firstly, between government agencies and secondly with the private sector players.

I am told that the FIU has already built a strong networking with the Anti-Money Laundering Compliance Officers of financial institutions and businesses. The support and assistance that is being given by the private sector is of tremendous benefit and today I would like to acknowledge your contribution.

### **Conclusion**

Ladies and gentlemen, in conclusion, let me reiterate that we need to work together in protecting Fiji from money laundering. It is in all our best interest. And we have much to loose if we fail to do so.

This is also a clear message to the criminals.

As I look across the room, I see a wide representation of the financial and business sector. I also note the representation from the public sector agencies, including many law enforcement officials. This is very encouraging indeed. Thank you for your commitment to this cause.

I commend you for the effort that you all have made within your respective organizations and agencies to combat money laundering. For some of you this may have meant large financial investment in IT systems and changes to work processes.

I look forward to your continued support and cooperation in your efforts of protecting Fiji from money laundering.

Vinaka Vakalevu.

Thank you.

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