

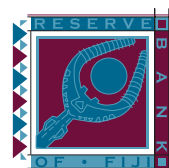
**FIJI FINANCIAL INTELLIGENCE UNIT**

**2014 ANNUAL REPORT**



**Fiji FIU**

Fiji Financial Intelligence Unit





**Fiji FIU**  
Fiji Financial Intelligence Unit



## OUR VISION

"Protecting Fiji from Money Laundering"

## OUR MISSION

**Our Mission is to:**

- 1 Strengthen our compliance with international FIU and Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) obligations;
- 2 Implement AML/CFT policies to ensure the safety and integrity of Fiji's financial system;
- 3 Implement an effective intelligence management framework;
- 4 Strengthen networking with our partners; and
- 5 Enhance operational governance and communication.

## OUR KEY STRATEGIC GOALS

**Our strategic goals for achieving the missions are:**

- 1 Regional FIU Leadership;
- 2 Global and Best AML/CFT Practices;
- 3 Risk-Based Approach to Implementation of AML/CFT Policies;
- 4 Effective Compliance Regime for Financial Institutions;
- 5 Effective Tactical and Strategic Analysis Processes;
- 6 Information Technology Based Intelligence and Case Management;
- 7 Engagement with our Partners;
- 8 Information and Intelligence Networking;
- 9 High Performance and Effective Team; and
- 10 Governance and Proactive Communication.



## TABLE OF CONTENTS

<b>1</b>	<b>FIU ROLE AND RESPONSIBILITIES</b>	<b>2</b>
<b>2</b>	<b>DIRECTOR'S FOREWORD</b>	<b>3</b>
<b>3</b>	<b>GOVERNANCE STRUCTURE</b>	<b>5</b>
<b>4</b>	<b>OUR ACHIEVEMENTS</b>	<b>6</b>
<b>a</b>	Analysis of Financial Information Received	6
<b>b</b>	Dissemination of Financial Intelligence	9
<b>c</b>	Supporting and Supervising Financial Institutions' Compliance	12
<b>d</b>	Domestic Coordination and Engagement	14
<b>e</b>	International Engagement and Contribution	16
<b>5</b>	<b>OPERATIONAL GOVERNANCE AND COMMUNICATION</b>	<b>19</b>
<b>6</b>	<b>NATIONAL ANTI - MONEY LAUNDERING (AML) COUNCIL</b>	<b>22</b>
<b>7</b>	<b>APPENDICES</b>	<b>26</b>
<b>8</b>	<b>SELECTED KEY STATISTICS 2010-2014</b>	<b>33</b>
<b>9</b>	<b>SELECTED KEY EVENTS IN 2014</b>	<b>34</b>

## TABLE OF CONTENTS

<b>1</b>	<b>OVERVIEW OF STRATEGIC ANALYSIS</b>	<b>36</b>
<b>2</b>	<b>SUSPICIOUS TRANSACTION REPORTS</b>	<b>37</b>
<b>3</b>	<b>CASH TRANSACTION REPORTS</b>	<b>44</b>
<b>4</b>	<b>ELECTRONIC FUND TRANSFER REPORTS</b>	<b>46</b>
<b>5</b>	<b>BORDER CURRENCY REPORTS</b>	<b>49</b>
<b>6</b>	<b>EMERGING AND CONTINUING MONEY LAUNDERING TRENDS</b>	<b>52</b>
<b>7</b>	<b>CASE STUDIES</b>	<b>53</b>
<b>8</b>	<b>GLOSSARY</b>	<b>62</b>

# 1 | FIU Role and Responsibilities

The Financial Intelligence Unit (FIU) is established under the Financial Transactions Reporting (FTR) Act. The role and functions of the FIU are provided under the FTR Act. The FIU is one of the leading agencies in Fiji that is primarily responsible for preventing and detecting money laundering and terrorist financing activities.

The FIU is also Fiji's anti-money laundering (AML) and combating the financing of terrorism (CFT) regulator and the lead agency on AML/CFT policy formulation, compliance and enforcement in Fiji.

The FTR Act and Regulations specifies a range of measures that financial institutions in Fiji must implement in order to prevent the use of Fiji's financial system from money laundering activities and other serious offences.

The vision of the FIU is to protect Fiji from money laundering. It achieves this vision through the following key functions:

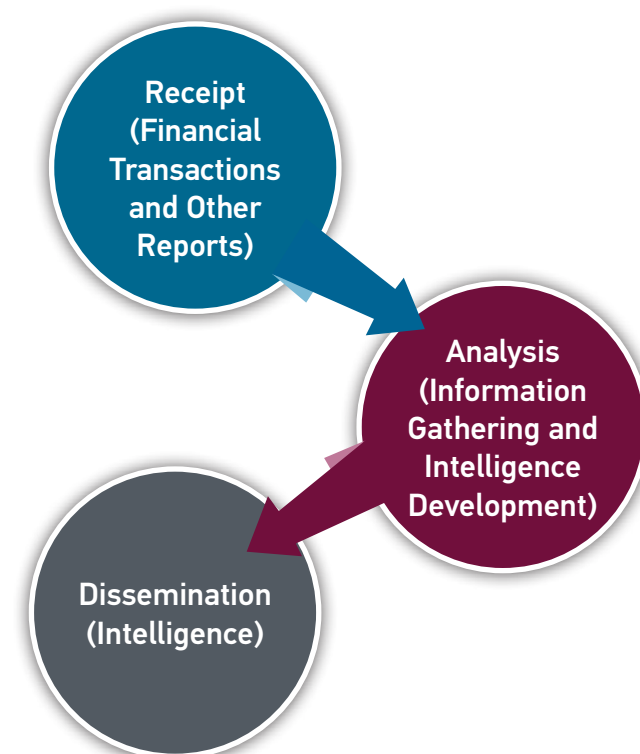
1. receive financial transactions and other information from financial institutions;
2. gather additional information from financial institutions, government and other stakeholder agencies;
3. analyse information;
4. develop intelligence;
5. refer intelligence and information of possible money laundering activities or other serious offences to appropriate law enforcement and regulatory agencies;
6. assist domestic and foreign law enforcement agencies in their investigation and prosecution of money laundering and other serious criminal activities;
7. develop AML/CFT policies, guidelines and advisories under the FTR Act;

8. enforce compliance by financial institutions with the requirements of the FTR Act;
9. provide education and training to its stakeholders;
10. lead and facilitate national coordination; and
11. maintain networking and information sharing with domestic and foreign partner stakeholders and agencies.

The FIU also plays an important role in international AML/CFT initiatives by contributing to global AML/CFT programs and policy discussions.

The FIU also does not have formal investigative powers to arrest and charge suspects or restrain properties. The FIU does not have a prosecutorial role. The FIU's role as a financial intelligence body in Fiji has become an integral part and contributor in successfully investigating and prosecuting money laundering, fraud and other crimes.

The National AML Council provides assistance to the FIU on broad AML policy and national coordination framework. The Reserve Bank of Fiji (RBF) provides funding and administrative support for the FIU's operations.



## 2 | Director's Foreword



I am pleased to present the 2014 Annual Report of the Financial Intelligence Unit.

The FIU continues to be the lead agency to combat money laundering and related serious crimes in Fiji. The major AML/CFT outputs in 2014 and strategic analysis reflects the demanding role the FIU plays in Fiji.

The FIU contributed to the following functional areas and operational network in 2014:

- ▶ Intelligence management;
- ▶ AML/CFT policy and training;
- ▶ Compliance by financial institutions and enforcement;
- ▶ Compliance with international standards;
- ▶ Domestic and international networking;
- ▶ Providing technical assistance and training; and
- ▶ FIU administration and operations.

### The 2014 Annual Report is divided into two parts:

- Annual report section; and
- Strategic analysis section.

The annual report section highlights key functional and operational outputs while the strategic analysis section highlights the underlying patterns and trends.

### The following is a summary of the FIU's outputs and performance for 2014:

- ▶ received and analysed 383 suspicious transaction reports;
- ▶ received 1,042,074 cash transaction reports;
- ▶ received 1,308,633 electronic fund transfers reports;
- ▶ managed 6.5 million financial transaction reports on our database;
- ▶ received 557 border currency reports;
- ▶ disseminated 241 intelligence reports to law enforcement agencies;
- ▶ issued seven Alert Notices to financial institutions on suspicious persons and entities;
- ▶ issued five Directives to financial institutions;
- ▶ handled 123 requests for investigative assistance from law enforcement agencies;
- ▶ handled 20 requests for due diligence and background checks from government agencies;
- ▶ provided AML and FTR Act training to 147 officers of financial institutions and 123 officers of law enforcement agencies;
- ▶ made 689 enquires and requests for further information from financial institutions;

- ▶ enrolled 113 officials at the National AML Computer Based Training Centre;
- ▶ provided secretariat support for the National AML Council and Working Groups;
- ▶ issued 32 ad-hoc policy advisories;
- ▶ conducted offsite compliance assessments of reporting and record keeping obligations of larger financial institutions;
- ▶ held two AML Compliance Officers Forum;
- ▶ registered 92 AML Compliance Officers of financial institutions (since 2006);
- ▶ managed 137 current authorised users of the FIU's online IT system; and
- ▶ signed Memorandum of Agreements (MOAs) with FIUs of three countries.

#### Regional & International Leadership:

The FIU continued to take regional leadership by providing IT technical assistance and short-term capacity building work attachments for new FIUs in the Pacific island countries. The FIU also led a high-level APG mission to Samoa and was a joint sponsor for Tonga FIU's membership application to the Egmont Group.

In 2014, I continued in my role as the co-chair of the APG typologies working group and represented the Pacific members in the APG steering group.

The FIU provided input to the key governance documents of the Egmont Group in 2014.

#### 2015:

The FIU's dependence on IT system and technology will be further strengthened in 2015 with the implementation of an intelligence case management system.

The FIU commenced work on two important national AML/CFT projects that are scheduled for 2015; the National Risk Assessment and the APG Mutual Evaluation.

The FIU will be taking new and more challenging roles in 2015, both at national and international levels, on Fiji's mutual evaluation and risk assessment projects and our increased participation in APG and Egmont Group leadership and governance functions.

I would like to thank the Governor and the Board of the Reserve Bank of Fiji for the financial and administrative support that was provided to the FIU in 2014.

I would like to also thank the Commissioner of Police and the Chief Executive Officer of the Fiji Revenue and Customs Authority (FRCA) for seconding their officers to the FIU.

I look forward to working more closely with our stakeholders in 2015 and in achieving our vision of "protecting Fiji from money laundering".



Razim Buksh  
Director

## 3 Governance Structure

### Statutory Agency

The FIU is an independent and administrative statutory agency of the Fijian Government. The powers, duties and functions of the FIU are clearly defined in the FTR Act.

The FIU was established in January 2006 under the FTR Act.

### Minister for Justice

The Minister for Justice is the line Minister responsible for the FTR Act.

Pursuant to section 23(3) of the FTR Act, the Minister is directly responsible for the performance of the Director of the FIU. The Minister is also responsible for appointing the Director of the FIU on the recommendation of the National AML Council.

### Governor of the Reserve Bank of Fiji

Pursuant to a ministerial delegation under the FTR Act, the Director of the FIU reports to the Governor of the RBF for the discharge of his powers, duties and functions provided under the FTR Act. Subsequent to this delegation and on the recommendation of the Governor, the Board of Directors of the RBF approved the organisation structure of the FIU.

### Director of the FIU

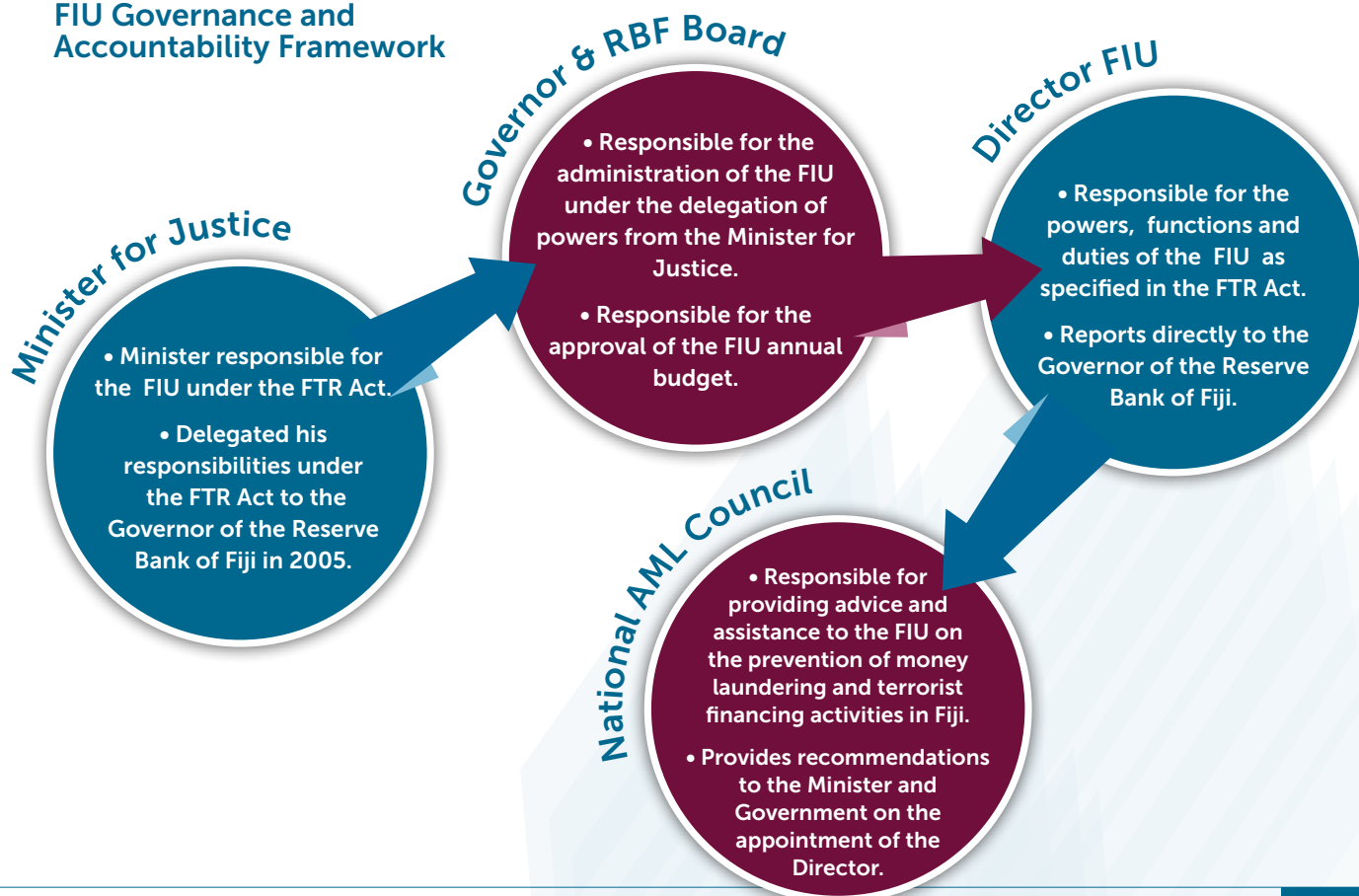
The Director of the FIU is responsible for exercising the powers, duties and functions of the FIU as specified in the FTR Act. The Director is responsible to the Minister for Justice or such other person as the Minister may appoint, in the performance of his duties. Following the Minister's delegation of his responsibility in 2005, the Director is now directly responsible to the Governor of the RBF in the performance of his duties. The Director is a member of the National AML Council. He is also the advisor to the Minister and the Governor on matters relating to combating money laundering, terrorist financing and related offences in Fiji.

### Accountability to the Governor

The FIU's administrative processes and procedures are linked to that of the RBF. Therefore, the FIU complies with the corporate planning, budgeting, policies and processes of the RBF. The FIU's annual work plan and budget are presented to the Governor and the RBF Board for their approval in November of the previous year.

The Director FIU provides monthly reports to the Governor of the RBF on the FIU's performance and achievement of work plan targets. The Director of the FIU also provides regular progress updates to the National AML Council, Governor and Board of the RBF on key FIU outputs.

### FIU Governance and Accountability Framework



## 4 Our Achievements

### a. Analysis of Financial Information Received

A key function of the FIU is to analyse reports of financial transactions that it receives from financial institutions and other agencies in Fiji.

In 2014, the FIU received a total of 2,351,647 financial transaction and other reports. These reports consisted of suspicious transaction reports (STR); cash transaction reports (CTR); electronic fund transfer reports (EFTR) and border currency reports (BCR).

#### Financial Transaction Reports Received

	2010	2011	2012	2013	2014
STR	629	728	579	522	383
CTR	133,487	144,191	200,404	380,430	1,042,074
EFTR	315,634	450,849	830,959	1,147,728	1,308,633
BCR	223	194	477	459	557
<b>Total</b>	<b>449,973</b>	<b>595,962</b>	<b>1,032,419</b>	<b>1,529,139</b>	<b>2,351,647</b>
<b>Monthly Total Average</b>	<b>37,498</b>	<b>49,663</b>	<b>86,035</b>	<b>127,428</b>	<b>195,971</b>

Source: Fiji FIU

Highlights of financial reports received by the FIU in 2014 are provided below. Strategic analysis of financial reports received during 2014 is provided in the strategic analysis section of this Annual Report.

#### Suspicious Transaction Reports

The FIU received 383 STRs in 2014 or an average of around 32 STRs per month. This reflects a decrease of 26 percent compared to 522 STRs reported to the FIU in 2013.

#### Suspicious Transactions Reported

Number of STRs



Source: Fiji FIU

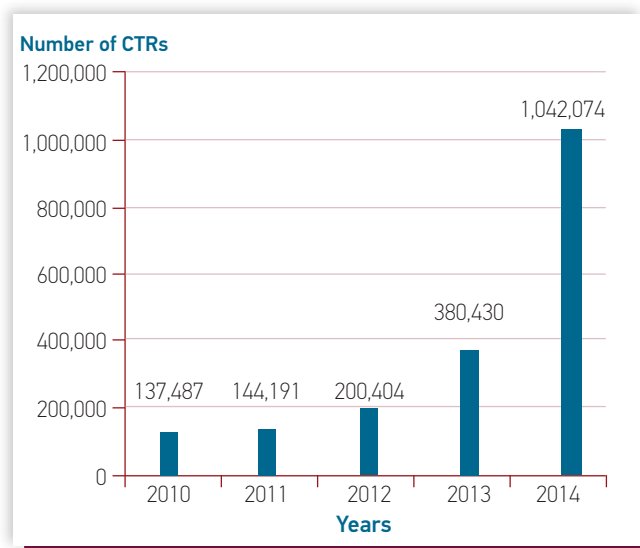
*Financial institutions are required under section 14 of the FTR Act and section 24 of the FTR Regulations to report suspicious transactions to the FIU. A suspicious transaction is a transaction or attempted transaction which a financial institution has reasonable grounds to suspect may be related to a "serious offence, a money laundering offence or an offence of the financing of terrorism".*



### Cash Transaction Reports

The FIU received 1,042,074 CTRs in 2014 or an average of around 86,840 CTRs per month. This is an increase of 174 percent compared to 380,430 CTRs received in 2013. The increase in CTRs received is due to submission of backdated reports during 2014 as part of FIU's reporting compliance and data quality project.

#### Cash Transactions Reported



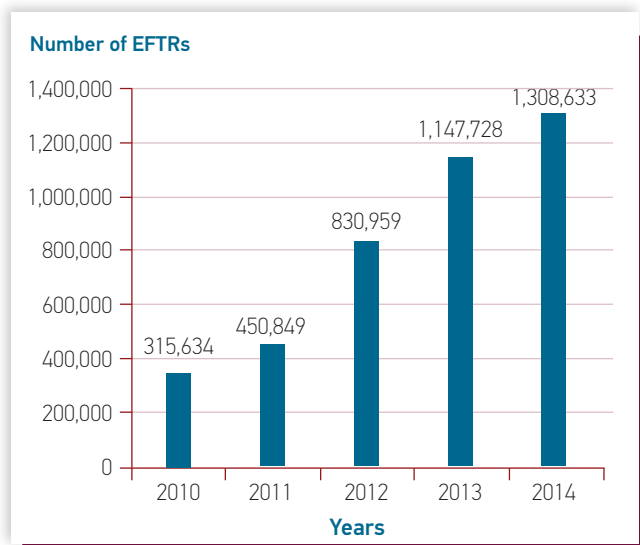
Source: Fiji FIU

*Financial institutions are required under section 13(1) of the FTR Act and section 25 of the FTR Regulations to report to the FIU any cash transaction of \$10,000 and above or its equivalent in foreign currency. Cash includes coins or paper money, bank drafts, bank cheques, bearer bonds, travelers cheques, postal notes and money orders.*

### Electronic Fund Transfer Reports

The FIU received 1,308,633 EFTRs in 2014 or an average of around 109,053 per month. This is an increase of 14 percent compared to 1,147,728 EFTRs received in 2013. The increase in EFTRs received is due to submission of backdated reports during 2014 as part of FIU's reporting compliance and data quality project.

#### Electronic Fund Transfer Reported



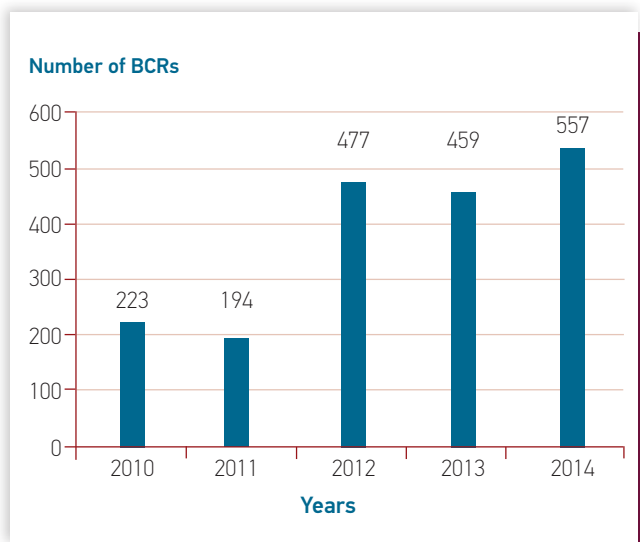
Source: Fiji FIU

*Commercial banks and remittance service providers are required under section 13(2) of the FTR Act and section 26 of the FTR Regulations to report to the FIU all international electronic fund transfer transactions. There is no monetary threshold for electronic fund transfer reports.*

## Border Currency Reports

In 2014, the FIU received 557 BCRs. This is an increase of 20 percent compared to 459 BCRs received in 2013. Furthermore there were more declarations made by outbound travellers compared to inbound travellers.

### Border Currency Declarations



*Persons travelling into or out of Fiji are required under section 32 of the FTR Act to declare if they are carrying currency or negotiable bearer instruments of \$10,000 or more (or its equivalent in foreign currency).*

Source: Fiji FIU

### BCR Declarations by Direction of Travel

Persons Declaring	2010	2011	2012	2013	2014
Declarations made by inbound travellers	119	93	117	141	231
Declarations made by outbound travellers	104	101	360	318	326
<b>Total</b>	<b>223</b>	<b>194</b>	<b>477</b>	<b>459</b>	<b>557</b>

Source: Fiji FIU

A major part of the FIU's analysis is conducted on STRs received. The FIU uses tactical analysis procedures as set out in its operating procedures to analyse these STRs and develop intelligence of possible money laundering or other serious offences.

Other reports received by the FIU such as the CTRs and EFTRS while not analysed in detail, provide critical information which is used to analyse STRs. During 2014, the FIU continued to use FFIMSO in its intelligence processes. The FIU used its Alert and Monitoring System (AMS) which monitors all financial transaction reports maintained on the FFIMSO database for suspicious transactions. The FIU also continued to use a Data Mining System (DMS) to analyse financial transaction data captured in the FFIMSO database. The DMS identifies links, relationships and patterns of suspicious financial activities. The AMS and DMS identified and reported suspicious transactions in weekly and daily reports to FIU Analysts for their further

analysis.

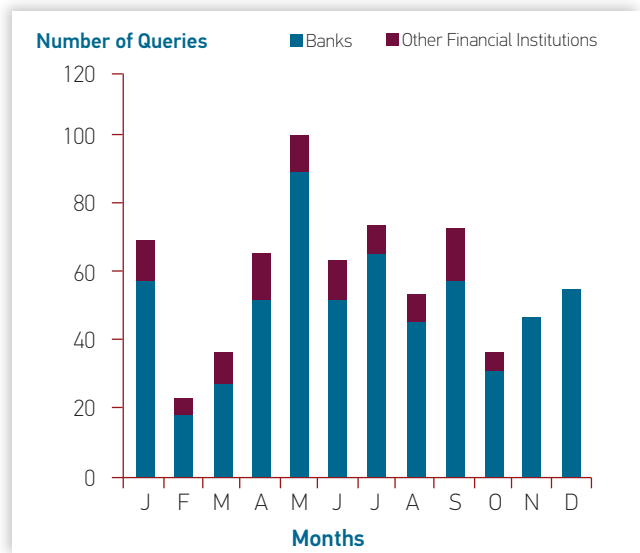
The BCRs are collected by FRCA and sent to the FIU for data mining and analysis for possible currency smuggling, money laundering and related criminal offences.

### FIU Enquiries with Financial Institutions

As part of its analysis process, the FIU makes enquiries with financial institutions. The queries are aimed at developing further intelligence on information already provided on the STRs. FIU queries may be also in relation to an ongoing investigation of money laundering offence or proceeds of crime case. The FIU has powers to obtain information from relevant financial institutions under section 14(3) and section 25(1)(h) of the FTR Act.

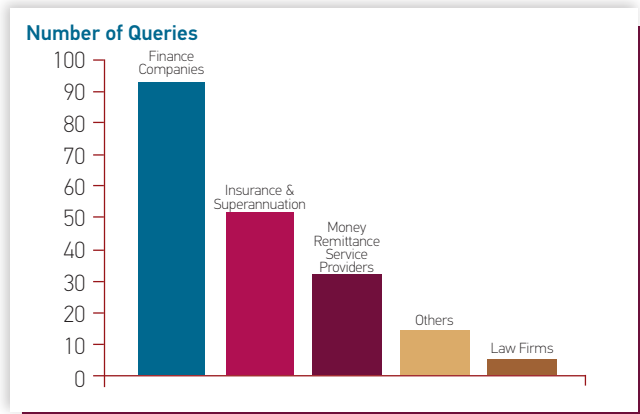
In 2014, a total of 689 queries for further information were made by FIU to commercial banks (86 percent) and other financial institutions (14 percent).

### Monthly FIU Queries to Financial Institutions 2014



Source: Fiji FIU

### FIU Queries to Financial Institutions (Excluding Commercial Banks) 2014

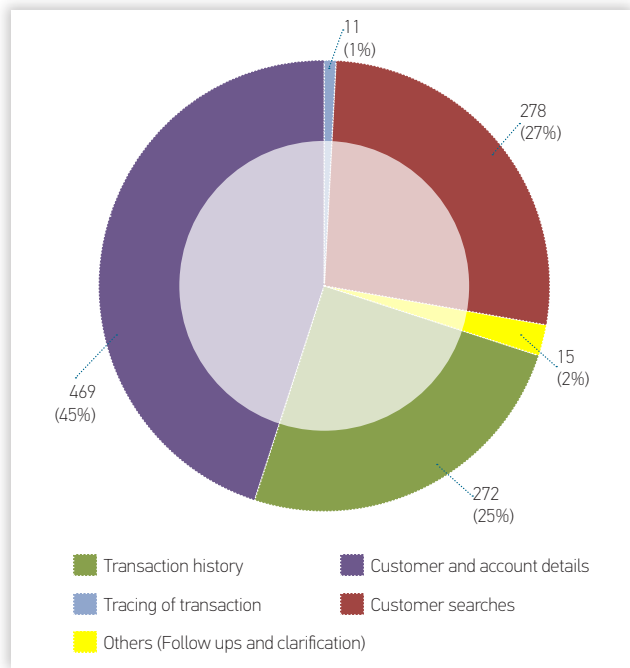


Source: Fiji FIU

The queries sent to financial institutions included requests for:

- customers' transaction history;
- customer identification details;
- customer account details;
- copies of documents such as identification documents;
- customer transaction queries; and
- follow ups and clarifications.

### Nature of FIU Queries to Financial Institutions 2014



Source: Fiji FIU

## b. Dissemination of Financial Intelligence

### Intelligence Reports to Law Enforcement Agencies

Disseminating financial intelligence to law enforcement agencies is a core function of the FIU. This financial intelligence enables our law enforcement partners to investigate predicate crimes, money laundering and terrorist financing activities. Furthermore, it provides a basis for prosecution of persons where necessary.

The FIU's intelligence reports also provide profiling of suspected proceeds of crime and proceeds linked to tax evasion.

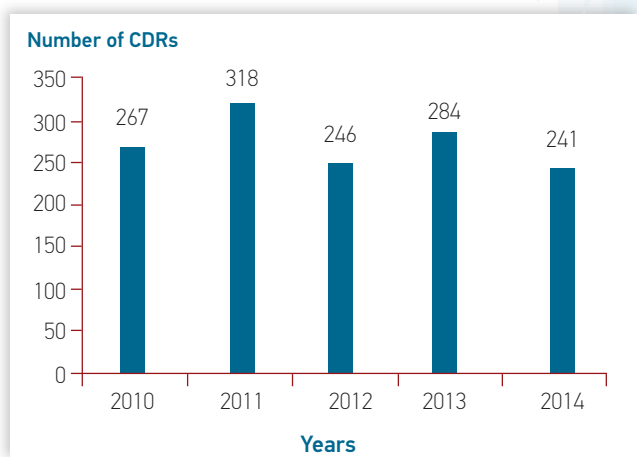
The FIU analyses suspicious transactions and other financial transaction information to develop intelligence.

The results of the FIU's analysis of STRs are disseminated to relevant law enforcement agencies in a case dissemination report (CDR). In 2014, 241 CDRs were referred to law enforcement agencies compared to 284 CDRs in 2013.<sup>1</sup>

The CDRs were developed from reports of suspicious transactions received from 2011 to 2014.

<sup>1</sup>Due to strict confidentiality requirements, this annual report does not discuss details of cases currently being investigated or prosecuted as a result of the FIU's intelligence. Cases that involved proceeds of crime that were subject to monitoring, restraining, confiscation or forfeiture orders as a result of FIU's intelligence are also not mentioned in this report. Convictions of money laundering and proceeds of crime cases have been published as case studies and have been included in the FIU strategic analysis report.

## Case Dissemination Reports 2010-2014



Source: Fiji FIU

## Case Dissemination Reports to Law Enforcement Agencies

Law Enforcement Agency & Reason for Dissemination	2010	2011	2012	2013	2014
<b>FRCA - Inland Revenue Services</b> Possible violations under the Income Tax Act and VAT Decree.	125	195	168	176	155
<b>Fiji Police Force</b> Possible violations under the Proceeds of Crime Act and serious offences under the Crimes Decree.	44	89	61	58	43
<b>Immigration Department</b> Possible violations under the Immigration Act and Passport Act.	1	6	4	0	1
<b>FRCA - Customs Division</b> Possible violations under the Customs Act.	0	4	0	19	6

Law Enforcement Agency & Reason for Dissemination	2010	2011	2012	2013	2014
<b>Transnational Crime Unit</b> Possible criminal involvement of foreign individuals and business entities; involvement of regional or international organised crimes.	83	15	8	9	26
<b>Others<sup>2</sup> RBF</b> Possible violations under the Exchange Control Act.	14	9	5	22	10
<b>Foreign Law Enforcement Agencies</b>					
<b>Total</b>	<b>267</b>	<b>318</b>	<b>246</b>	<b>284</b>	<b>241</b>

Source: Fiji FIU

As in previous years, majority (67 percent) of the CDRs in 2014 were disseminated to FRCA. Intelligence that is developed from a single STR is sent in some instances to more than one law enforcement agency as it may involve suspected violations of various laws.

The FIU also, after detailed analysis, filed away 587 STRs during 2014 for future intelligence references compared to 673 STRs in 2013. STRs are filed away for future intelligence references and analysis, if after analysis and intelligence gathering, the FIU is able to reasonably conclude that the transaction or information does not involve a money laundering or other serious offence.

## Alert Notices to Financial Institutions

From time to time, the FIU may need to disseminate alerts or directives to financial institutions in relation to information it has received under the FTR Act.

The FIU issues Alert Notices to financial institutions, in order to protect the financial system from being used by adversely reported individuals and business entities. An Alert Notice contains information on adversely reported individuals and/or business entities that require enhanced due diligence and scrutiny by financial institutions.

<sup>2</sup>Other Law Enforcement Agencies include the Reserve Bank of Fiji and foreign law enforcement agencies.



Due to the sensitivity and confidentiality of the Alert Notice, financial institutions are advised to circulate the Alert Notices internally with caution.

There were seven such Alert Notices issued by the FIU in 2014.

The Alert Notices issued in 2014 related to remittances to high risk countries and individuals suspected to be linked to possible advance fee fraud, adversely reported individuals involved in a migration scam, criminal modus operandi trends and FATF statements made against Iran and Democratic People's Republic of Korea.

#### Alert Notices Issued in 2014

Date	Alert Notice Number	Issued To	Details
28 March	1/2014	Commercial banks and money remittance service providers	Remittances to high risk countries – possible advance fee fraud
5 June	2/2014	Commercial banks and money remittance service providers	Alert on Suspicious Individuals
16 June	3/2014	Commercial banks and money remittance service providers	Possible Advance Fee Fraud
7 August	4/2014	Commercial banks and money remittance service providers	FATF statement against Iran
7 August	5/2014	Commercial banks and money remittance service providers	FATF statement against Democratic People's Republic of Korea
11 August	6/2014	Commercial banks and money remittance service providers	Email spoofing of local businesses
5 November	7/2014	Commercial banks	Computer virus targeting Automated Teller Machines (ATMs)

Source: Fiji FIU

#### Directives to Financial Institutions

The FIU has powers under section 25 (1) (h) of the FTR Act to issue directives to financial institutions to take appropriate steps in relation to any information or report received by the FIU and to enforce compliance with the FTR Act or facilitate any investigation anticipated by the FIU or a law enforcement agency.

The FIU issued five such directives in 2014 to financial institutions. The directives issued in 2014 related to the following:

- undertaking enhanced due diligence on customers;
- establishing source of funds;

- ascertain the ultimate destination of any subsequent withdrawal transaction(s);
- identify any third party transactions; and
- seek approval in writing of the FIU before proceeding with any transaction(s).

The FIU also uses directives to temporarily suspend a transaction until the customer provides all necessary information to the financial institution as stipulated in the directive, consistent with the customer due diligence requirements under the FTR Act and Regulations.

#### Directives Issued in 2014

Date	Instruction Notice Reference	Issued To	Details
4 June	1/2014	Commercial banks	<ul style="list-style-type: none"> <li>Undertake enhanced due diligence on customers</li> <li>Establishing source of funds</li> <li>Ascertain the ultimate destination of any subsequent withdrawal transactions</li> <li>Identify any third party transactions</li> <li>Seek FIU approval in writing before proceeding with any withdrawal transactions</li> </ul>
8 August	2/2014	Commercial banks	
12 August	3/2014	Commercial banks	
16 December	4/2014	Commercial banks	
29 December	5/2014	Commercial banks	

Source: Fiji FIU

#### Investigative Assistance Provided to Law Enforcement Agencies

The FIU also disseminates intelligence to law enforcement agencies upon request. The request for assistance from the law enforcement agencies are received in writing and are related to investigations of suspected money laundering activities and other predicate offences such as forgery and fraud, drug trafficking/dealing, human trafficking, obtaining money by false pretences, larceny and corruption.

The requests may also be related to investigations initiated by a FIU CDR disseminated to a law enforcement agency.

The FIU received a total of 123 requests in 2014 compared to 160 requests in 2013 from local law enforcement agencies (such as the Fiji Police Force, Transnational Crime Unit and FRCA) and foreign FIUs.

The FIU also assists law enforcement agencies in their investigations by facilitating the process to trace and temporarily freeze or suspend suspected proceeds of crime and criminal funds that is suspected to be transacted or held within financial institutions and to also ensure that the funds are immediately secured while the formal investigations into the suspected criminal activity is underway. During 2014, the FIU also was a part of an

investigation taskforce led by the Fiji Police Force. The FIU provided ongoing financial intelligence to this investigation to enable the tracing of proceeds of crime.

#### Requests for Investigative Assistance in 2014

Requesting Agency	Number of Requests	Number of Checks on Entities	Number of Checks on Individuals
Department of Immigration	1	1	1
FICAC	17	8	64
Fiji Police Force	45	21	131
Foreign FIUs	7	423	81
FRCA	48	23	24
Reserve Bank of Fiji	2	0	11
Others	3	3	7
<b>Total</b>	<b>123</b>	<b>479</b>	<b>319</b>

Source: Fiji FIU

#### Dissemination of Information to Foreign FIUs

The FIU receives requests for information from foreign FIUs. In 2014, the FIU received seven requests from foreign FIUs through the Egmont Group secure web network and other formal communication.

#### Due Diligence

The FIU provides assistance to conduct background and due diligence checks on individuals and entities upon a request made in writing from a Government department or authority. Requesting agencies are required to complete the FIU request form and provide relevant details on the individuals and businesses that are under scrutiny.

In 2014, the FIU received 20 requests for background and credibility checks compared to 46 requests in 2013. This is a 57 percent decline from the previous year. The checks were conducted on 37 entities and 24 individuals.

#### Requests for Background Checks from National Agencies in 2014

Requesting Agency	Number of Requests	Number of Checks on Entities	Number of Checks on Individuals
Attorney General's Office/ Ministry of Justice	2	6	2
Government Shipping Services	1	1	0
Investment Fiji	2	3	3
Ministry of Agriculture	1	1	1
Ministry of Defence, National Security & Immigration	3	5	3
Ministry of Foreign Affairs & International Co-operation	2	7	7
Ministry of Lands	1	0	1
Ministry of Local Government	1	1	0
Reserve Bank of Fiji	7	13	7
<b>Total</b>	<b>20</b>	<b>37</b>	<b>24</b>

Source: Fiji FIU

### c. Supporting and Supervising Financial Institutions' Compliance

The FIU promoted the risk based implementation of the FTR Act and provided guidance to financial institutions to comply through issuance of policies and provision of training.

The requirements in the FTR Act are based on international AML/CFT standards, the Financial Action Taskforce (FATF) Recommendations.

Entities and businesses that are required to comply with the requirements of the FTR Act include:

- financial institutions such as, commercial banks, insurance companies and intermediaries, finance companies, money remitters, money changers, investment advisors, brokers and dealers, unit trust or managed funds, mobile phone banking service providers; and
- other designated non-financial businesses and professions such as; accounting firms, law firms, real estate agents or businesses.

All entities and businesses that are covered by the FTR Act are referred to as "financial institutions" under the law.



#### AML Guidelines & Policy Advisories

The FIU continued to work closely with financial institutions during 2014 to implement the requirements of the FTR Act and Regulations. These requirements aim to prevent or detect money laundering and terrorist financing activities within Fiji's financial system.

The FIU provides financial institutions with advice and guidance on the requirements under the FTR Act and Regulations. These advisories and guidelines are aimed at helping financial institutions gain a better understanding of their obligations under the laws.

Appendix 1 lists all the Guidelines issued by the FIU to date. These Guidelines provide detailed guidance on the requirements under the FTR Act relating to suspicious transaction reporting, cash transaction reporting and customer identification and verification.

The FIU also contributed towards the RBF's AML policy guideline for licensed commercial banks which was issued in November 2014.

Appendix 2 lists all the Policy Advisories issued to date by the FIU. These Policy Advisories address very specific issues relating to the FTR Act.

The FIU also provides policy advice on an ad-hoc basis, as and when requested by financial institutions. In 2014, the FIU issued 32 ad-hoc policy advisories explaining various requirements of the FTR Act and Regulations. The majority (14) of the ad-hoc policy advisories related to the customer due diligence requirements of the law.

#### Ad-hoc Policy Advisories Issued by FIU 2014

Nature of Advisory	Number Ad-hoc Advisories Issued
Customer Due Diligence Requirements	14
Transaction Reporting Requirements	12
Other Issues (FIU Alert Notices, role of compliance officer, AML developments)	6
<b>Total</b>	<b>32</b>

Source: Fiji FIU

During the year, the FIU held consultations with various financial institutions individually and collectively as part of the AML Compliance Officers' Forums to clarify AML/CFT policy issues and requirements of the FTR Act. These consultations were important to promote a proper and common understanding and risk based implementation of the AML/CFT requirements.

The FIU also organised two forums for the AML Compliance Officers of commercial banks, foreign exchange dealers and mobile phone banking companies. These forums were aimed at briefing the AML Compliance Officers on key policy issues, STR indicators and recent money laundering cases. A briefing was also held for new AML Compliance Officers to brief them on their role under the FTR Act.

#### Supervision of Financial Institutions for Compliance with the FTR Act

The FIU and RBF are required under the FTR Act to supervise and ensure that financial institutions are compliant with the FTR Act and Regulations.

During 2014, the FIU continued with its compliance program on section 8 (record keeping requirements) and section 13 (reporting requirements) of the FTR Act. This included offsite examination and review of electronic online reporting and record keeping obligations by larger financial institutions in Fiji. The FIU also conducted offsite assessments of financial institutions' compliance with

reporting requirements using its alert monitoring system.

During the year, the FIU issued caution letters to three financial institutions regarding compliance issues.

The FIU provided policy advice to RBF supervisors as and when needed on compliance issues.

#### Training and Awareness Programs for Financial Institutions

In 2014, the FIU provided training to financial institutions which was attended by 147 employees. The training covered the financial institutions' obligations under the FTR Act and Regulations to report suspicious transactions.

The FIU also presented at a professional development organised by the Fiji Institute of Accountants Seminar on the new international AML standards and its impact on private sector financial institutions. The Director FIU was also invited to present at a symposium organised by the University of Fiji and Fiji Law Society on the topic "Unmasking Corporate Secrecy in Transnational Financial Crime."

#### National AML Learning Centre

The FIU continued to manage and provide administrative support for the National AML Learning Centre during 2014. The Centre provides computer based courses on money laundering and other topics such as; human trafficking, precursor chemicals, advanced search techniques, dealing with informants, undercover operations, financial interviewing, interdiction techniques, risk management and understanding intelligence.

The computer based courses available at the Centre have been developed by the United Nations Office on Drugs and Crime using subject experts from around the world.

A total of 113 officials from various government agencies and financial institutions enrolled for courses at the Centre during 2014. Some officials had enrolled in more than one course.

74 officials completed courses at the Centre during 2014. Some officials completed more than one course.

#### CBT Courses Completed

CBT Course Completed	2010	2011	2012	2013	2014	Total
Money Laundering Course	12	27	13	11	72	135
Advanced Money Laundering Course	4	12	10	5	13	44
Other Courses	6	20	16	6	7	55
<b>Total</b>	<b>22</b>	<b>59</b>	<b>39</b>	<b>22</b>	<b>92</b>	<b>234</b>

Source: Fiji FIU

At the end of 2014, a total of 163 officers have completed the specialised courses at the Centre since it was established in 2010.

### Number of Official Completed Courses

Year	2010	2011	2012	2013	2014	Total
Number of Officials	13	47	18	11	74	163

Source: Fiji FIU

## d. Domestic Coordination and Engagement

### National AML Council

The FIU continued to provide secretarial support for the National AML Council and its three AML Working Groups (Legal Working Group, Supervisors & Regulators Working Group and Law Enforcement Working Group).

The National AML Council held two meetings during 2014 and its work was supported by the three AML Working Groups (Refer to section on National AML Council for more information).

The Director FIU is a member of the National AML Council and participated in the Council's activities for 2014. Other FIU staff also actively contributed to the work of the AML Working Groups.

Key initiatives for the National AML Council in 2014 were the arrangements for a national risk assessment for Fiji. The FIU provided advice and support to the Council in its deliberations and decision to hold a national risk assessment in early 2015.

The FIU also advised the National AML Council on preparations for Fiji's mutual evaluation to be held in 2015. The FIU liaised with the APG on behalf of the Council on finalisation of arrangements for the mutual evaluation.

Fiji was initially scheduled for the mutual evaluation in 2014, however, at the request of the Fijian Government, the APG agreed to reschedule the mutual evaluation to 2015 due to the 2014 national general elections.

The FIU worked closely with the National AML Council on Fiji's 2014 Detailed Progress Report (DPR) to the APG. The DPR provides an annual update on Fiji's progress on compliance with the recommendations of the 2006 Mutual Evaluation Report by the World Bank.

One of the projects undertaken by the Law Enforcement Working Group was the development of standard operating procedures for the implementation of the BCR requirements. The FIU held networking meetings with Customs officials to discuss and finalise this procedure.

### Memorandum of Agreement with Partner Agencies

The FTR Act provides the FIU with the mandate to enter into MOAs with other agencies. The MOAs allows the FIU to exchange information and enhance networking and cooperation with domestic partner agencies.

The FIU continued with its MOA arrangements with partner agencies during 2014. Also in 2014, the FIU signed revised MOAs with FRCA and the Fiji Police Force which allows authorised officers from these two agencies to directly access the FIU's IT system for their investigation.

Under the new arrangement, authorised FRCA and Police officers will be able to access FIU database that stores millions of crucial information on persons, entities, and transactions involved in suspicious transactions, \$10,000 cash transactions, international remittance transactions and border currency declarations.

Information will be exchanged using a secure information technology platform within the FIU and all information that will be exchanged will be treated with strict confidentiality as provided under tax and customs laws, the FTR Act and in accordance with the MOA.

FRCA and the Fiji Police are the biggest beneficiaries of the FIUs intelligence reports. This type of direct information sharing arrangement will further strengthen and streamline cooperation and information exchange with the FIU's key partner agencies.

The FIU also signed a MOA with the RBF which allows information sharing and networking in relation to supervision of financial institutions for compliance with the FTR Act and other related areas.



*Razim Buksh, Director FIU with Barry Whiteside, Governor of the RBF after signing of MOA*

To date the FIU has signed MOAs with 10 domestic partner agencies.

Three officers from the FIU's partner agencies continued to be seconded with the FIU during 2014 as provided under the MOA arrangement. Two of the seconded officers are from FRCA and one officer is from the Fiji Police Force.



### MOAs with Domestic Partner Agencies

Agency	Date MOA Signed	Type of MOA
Immigration Department	12 July 2007	Information exchange
Fiji Revenue and Customs Authority	28 November 2007	Information exchange and secondment of two staff with the FIU
	12 September 2014 (amendment)	Direct access to FIU database
Fiji Police Force	24 January 2008	Information exchange and secondment of a staff with the FIU
	11 December 2014 (amendment)	Direct access to FIU database
Investment Fiji	13 June 2008	Information exchange
Ministry of Justice	3 July 2008	Information exchange
Land Transport Authority	5 October 2009	Information exchange
Fiji Independent Commission Against Corruption	3 November 2009	Information exchange
Data Bureau Ltd	18 December 2009	Information exchange
Joint Taskforce RBF/FRCA/FIU	14 April 2010	Information exchange
Maritime Safety Authority of Fiji	16 August 2012	Information exchange
Reserve Bank of Fiji	17 April 2014	Information exchange

Source: Fiji FIU

### NCLASA

The Director of the FIU is a member of the National Combined Law and Security Agencies (NCLASA) Committee. NCLASA is Fiji's national information sharing framework on security issues with the Ministry of Defence as the epicentre. The NCLASA was endorsed by Cabinet in 2011.

The NCLASA framework is to inevitably provide appropriate responses to the security challenges, domestically and internationally and to create a conducive environment for co-operation and information sharing between members.

The NCLASA MOA was signed by approximately 38 agency members of whom the FIU was a signatory.

The Director participated in the meetings and deliberation of NCLASA during the year.

### Counter Terrorism Officials Working Group

The FIU is a member of the Counter Terrorism Officials Working Group (CTOG), a national Working Group which is responsible for developing and implementing Fiji's counter terrorism strategy. During 2014, the FIU continued to contribute to the meetings and work of CTOG.

### Reserve Bank of Fiji e-Money Taskforce

The FIU is a member of the RBF e-Money Taskforce. The Taskforce is responsible for overseeing the development of the mobile phone banking sector in Fiji. The FIU participated in the meetings and activities of the e-Money Taskforce in 2014.

### Reserve Bank of Fiji Financial System Development Plan Committee

The FIU is also a member of the RBF's Financial System Development Plan Committee which is developing a financial system development plan for Fiji. The FIU attended and participated in the meetings of this Committee during 2014.

### Training and Awareness Programs for Law Enforcement Agencies

The FIU continued to provide training and awareness briefings to law enforcement agencies during the year on money laundering and the role and functions of the FIU. A total of 123 law enforcement officials attended these training sessions.

### FIU Training Provided to Law Enforcement Agencies in 2014

Date	Particular of Training	Participating Agencies	Number of Participants
1 August	Role of FIU	Fiji Police Force	25
21 August	Terrorism Financing and Money Laundering	Fiji Police Force	21
31 October	FTR Act and Measures to Assist in Proceed of Crime Matters	Office of the Director of Public Prosecution	52
28 November	Unexplained Wealth Provisions	Fiji Police Force	25
<b>Total</b>			<b>123</b>

Source: Fiji FIU

## e. International Engagement and Contributions

### Memorandum of Agreements with Foreign FIUs

Engaging with foreign counterparts is important for the FIU. The FIU may enter into MOAs with foreign FIUs or law enforcement agencies for the exchange of information relevant to the investigation or prosecution of a money laundering offence, terrorist financing offence or any other serious offence.

In 2014, the FIU signed MOAs with three foreign FIUs namely the Lebanon Special Investigation Commission, India FIU and United Kingdom FIU. The MOA with United Kingdom FIU was a revision to the previous MOA signed in 2011. The Fiji FIU has signed MOAs with 25 foreign FIUs to date.

#### MOAs with Foreign FIUs

Country	Name of FIU	Date
Australia	Australian Transactions Reports and Analysis Centre	19 May 2011
Belgium	Financial Intelligence Unit	3 September 2012
Brazil	Council for Financial Activities Control	3 July 2013
Canada	Financial Transactions and Reports Analysis Centre of Canada	12 July 2011
Cook Islands	Cook Islands FIU	21 July 2011
France	The Unit for Intelligence Processing and Action Against Illicit Financial Networks	12 July 2011
India	India FIU	5 June 2014
Indonesia	Indonesian Financial Transaction Reports and Analysis Center	10 July 2009
Israel	Israel Money Laundering Prohibition Authority	6 February 2013
Korea	Korea FIU	6 May 2011
Lebanon	Special Investigation Commission	5 June 2014
Macau SAR China	Financial Intelligence Office	6 and 13 March 2012
Malaysia	Unit Perisikan Kewangan, Bank Negara Malaysia	3 February 2010
Philippines	The Anti-Money Laundering Council, The Financial Intelligence Unit of the Republic of the Philippines	13 July 2011
Papua New Guinea	Papua New Guinea FIU	8 December 2011
Samoa	Samoa FIU	8 March 2013

Solomon Islands	Solomon Islands FIU	12 July 2011
South Africa	Financial Intelligence Centre	11 July 2012
Sri Lanka	Financial Intelligence Unit of Central Bank of Sri Lanka	21 July 2011
Republic of China (Taiwan)	Anti-Money Laundering Division, Investigation Bureau, Ministry of Justice	10 July 2012
Russia	Federal Financial Monitoring Service (Russian Federation)	28 June 2013
Thailand	The AML Office of the Kingdom of Thailand	25 October 2011
United Kingdom	The Serious Organised Crime Agency	12 July 2011
	United Kingdom FIU	5 June 2014 (Amendment)
United States of America	The Financial Crimes Enforcement Network	12 July 2011
Vanuatu	Vanuatu FIU	8 March 2013

Source: Fiji FIU



*Signing of MOA with India FIU and Lebanon Special Investigation Commission*



### Association of Pacific Island FIUs

The Association of Pacific Island FIUs (APIFIU) was established in 2011 and currently has 12 FIUs as its members. The APIFIU members are the FIUs of Cook Islands, Fiji, Kiribati, Nauru, Niue, Palau, Papua New Guinea, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga and Vanuatu. The FIU continued to play an active role in the activities of APIFIU and participated in its meeting during the year.

The Fiji FIU is committed to supporting the development of regional FIUs. To this end, the FIU provided a one week work attachment during 2014 for officers from the FIUs of the Solomon Islands and Federated State of Micronesia. The attachment program covered the areas of policy, compliance, intelligence management and national and international coordination.



*Staff from the FIUs of the Solomon Islands and Federated States of Micronesia on work attachment with the Fiji FIU*

Another key contribution for the FIU during 2014 was the continued technical assistance provided to the Cook Islands FIU on their information management system. This project included visits by the Fiji FIU IT Systems Officer to the Cook Islands FIU and a subsequent visit by an officer from the Cook Islands FIU to the Fiji FIU under this project. This project commenced in 2013 and is expected to be completed in 2015.

During 2014, the FIU sponsored the application by the Tonga FIU to be a member of the Egmont Group of FIUs. The sponsorship arrangement involved reviewing Tonga's AML/CFT laws and framework together with an onsite visit to the Tonga FIU.

The FIU also provided advice during the year to regional FIUs on various aspects of Fiji's AML/CFT framework.



*APG Mission to Samoa led by Director Fiji FIU*



*Walter Henry of the Cook Islands FIU with Fiji FIU staff*

### Asia Pacific Group on Money Laundering

The APG is an autonomous and collaborative international organisation currently comprising 41 member countries. Fiji has been a member of the APG since it was established in 1997 and continued to participate actively in its activities. Key APG activities in which the FIU participated in and contributed to during 2014 included:

- i. attended the APG Annual Plenary Meeting held in Macao, China;
- ii. led a high-level APG mission to Samoa;
- iii. participated in the APG mutual evaluation follow up review team of an APG member;
- iv. participated as a member of the APG assessment team for the mutual evaluation of an APG member;
- v. participated in various APG surveys and contributed to discussion papers;
- vi. attended the FATF/APG Joint Experts Meeting on Typologies; and
- vii. facilitated a Pacific Fraud and Money Laundering Typologies project.

During the FATF/APG Joint Experts Meeting on Typologies, the Director of the FIU co-chaired the APG Typologies Working Group, as well as the technical seminar on AML/CFT and New Technologies: Understanding Cybercrime.

The focus of this meeting was on typologies aided by practical technical discussions and information sharing by the member countries. The first component of the FATF/APG Joint Experts Meeting on Typologies focused on three concurrent workshop topics:

- Transparency of Beneficial Ownership;
- Third Party Money Laundering; and
- Trade-Based Money Laundering.



The second component of the Meeting addressed two concurrent technical seminars on asset forfeiture and AML/CFT and new technology. The Fijian delegation presented case studies on asset recovery and cybercrime.



*Fiji's representatives to the FATF/APG Joint Experts Meeting on Typologies; from left: Sophina Ali (Office of the Solicitor General), Razim Buksh (FIU); Puran Lal (Fiji Police Force); Saif Ali Shah (FICAC)*

The FIU also prepared and submitted Fiji's country report, technical assistance report, Fiji's money laundering typologies report and mutual evaluation progress report for the 2014 APG Annual Plenary Meeting and FATF/APG Joint Experts Meeting on Typologies.

The FIU continued to liaise with the APG on various AML issues relevant to Fiji during the year.

### Egmont Group

The FIU continued to participate in the activities of the Egmont Group of FIUs during 2014. This included contributing to Egmont surveys conducted during the year, reviewing and providing comments on Egmont governance papers. The FIU also provided regular updates throughout the year to the Egmont Group Oceania regional representative on key AML/CFT initiatives and developments in Fiji.

During the year, the FIU sponsored the application of the Tonga FIU to be a member of the Egmont Group. The sponsorship arrangement also included an onsite visit to the applicant FIU to assess its AML framework on the ground.

The FIU also participated at the Egmont Group's 2014 Annual Plenary Meeting which was held in Peru. The Director FIU was nominated as the new regional representative of the Asia and Pacific region under the Egmont Group's new regional footprint framework.

As a member of the Egmont Group of FIUs, the Fiji FIU is committed to sharing information with other Egmont Group members when needed. During 2014, the FIU continued to provide assistance and information to other Egmont Group members upon request via the Egmont Secure Website.

### Information Exchanges with Other FIUs

	2010	2011	2012	2013	2014
Number of requests made to Fiji FIU	2	16	5	10	18
Number of requests made by Fiji FIU	5	3	1	3	8

Source: Fiji FIU

### Alliance for Financial Inclusion

The FIU is a member of the Alliance for Financial Inclusion (AFI) Financial Integrity Working Group (FINTWG). The aim of FINTWG is to provide a platform for AFI members to discuss critical policy and regulatory issues and to continue the exchange and sharing of successful country-level experiences on how to balance and reinforce financial integrity and inclusion.

The FIU participated in the meeting and activities of the FINTWG and the AFI Global Policy Forum during the year. The FIU also contributed to AFI surveys conducted during the year. As part of its contribution to financial inclusion initiatives in the region, the FIU also participated in a study visit to Fiji by Government officials from Papua New Guinea who were studying Fiji's government to person payments module.



*Fiji's delegation to the AFI Global Policy Forum with Governor of Bank Negara Malaysia, Dr Zeti Akhtar Aziz*



## 5 | Operational Governance and Communication

### FIU Strategic Plan 2014-2018

2014 marked the first year of implementation of the FIU's new strategic plan for 2014-2018. The Strategic Plan was formulated in 2013 in consultations with key stakeholders including the RBF and the National AML Council. A review of the FIU's previous strategic plan was also done.

### Professional Development of Staff

During the year FIU staff attended various workshops, technical forums and meetings.

### Trainings, Meetings and Conventions in 2014

Month	Course	Venue	Organiser
February	Best Practice Techniques to Combat Money Laundering Corruption and Financial Crime	Port Moresby, PNG	International Governance and Risk Institute, British High Commission
May	Pre-Mutual Evaluation and National Risk Assessment Training Workshop	Seoul, Korea	APG/Korea FIU
June	Egmont Group Plenary	Lima, Peru	Egmont Group
July	APG Annual Meeting	Macao, China	APG
August	APG Assessor Training	Seoul, Korea	APG/Korea FIU
September	AFI Global Policy Forum	Port-of-Spain, Trinidad & Tobago	AFI
	8th Regional Anti-Corruption Conference: "Preventing Illicit Financial Flows"	Phnom Penh, Cambodia	UNDP, UNODC, ADB-OECD
November	Fiji Multi Agency Counter Terrorism Course	Nadi, Fiji	Australian High Commission, Fiji Police Force
November	Joint FATF/ APG Experts' Meeting on Typologies	Bangkok, Thailand	APG/FATF

December	Leadership Workshop	Suva, Fiji	RBF
December	Unmasking Corporate Secrecy in Transnational Financial Crime	Suva, Fiji	University of Fiji; Fiji Law Society
December	Attorney Generals Conference	Sigatoka, Fiji	Office of the Attorney General

Source: Fiji FIU

The following FIU staff attended training and capacity building in 2014:

Staff	Course
Avaneesh Raman	Best Practice Techniques to Combat Money Laundering Corruption and Financial Crime
Razim Buksh	Pre-Mutual Evaluation and National Risk Assessment Training Workshop
Avaneesh Raman	APG Assessor Training
Razim Buksh	8th Regional Anti-Corruption Conference: "Preventing Illicit Financial Flows"
Laisa Naivalurua	AFI Global Policy Forum
Mariana Tukana	Fiji Multi Agency Counter Terrorism Course
Avaneesh Raman	Leadership Workshop
Avaneesh Raman Akanisi Veitata Rakesh Chand	Unmasking Corporate Secrecy in Transnational Financial Crime
Razim Buksh Avaneesh Raman	Attorney-General's Conference

Source: Fiji FIU

### Structure of the FIU

As at the end of 2014, the FIU had seven permanent staff and three officers on secondment from partner agencies (one Police officer and two FRCA officers). There was one resignation during the year.

The FIU also engaged one trainee worker from a local tertiary institution as part of the RBF's ongoing on-the-job program for local tertiary institutions. In 2014, three trainee workers were engaged with the FIU on short term attachment programs.

As part of the RBF's job evaluation, the FIU positions were also subject to a review. The Governor of the RBF approved the change in position titles of the FIU staff as follows:

#### FIU Structure in 2014

	Previous Title	New Title
1.	Senior FIU Officer - Analysis and Intelligence Management	Manager Intelligence Management
2.	Senior FIU Officer - Policy , Coordination & Training	Manager Policy & Compliance
3.	Senior FIU Officer - IT Management	Manager IT (vacant)
4.	FIU Officer - Analysis & Dissemination	Intelligence Analyst
5.	FIU Officer - Database & Reporting	Systems Analyst
6.	FIU Officer - Compliance	Compliance Officer (vacant)

Source: Fiji FIU

#### Funding & Expenditure

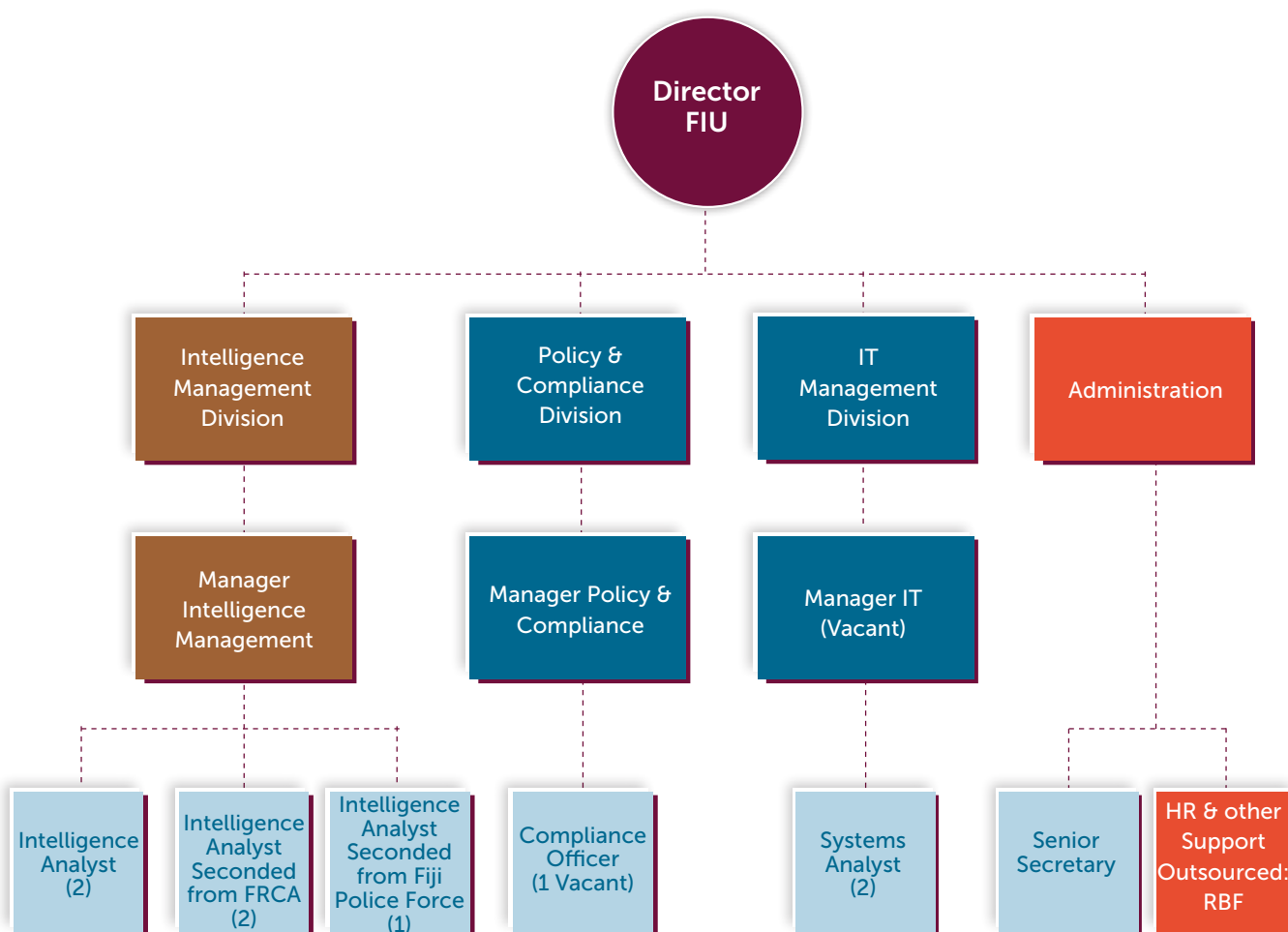
The RBF continued to fund the operations of the FIU in 2014. The FIU's total expenditure for 2014 was \$727,632 compared to \$689,974 in 2013. This is an increase of five percent from 2013. The 2014 expenditure of the FIU is incorporated into the 2014 financial statements of the RBF and is audited as part of its 2014 annual accounts.

#### FIU Funding & Expenditure

	2012	2013	2014
Operating Expenditure <sup>3</sup>	\$666,025	\$662,635	\$710,780
Capital Expenditure	-	\$36,339	\$16,852
<b>Total</b>	<b>\$666,025</b>	<b>\$689,974</b>	<b>\$727,632</b>

Source: Reserve Bank of Fiji

#### FIU Structure 2014



Source: Fiji FIU

<sup>3</sup>The Reserve Bank provides additional financial support for the FIU in the terms of office space and overhead costs.

The RBF also provided other administrative support services to the FIU in 2014 in the areas of human resource management, accounting, information technology services, security services and other general administrative services.

### Other Assistance Provided to the FIU

The FIU received indirect funding assistance from FRCA and the Fiji Police Force through the secondment of their staff with the FIU in 2014. The salaries of the seconded officers were fully funded by their respective agencies.

In 2014, the FIU also received funding assistance from various institutions to fund staff's attendance at various technical AML/CFT trainings, conventions and meetings. These included the APG, AFI, UNDP, British High Commission and the Australian High Commission.

### Communication

The FIU uses the media and its website to communicate key AML/CFT initiatives to the general public. In 2014, the FIU issued four press releases on major AML/CFT events or issues. Refer to Appendix 3 for the press releases. In 2014, the FIU issued its first e-bulletin to AML Compliance officers and other stakeholders. The e-bulletin provided readers with updates on AML/CFT initiatives in Fiji.

The FIU also during 2014 revamped its website. The FIU website first went live in 2007 with the aim to create awareness about money laundering, the role of FIU and to provide timely access to information by stakeholders and to the public. The FIU website had not undergone any major changes since it was launched. The revamp exercises provided a fresh look to the website and provided new features and search functionalities which makes the FIU website more user-friendly.

The FIU also provided information to financial institutions on AML/CFT issues, developments and money laundering trends through meetings and regular forum with the AML Compliance officers.

### Fiji FIU's Information Management System Online [FFIMSO]

The FIU's information management system online (FFIMSO) allows financial institutions to report their transactions electronically to the FIU online. As at the end of 2014, 84 financial institutions had registered on FFIMSO.

FFIMSO received an average of 195,969 financial transaction reports per month in 2014. As at the end of 2014, the FFIMSO database had received over 6.5 million financial transaction reports from financial institutions since going live in 2008.

### Financial Institutions Registered on FFIMSO in 2014

Sector	Number of Reporting Entities Registered for On-line Reporting to the FIU
Commercial Banks	6
Foreign Exchange Dealers and Money Remitters	9
Mobile Phone Money Remitters	2
Finance Companies	9
Law Firms	36
Insurance and Superannuation	9
Accounting Firms	6
Securities and Brokers	1
Others	6
<b>Total</b>	<b>84</b>

Source: Fiji FIU

As at end of 2014, there were 140 active authorised users of FFIMSO.

## 6 National AML Council

The National AML Council is established under section 35 of the FTR Act and is Fiji's national AML/CFT coordination committee.

The vision of the National AML Council is "A money laundering-free Fiji that advances economic growth and security." The Council's missions are to:

- i. provide sound and timely policy advice to relevant stakeholders;
- ii. support an effective legal and institutional AML/CFT framework;
- iii. promote integration & co-operation amongst relevant stakeholders;
- iv. ensure compliance with international AML/CFT standards.

The Council seeks to achieve these missions by:

- i. enhancing Fiji's legal framework to eliminate overlapping/conflict in legislations and to mitigate emerging crimes;
- ii. conducting on-going review and strengthening of AML/CFT framework to ensure compliance with international standards and to mitigate emerging typologies;
- iii. reporting regularly to Government and Parliament on the Council's work;
- iv. enhancing the work of the FIU;

- v. encouraging networking and sharing of information between agencies; and
- vi. developing the capacity of the Council.

The members of the National AML Council are:

- i. Permanent Secretary for the Ministry for Justice, as Chairperson;
- ii. Director of the Office of Public Prosecutions;
- iii. Commissioner of Police;
- iv. Governor of the RBF;
- v. Chief Executive Officer of the FRCA; and
- vi. Director of the FIU.

The Council may invite other persons to attend the Council meetings. There are five invited members of the Council. They are:

- Director, Immigration Department;
- Permanent Secretary, Ministry of Finance;
- Permanent Secretary, Ministry of Defence, National Security and Immigration;
- Permanent Secretary, Ministry of Foreign Affairs, International Co-operation; and
- Deputy Commissioner, Fiji Independent Commission Against Corruption.

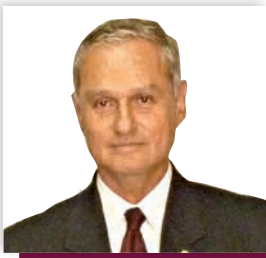
The FIU is the secretariat to the Council.



## National AML Council Members 2014



**Mr Sharvada Sharma**  
Solicitor General & Acting  
Permanent Secretary for  
Justice



**Mr Barry Whiteside**  
Governor  
Reserve Bank of Fiji



**Mr Jitoko Tikolevu**  
Chief Executive Officer  
Fiji Revenue & Customs  
Authority



**Mr Christopher Pryde**  
Director  
Office of the Director of  
Public Prosecutions



**Mr Bernadus Groenewald**  
Commissioner  
Fiji Police Force



**Mr Razim Buksh**  
Director  
Financial Intelligence  
Unit

## National AML Council Invited Members 2014



**Mr Osea Cawaru**  
Permanent Secretary  
Ministry of Defence,  
National Security and  
Immigration



**Mr Filimone Waqabaca**  
Permanent Secretary  
Ministry of Finance



**Mr Esala Nayasi**  
Acting Permanent Secretary,  
Ministry of Foreign Affairs &  
International Co-operation



**Mr Nemani Vuniwaqa**  
Director  
Immigration Department



**Mr George Langman**  
Deputy Commissioner  
Fiji Independent Commission  
Against Corruption

## Functions of the Council

The functions of the Council are provided for in section 35(5) of the FTR Act and are:

1. to advise the FIU and the Minister on any matters relating to the prevention of money laundering or the financing of terrorism;
2. to make recommendations to the FIU and the Minister on any matter relating to the prevention of money laundering or the financing of terrorism;
3. to assist the FIU and the Minister in the formulation of policies or strategies relating to the prevention of money laundering or the financing of terrorism; and
4. to assist the FIU in coordination between various Government departments and with statutory corporations.

## Council Working Groups

The National AML Council is supported in its work by three working groups, namely:

- i. Legal Working Group;
- ii. Supervisors and Regulators Working Group; and
- iii. Law Enforcement Working Group.

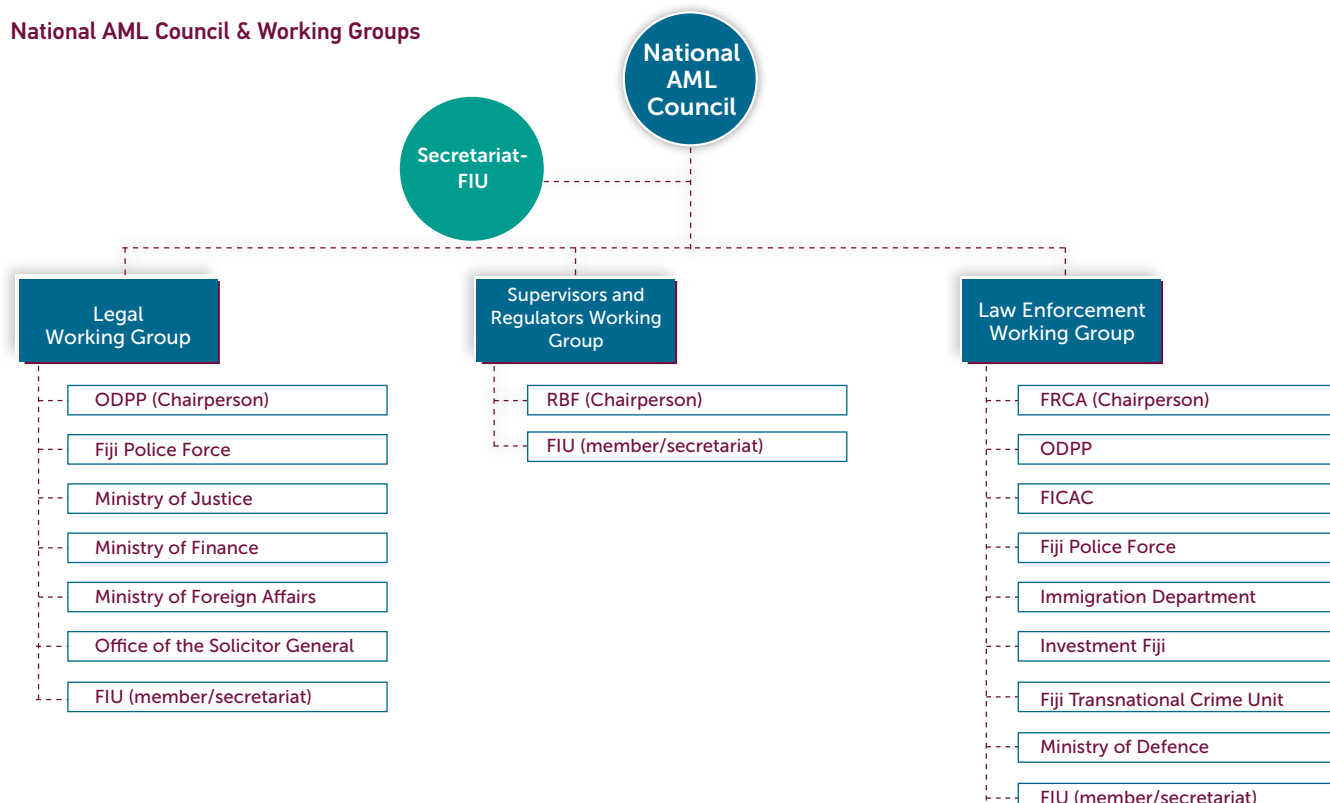
The terms of reference of each Working Group is determined by the Council. The Working Groups provide updates at the National AML Council meetings on its achievements.

## Terms of Reference of AML Working Groups

AML Legal Working Group	AML Supervisors & Regulators Working Group	AML Law Enforcement Working Group
<ul style="list-style-type: none"> <li>To facilitate the review of relevant legislations to ensure that Fiji has an effective and globally acceptable legislative framework for combating money laundering and other related offences.</li> <li>To facilitate the ratification of relevant international conventions.</li> <li>To administer the forfeiture asset fund.</li> <li>To facilitate matters relating to international assistance and extradition.</li> </ul>	<ul style="list-style-type: none"> <li>To facilitate networking and sharing of information amongst regulators regarding the supervision of financial institutions for compliance with the FTR Act.</li> <li>To conduct joint AML compliance programs.</li> <li>To advise the Council on financial institutions' compliance with legislative AML.</li> </ul>	<ul style="list-style-type: none"> <li>To facilitate networking amongst law enforcement agencies to enable:               <ol style="list-style-type: none"> <li>a) better sharing of information amongst agencies;</li> <li>b) the effective investigation and prosecution of money laundering and other related financial offences; and</li> <li>c) sharing of technical expertise and resources.</li> </ol> </li> <li>To advise the Council on issues relating to investigation and prosecution of money laundering and other related offences.</li> </ul>

The members of the Working Groups are representatives from relevant agencies who contribute towards Fiji's AML/CFT initiatives. The chairpersons of the Working Groups are elected by the members. The FIU is a member and is the secretariat of the three Working Groups.

## National AML Council & Working Groups



### Council's Activities in 2014

The Council met two times during 2014.

#### Council Meetings 2011-2014

2011	2012	2013	2014
2 February	22 February	4 April	12 March
18 May	23 May	14 August	25 June
13 September	4 September	26 November	
-	20 December	-	

Source: Fiji FIU

The Council monitored the status of Fiji's implementation of the 2006 APG/World Bank mutual evaluation recommendations. The Council followed up with the various Working Groups on outstanding recommendations from the 2006 mutual evaluation report. The Council also contributed to the formulation of Fiji's DPR which was submitted to the APG in early 2014.

The key issues deliberated on by the Council during 2014 were the conduct of a national risk assessment for Fiji and arrangements for Fiji's 2015 mutual evaluation. The Council provided strategic guidance on these two important events and approved the setting up of a national risk assessment taskforce to be responsible for the conduct of the national risk assessment.

The Chairperson of the Council also provided input on behalf of the Council into the formulation of the FIU's 2014-2018 Strategic Plan.

The Director FIU and senior officers representing members of the Council also attended the APG Plenary Meeting to present Fiji's DPR.

The Working Groups held meetings and worked on a number of projects during 2014. These included discussions on finalisation of a manual to support the implementation of the Proceeds of Crime (Management and Disposal of Property) Regulations and consider how to implement the Proceeds of Crime Amendment Decree on unexplained wealth. The Law Enforcement Working Group was involved in drafting a standard operating procedure for the implementation of the border currency declaration requirements at the borders. This project will continue in 2015.

#### Working Group Meetings 2014

Working Group	Number of Meetings
Legal Working Group	7
Law Enforcement Working Group	4
Joint Working Group	2

Source: Fiji FIU

# 7 Appendices

## APPENDIX 1: GUIDELINES ISSUED BY THE FIU

Guideline Reference	Title	Date Issued	Purpose of Guideline
Guideline 1	Suspicious Transactions	26 October 2007	To provide guidance on how to identify suspicious transactions and report these suspicious transactions.
Guideline 2	Reporting a Suspicious Transaction by Paper	26 October 2007	To provide guidance to financial institutions on how to complete a "suspicious transaction report" form.
Guideline 3	Reporting Cash Transactions of \$10,000 or above by Paper	22 May 2009	To provide guidance to financial institutions on how to report cash transactions of \$10,000 and above using the paper report forms.
Guideline 4	Customer Identification & Verification	20 August 2009	To explain the customer identification and verification requirements of the FTR Act and Regulations and provide practical guidance on how to apply these customer verification requirements.
<b>Guidelines Issued by the RBF</b>			
Banking Supervision Policy No. 6	Minimum Requirements for Licensed Financial Institutions for the Management of Money Laundering and Terrorist Financing Risk	November 2014	The Policy sets out the minimum requirements on establishing a risk management framework comprising of systems, structures, processes and people within which licensed financial institutions identifies, assesses, mitigates and monitors money laundering and terrorist financing risk.

Source: Fiji FIU and RBF

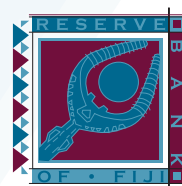


## APPENDIX 2: POLICY ADVISORIES ISSUED BY FIU

Reference	Subject	Purpose of Advisory	Issue Date
1/2007	Customer Due Diligence of Existing Customers' Accounts	To explain how and when due diligence is to be applied to existing customers of financial institutions.	15 March 2007
2/2007	Customer Due Diligence of Customers Who Have Insufficient or No Official Identification Documents	To provide further guidance on how due diligence is to be applied to new customers who have insufficient or no official identification documents.	11 April 2007
3/2007	Identification and Verification of a Customer's Signature	To provide further guidance on how to identify and verify a customer's signature.	26 April 2007
4/2007	Identification and Verification of Occasional Customers	To provide further guidance on how to identify and verify occasional customers.	14 June 2007
5/2007	Risk Based Approach	To provide guidance on how to apply the FTR Act and Regulations on a risk based approach.	22 June 2007
6/2007	Application of Exemption Provisions for Reporting of Cash Transactions	To provide guidance on how to apply the exemption provisions relating to cash transaction reporting requirements.	9 July 2007
7/2007	Record Keeping	To provide further guidance on the record keeping requirements of the FTR Act.	11 July 2007
1/2008	Identification and Verification of Customers of Insurance Providers	To provide further guidance to insurance companies, brokers and agents on their obligations to identify and verify their customers' identity.	23 January 2008
2/2008	Identification and Verification of Clients and Beneficiaries of Employer Funded Group Life Insurance Policies	To provide guidance on how insurance companies and intermediaries can apply the identification requirements to clients of employer funded group life insurance policies.	24 November 2008
1/2010	Identification and Verification of a Customer's Signature	To provide guidance on how to identify and verify a customer's signature. This Advisory supersedes and replaces Policy Advisory 3/2007 of 26 April 2007.	11 August 2010
2/2010	Use of Referee Letter to Verify a Customer's Identity	Pursuant to Section 4(4)(a) of the FTR Act, to allow financial institutions to rely solely on a letter from a suitable referee to verify a low risk customer who does not have or is unable to provide any formal identification documents.	27 August 2010
3/2010	Refugee Identity Card	To advise financial institutions of the identification documents pertaining to customers who have been granted Asylum Seeker and Refugee status by the Fiji Government.	17 September 2010
4/2010	Identification of Customers of Telephone Financial Services	To provide guidance to telephone service providers that provide financial services to customers on the customer identification requirements under the FTR Act and how it relates to the Decree on Compulsory Registration of Customers for Telephone Services (2010).	17 September 2010
1/2012	Subsequent Reporting of Suspicious Transactions	To provide clarification on the need for continuous reporting of customers who have been previously reported to the FIU as engaging in suspicious transactions.	28 March 2012
2/2012	Voter Identification Card	To advise financial institutions of the inclusion of the Fiji Voter Identification Card for identification and verification of certain customers and clients.	22 August 2012
1/2013	FNPF/FRCA Joint Identification Card	To advise financial institutions of the inclusion of the FNPF/FRCA Joint Identification card for identification and verification of their customers and clients.	15 November 2013

Source: Fiji FIU

## APPENDIX 3: PRESS RELEASES



## PRESS RELEASE

**Press Release No.:** 09/2014**Date:** 17 April 2014**Telephone:** (679) 331 3611 **Facsimile:** (679) 330 2094**E-mail:** info@rbf.gov.fj**BEWARE OF EMAIL SPOOFING (IMPERSONATION)**

The Financial Intelligence Unit (FIU) would like to warn and advise business entities who engage in purchasing goods and services from overseas suppliers to exercise extreme caution when dealing with their overseas business transactions and payment instructions.

The Director of the FIU, Mr Razim Buksh, said that cases have recently been brought to the attention of the FIU whereby corporate and business entities have fallen victims through email spoofing and identity theft. Cases reported to the FIU show that email correspondence sent between the ordering local business entities and their overseas suppliers were intercepted by cybercriminals.

The cybercriminals would then use email spoofing to communicate with the local business entities using the same email address of the overseas supplier.

The cybercriminals then advise the local business entity that due to changes within their (overseas supplier) finance and accounting department, the payment should be redirected to another bank account. This bank account belongs to the cybercriminals themselves.

Mr Buksh added that local business entities should immediately become suspicious when they are advised

of any last minute changes in bank account details or payment instructions.

All payment instructions should be verified by the local business through alternate communication links, such as facsimile messages, or telephone verification with the genuine supplier.

Business entities and the general public who have email accounts should install good antivirus tools on their computers and communication devices, including strong email filters, and should never communicate or share personal information on the internet with strangers.

Commercial banks and money remittance service providers are also requested to exercise caution when processing such payment instructions from local businesses.

Email spoofing is a type of attack over the internet where the source of an email is fake. You will be fooled to believe that the email is from someone you know when in fact it is not.

Mr Buksh said that for two cases, the Fiji FIU was able to successfully trace funds and is liaising with the foreign counterparts.

**RESERVE BANK OF FIJI**



## PRESS RELEASE

**Press Release No.:** 14/2014

**Date:** 14 May 2014

**Telephone:** (679) 331 3611 **Facsimile:** (679) 330 2094

**E-mail:** info@rbf.gov.fj

### MONEY REMITTANCE SERVICE PROVIDERS WELL REGULATED IN FIJI

The Financial Intelligence Unit (FIU) today further clarified the issue of the closing of bank accounts of money remittance service providers (MRSPs) recently by ANZ Bank.

Mr Razim Buksh, the Director of the FIU, said that he acknowledged ANZ's decision to close accounts of MRSPs was a global business decision based on their assessment of money laundering risks. However, further consideration may need to be given to Fiji's strong regulatory framework for anti-money laundering (AML) in which MRSPs operate in Fiji.

Mr. Buksh added that ANZ and the FIU have been in discussions on this issue and there is a general willingness by ANZ to work with the regulators in Fiji on this matter.

Fiji has adequate laws and institutional measures in place to combat money laundering and terrorist financing. The Financial Transactions Reporting (FTR) Act is one of the important AML laws of Fiji. All MRSPs are covered by the FTR Act and have been complying with this law since 2006 when it first came into force.

Mr. Buksh said that all MRSPs operating in Fiji are obligated by law to implement AML controls and measures including conducting customer due diligence on their customers; monitoring their customers' transactions; reporting suspicious and other types of transactions to the FIU; providing regular training to their staff on AML requirements and developments and appointing an AML compliance officer.

The MRSPs are supervised for compliance with the FTR Act by the Reserve Bank of Fiji and the Financial Intelligence Unit (FIU). The MRSPs are issued with an annual licence and prior to the renewal of their licence each year, they are assessed, through an onsite examination, for compliance with all regulatory requirements, including the FTR Act.

Furthermore, enforcement action may be taken on any financial institution including any money transfer company that fails to comply with the FTR Act. Sanctions are provided under the FTR Act to deal with any serious non-compliance by any remittance service provider.

The Reserve Bank of Fiji has recently revoked the licence of a money transfer company for serious breaches of the FTR Act. Furthermore, the director of this same company was charged and convicted by the Court in Fiji in 2012 for breaches of the FTR Act. These breaches were detected during an onsite examination by the Reserve Bank and the FIU.

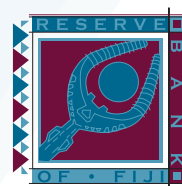
Mr. Buksh said that while ANZ Bank is free to make decisions on who they engage as their customers based on their assessment of money laundering risks, such a decision should be carefully considered and aligned with the regulatory and AML enforcement environment in place within the jurisdiction the ANZ Bank operate.

Mr Buksh said that the ANZ Bank had agreed to reconsider the possibility of re-engagement with MRSPs on a case-by-case basis, subjecting these customers to enhanced due diligence if assessed as high risk customers.

**RESERVE BANK OF FIJI**

**Fiji FIU**

Fiji Financial Intelligence Unit



## PRESS RELEASE

**Press Release No.:** 18/2014**Date:** 04 July 2014**Telephone:** (679) 331 3611 **Facsimile:** (679) 330 2094**E-mail:** info@rbf.gov.fj

### FINANCIAL INTELLIGENCE UNIT ANNUAL REPORT 2013

The Financial Intelligence Unit (FIU) released its 2013 Annual Report today. The report was tabled at the Cabinet meeting this week by the Attorney-General and Minister for Justice, Mr Aiyaz Sayed-Khaiyum. The report provides information on key achievements and performance of the FIU for 2013.

The FIU is a statutory agency of the Fijian Government that was established in 2006 under the Financial Transactions Reporting (FTR) Act. The FIU continues to be housed and funded by the Reserve Bank of Fiji. The primary functions of the FIU under the FTR Act are to receive financial transaction reports and other information from financial institutions and to develop and disseminate intelligence to relevant law enforcement agencies.

In 2013, the FIU received 522 suspicious transaction reports, 380,430 cash transaction reports, 1,147,728 international remittance transactions reports from reporting financial institutions. During the year, the FIU also received 160 requests for investigation assistance from law enforcement agencies and 46 requests for due diligence and background checks from government agencies. 459 border currency reports were filed in 2013.

Intelligence reports developed by the FIU led to successful and on-going investigation and prosecution of money laundering and other serious criminal activities such as fraud, tax evasion, corruption, cybercrime, human and drug trafficking. During 2013, 284 intelligence reports were disseminated. Additional investigation and financial

checks and profiling were conducted on 130 business entities and 362 individuals. 71 entities and 70 individuals were also screened for due diligence and background checks during 2013.

As a result of the FIU's compliance and enforcement function, 856 enquiries were made with reporting financial institutions. 43 ad-hoc policy advisories, 5 instruction notices and 8 alert notices were issued to the reporting institutions. Record keeping and reporting compliance activity was conducted for 6 reporting institutions.

FIU's anti-money laundering policies continued to support financial inclusion initiatives. These policies also contributed towards the safety and integrity of Fiji's financial system.

During 2013, the FIU also contributed to a number of domestic and international coordination programs such as the National Anti-Money Laundering Council, bilateral Memorandum of Understanding arrangements, the Egmont Group of FIUs of the World, the Asia Pacific Group on Money Laundering, and the Association of Pacific Island FIUs.

The FIU continued to provide outreach and awareness to its stakeholders and members of the public including awareness on the new unexplained wealth law and the new Financial Action Task Force international standards on anti-money laundering and combating the financing of terrorism.

**RESERVE BANK OF FIJI**





## PRESS RELEASE

**Press Release No.:** 25/2014

**Date:** 12 September 2014

**Telephone:** (679) 331 3611 **Facsimile:** (679) 330 2094

**E-mail:** info@rbf.gov.fj

### AUTHORITIES STRENGTHEN TAX COMPLIANCE

The Fiji Financial Intelligence Unit (FIU) and the Fiji Revenue and Customs Authority (FRCA) have agreed to share information and intelligence to further strengthen tax compliance in Fiji.

The two agencies have today amended a Memorandum of Understanding (MOU) that was initially signed in 2007 that will now allow authorised officers from FRCA to directly access FIU information and intelligence. Under the new arrangement, authorised FRCA officers will be able to access FIU database that stores millions of crucial information on persons, entities, and transactions involved in suspicious transactions, \$10,000 cash transactions, international remittance transactions and border currency declarations.

Mr Razim Buksh, Director of the FIU said that the Financial Transactions Reporting (FTR) Act allows such sharing of information with its key partner agencies such as FRCA, Fiji Independent Commission Against Corruption, Fiji Police Force and the Reserve Bank of Fiji. Mr Buksh said

that FRCA continues to be a major beneficiary of FIU's information and intelligence when dealing with tax crimes and customs related fraud.

Mr Jitoko Tikolevu, the Chief Executive Officer of FRCA thanked the FIU for the partnership, networking and sharing of information that will contribute to a stronger tax compliance framework in Fiji. Mr Tikolevu said that access to FIU information will greatly assist FRCA to enforce tax and customs laws and regulations. He said that the development of the Fijian economy depends largely of the level of tax compliance and FRCA will continue to work in partnership with other agencies of the Fijian Government to ensure that tax evasion and the attitude towards tax payment are effectively addressed.

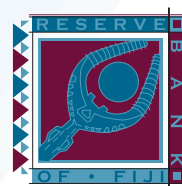
Information will be exchanged using a secure IT platform within the FIU and all information that will be exchanged will be treated with strictest confidentiality as provided under tax and customs laws, the FTR Act and in accordance with the MOU.

**Jitoko Tikolevu**  
Chief Executive Officer  
Fiji Revenue and Customs Authority

**Razim Buksh**  
Director  
Financial Intelligence Unit

**Fiji FIU**

Fiji Financial Intelligence Unit



## PRESS RELEASE

**Press Release No.:** 34/2014**Date:** 12 December 2014**Telephone:** (679) 331 3611 **Facsimile:** (679) 330 2094**E-mail:** info@rbf.gov.fj

### RELIGIOUS ORGANISATIONS ADVISED TO COMPLY WITH THE FTR ACT

The Financial Intelligence Unit (FIU) would like to advise officials of religious organisations who collect and receive funds on behalf of their organisations to comply with the relevant laws and regulations.

The Director of the FIU, Mr Razim Buksh said that a number of cases have been brought to the attention of the FIU involving diversion and abuse of funds by officials of religious organisations in Fiji. Most of the cases involved the collection of funds outside of Fiji, the manner in which the funds are brought into Fiji, and subsequently how the funds were deposited and used.

Some cases that were reported to the FIU involved funds collected locally for the religious organisations were deposited into the personal bank accounts of its members and officials instead of the bank account of the organisation.

In another case, an expatriate religious worker received international remittances for the organisation from other overseas donors into his personal bank account without the knowledge of the organisation. The religious worker

withdrew the funds and remitted it to his family members in his home country.

In a recent case, a religious worker received numerous overseas remittance transactions. The religious worker paid off his loan on an expensive residential property, has a number of properties, traveled overseas frequently and has sent his child to an expensive private training school.

Mr Buksh said that as part of FIU's awareness and outreach program to combat financial crimes, members and officials of religious organisations are advised to exercise prudent and transparent financial transaction practices.

Mr Buksh also acknowledged that some religious organisations already have sound internal controls with adequate measures against financial fraud and abuse.

Members of religious and charitable organisations and the general public are also advised to report suspected fraudulent activities to the Fiji Police Force and to the FIU.

**RESERVE BANK OF FIJI**

## 8 Selected Key Statistics 2010-2014

	Year	2010	2011	2012	2013	2014
<b>Intelligence and Information Reports to Stakeholders</b>	Case Dissemination Reports	267	318	246	284	241
	Information Dissemination Reports	147	194	133	160	123
	Due Diligence Reports	43	49	122	46	20
<b>Notices to Financial Institutions</b>	Alert Notices	7	6	8	8	7
	Directives	3	2	4	5	5
	Year	2010	2011	2012	2013	2014
<b>Transaction &amp; Currency Reports Received by FIU</b>	Cash Transaction Reports	133,487	144,191	200,404	380,430	1,042,074
	Electronic Fund Transfer Transaction Reports	315,634	450,849	830,959	1,147,728	1,308,633
	Suspicious Transaction Reports	629	728	579	522	383
	Border Currency Reports	223	194	477	459	557
	Year	2010	2011	2012	2013	2014
<b>Education &amp; Awareness</b>	Number of employees of Financial Institutions	212	119	453	27	147
	Number of Financial Institutions	6	5	8	1	6
	Employees of Law Enforcement Agencies	110	165	135	232	123
	National AML Learning Centre - Number Completed Courses	22 <sup>4</sup>	59	39	22	92

<sup>4</sup>National AML Learning Centre launched 2010.

## 9 | Selected Key Events in 2014

<b>JANUARY</b>		<b>AUGUST</b>
22 AML Legal Working Group Meeting 1/2014.		18-22 APG Assessor Training Workshop, Seoul, Korea
<b>FEBRUARY</b>		28 AML Legal Working Group Meeting 3/2014
20 AML Law Enforcement Working Group Meeting 1/2014		<b>SEPTEMBER</b>
24-26 Workshop on Best Practice Techniques to Combat Money Laundering Corruption and Financial Crime		3 FIU Interactive Planning Workshop, Suva
26-28 APG High Level Mission to Samoa		AML Legal Working Group Meeting 4/2014
<b>MARCH</b>		5 Workshop on Preventing Illicit Financial Flows: Financing Development in Asia Pacific, Phnom Penh, Cambodia
11 AML Law Enforcement Working Group Meeting 2/2014		AML Legal Working Group Meeting 5/2014
12 National AML Council 1/2014		9-11 AFI Global Policy Forum, Port of Spain, Trinidad & Tobago
18 AML Compliance Officers Forum for Commercial Banks		12 Signed an amended MOA with FRCA - Authorities Strengthen Tax Compliance (PR issued by FRCA)
19 AML Legal Working Group Meeting 2/2014.		AML Legal Working Group Meeting 6/2014
<b>APRIL</b>		29 Launch of the Revamped FIU Website
17 Signed MOU with Reserve Bank of Fiji. FIU Press Release – Beware of Email Spoofing (Impersonation)		<b>OCTOBER</b>
30 Submitted Fiji's Detailed Progress Report to APG.		3 Manoj Khara sentenced to 4 years imprisonment for false pretences and money laundering.
<b>MAY</b>		22 Submitted the findings of the review of Tonga's AML/CFT laws to the Egmont Secretariat for Tonga's application towards the Egmont Group.
7 AML Law Enforcement Working Group Meeting 3/2014		24 1st FIU e-bulletin released
14 FIU Press Release - Money Remittance Service Providers Well Regulated In Fiji.		27-31 Technical Assistance Attachment from Cook Island FIU
28-30 APG Pre-Mutual Evaluation and National Risk Assessment Workshop, Seoul Korea		<b>NOVEMBER</b>
<b>JUNE</b>		24-28 FATF/APG Joint Experts' Meeting on Typologies, Bangkok, Thailand
1-6 22nd Egmont Plenary Meeting, Lima, Peru		<b>DECEMBER</b>
6 Signed MOU with FIU India and Lebanon		2-4 Fiji FIU's Egmont Onsite Visit to Tonga's FIU, Tonga.
23 Jun-2 July FIU Work Attachment and Capacity Building Program for Solomon Island and FSM FIUs		5-6 16th Attorney General's Conference, Sigatoka.
25 National AML Council Meeting 2/2014		11 Signed amended MOU with Fiji Police Force to allow Fiji Police Force officials direct data access to Fiji FIUs IT database.
<b>JULY</b>		12 FIU Press Release - Religious Organisations advised to comply with the Financial Transactions Reporting Act.
1 AML Legal Working Group Meeting 3/2014 AML Law Enforcement Working Group Meeting 4/2014		
4 FIU Press Release – FIU Annual Report 2013		
14-18 APG Plenary Meeting, Macao, China		

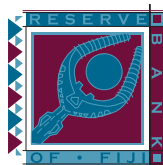


# STRATEGIC ANALYSIS REPORT 2014



**Fiji FIU**

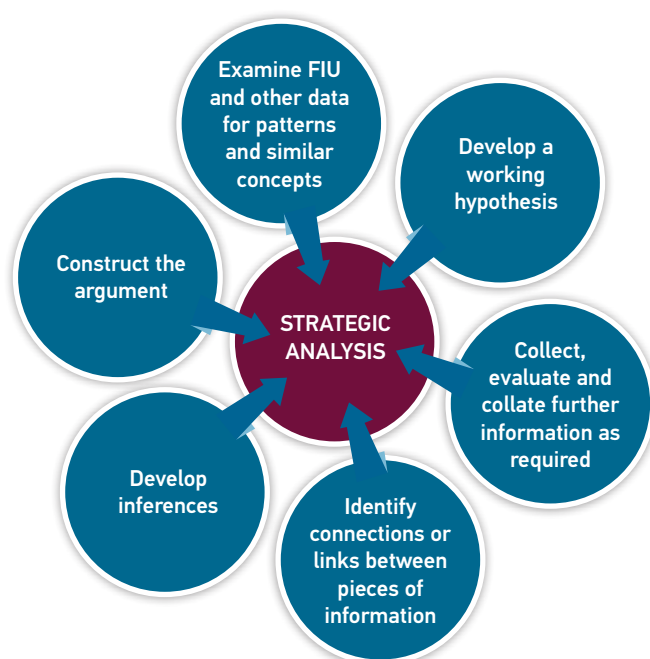
Fiji Financial Intelligence Unit



# 1 | Overview of Strategic Analysis

The FIU continued to undertake strategic analysis to understand the patterns and trends on STRs, money laundering and related issues. It has enabled the FIU to draw conclusions for the strategic prevention of money laundering and the financing of terrorism in Fiji, to provide input for policy formulation and for setting operational priorities. Strategic analysis has also assisted the FIU to develop knowledge (strategic intelligence) relating to money laundering, the financing of terrorism and other threats to the security of Fiji's financial system. During 2014, the FIU used some components of strategic analysis provided in the diagram below.

## Components of FIU Strategic Analysis



The products of strategic analysis have provided guidance to develop FIU policies. An example of FIU's strategic analysis product is "Typologies and Trends". This output has enabled the FIU to understand how money was laundered, which in turn has increased the general understanding of the issues and methods of money laundering and predicate crimes in Fiji. The FIU has also developed other strategic analysis outcomes that include the products in the diagram.

In 2014, the FIU recognised the need to further develop and strengthen its strategic analysis process. The development of this process will revolve around the following objectives:

- establish a common understanding of 'strategic analysis' based on international standards and best practices;
- differentiate strategic analyses from other types of analyses;
- present different types of strategic analyses products used by the FIU; and
- discuss the benefits of using or producing a more comprehensive strategic analysis for the FIU.

The benefits of FIU's new approach to strategic analysis would enable better understanding of current and future events and therefore, align FIU's decisions with the overall direction as provided under the FTR Act. The strategic analysis will also contribute towards Fiji's national risk assessment.

This report provides some highlights of strategic analysis on the types of reports that the FIU receives and a summary of the trends and case studies identified in 2014.



## 2 Suspicious Transaction Report Strategic Analysis

### Reporting Financial Institutions

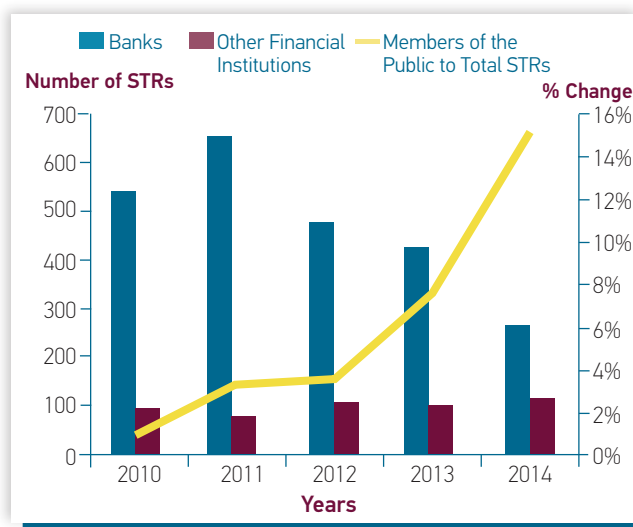
STRs were received by the FIU from various financial institutions including members of the public. Although the majority of the STRs continue to be reported by commercial banks, reports received from members of the public shows an increasing trend from 1 percent in 2010 to 15 percent in 2014. The reason attributed to the increase is due to increased awareness by the FIU in the media and other publications particularly on unexplained wealth provisions and religious organisations.

#### Summary of Reporting Financial Institutions

Financial Institutions and Persons Reporting	Number of STRs Received				
	2010	2011	2012	2013	2014
Commercial Banks	538	650	477	425	267
Money Remittance Service Providers	75	39	68	42	43
Finance Companies	1	0	0	5	4
Members of the Public	6	24	22	40	58
Regulatory Authorities	4	1	3	3	3
Law Firms	1	5	4	0	1
Accounting Firms	1	2	1	2	1
Insurance Companies and Superannuation	3	1	2	3	2
Real Estate Businesses	0	2	1	1	1
Investment Advisers, Brokers & Dealers, Investment Fund	0	0	0	0	1
Others	0	4	1	1	2
<b>Total</b>	<b>629</b>	<b>728</b>	<b>579</b>	<b>522</b>	<b>383</b>

Source: Fiji FIU

#### Summary of Reporting Financial Institutions



Source: Fiji FIU

### Value of Transactions Reported as Suspicious

The total annual value of suspicious transactions that were reported to the FIU in 2014 significantly increased to \$69.4 million from \$29.4 million in 2013<sup>1</sup>. The sharp increase is attributed to a particular suspicious transaction valued at \$37.6 million involving a possible investment fraud.

The average value of a transaction reported to the FIU in 2014 as suspicious was \$181,200 compared to \$56,322 in 2013.

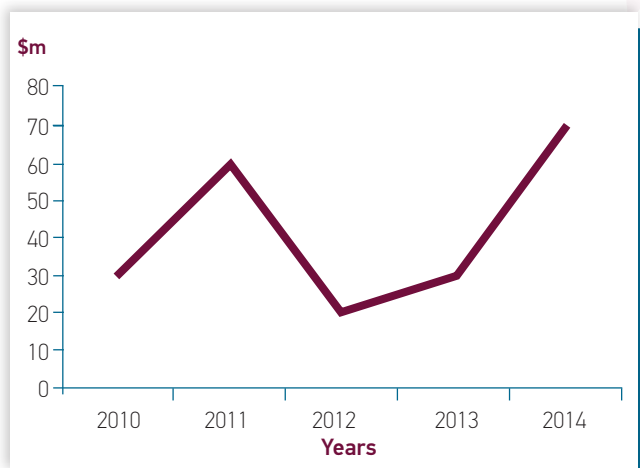
#### Total Value of Transactions Reported as Suspicious

	2010	2011	2012	2013	2014
Total Value (\$ million)	32.1	59.5	20.0	29.4	69.4
Number of STRs	629	728	579	522	383
Average Value reported (\$ per STR)	51,033	81,731	34,542	56,322	181,200

Source: Fiji FIU

<sup>1</sup>The number of STRs reported and the funds that are involved in suspicious transactions do not necessarily indicate the size of money laundering activity in Fiji. However, these transactions have been subject to a greater level of scrutiny by reporting financial institutions and have been flagged and reported as questionable, unusual and suspicious transactions. The figure suggests money laundering symptoms, risk and vulnerabilities in Fiji.

Total Value of Transactions Reported as Suspicious

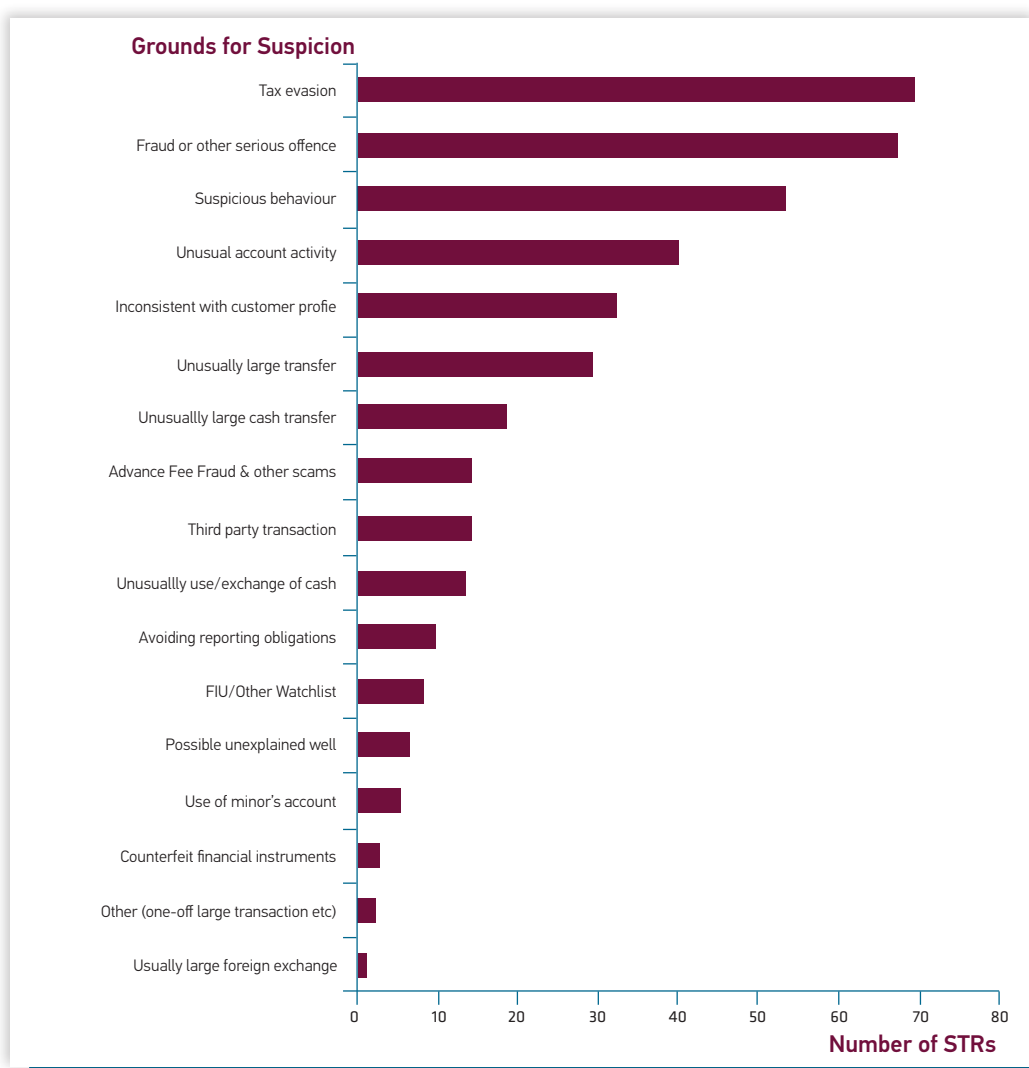


Source: Fiji FIU

### "Grounds for Suspicion" in Suspicious Transaction Reports

In 2014, majority of the STRs were reported on the grounds of suspected tax evasion followed by suspected fraud and other serious offences. Reporting financial institutions also clearly highlighted the involvement in suspicious behaviour and unusual account activity as grounds of suspicion in the STRs reported to the FIU in 2014. In comparison, unusual account activity was the most prevalent ground of suspicion flagged in STRs to FIU in 2013. There was a general decline in reporting of transactions related to one-off large transactions and use of minor's accounts in 2014 compared to 2013.

Grounds for Suspicion on STRs Received in 2014



Source: Fiji FIU

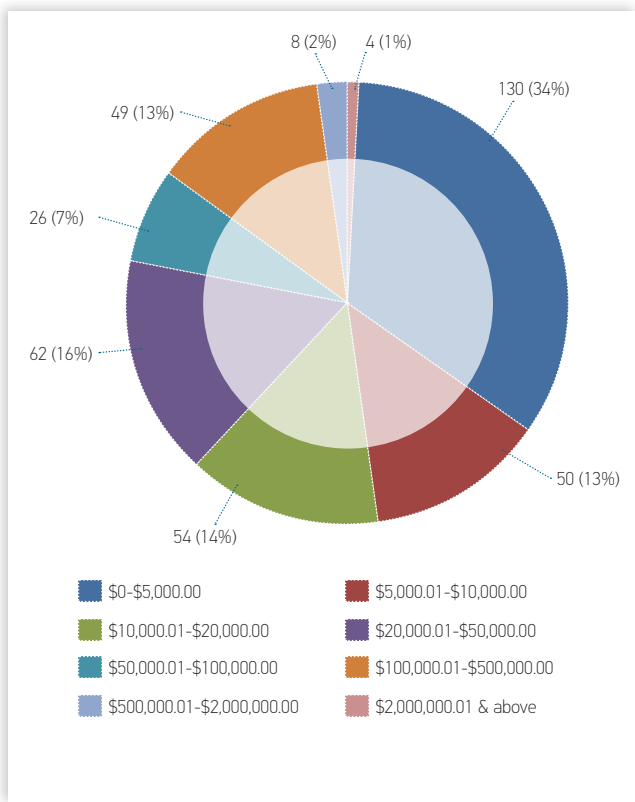


### Suspicious Transactions by Transaction Value

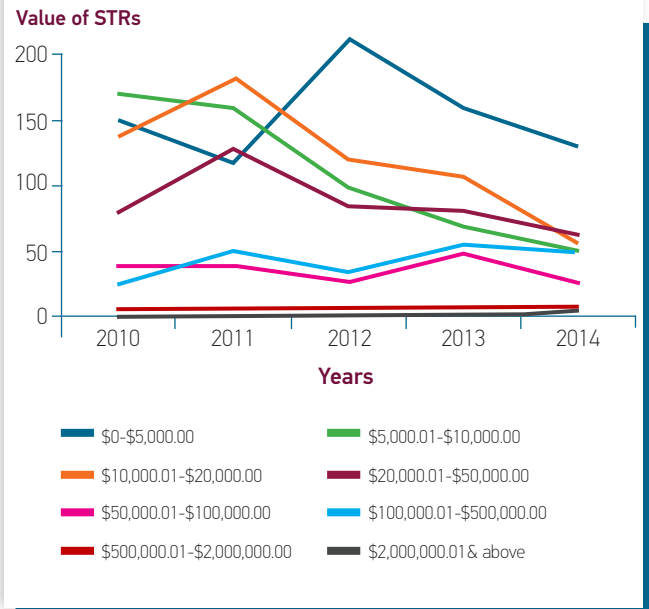
There is no monetary threshold under the FTR Act for reporting suspicious transactions. Thus, any suspicious transaction must be reported to the FIU regardless of the amount involved in the transaction, including the reporting of attempted transactions.

Previous trends indicate that suspicious transactions do not always involve substantial dollar amounts.

The majority (61 percent) of the STRs submitted by financial institutions in 2014 were reported on transactions below \$20,000, out of which 47 percent of the value of transactions reported were below \$10,000. Large value transactions of more than \$0.5 million reported in STRs were 3 percent of total STRs reported in 2014 compared to 2 percent in 2013.



Source: Fiji FIU



Source: Fiji FIU

### Suspicious Transactions by Instrument Type

'Cash' continued to be the primary financial instrument type that is reflected in the STRs reported to the FIU in 2014. Out of the 383 transactions reported as suspicious in 2014, 216 (56 percent) involved cash transactions.

The types of financial instruments involved in STRs include:

1. Cash (local and foreign currency);
2. Cheque (bank cheques/drafts, personal and company cheques);
3. Remittances; and
4. Other instruments (account-to-account transfers, credit cards and travellers cheques).

Over the last 5 years, the FIU has noted a general decline in the usage of 'Cash' as a primary financial instrument type as reported in STRs to the FIU.

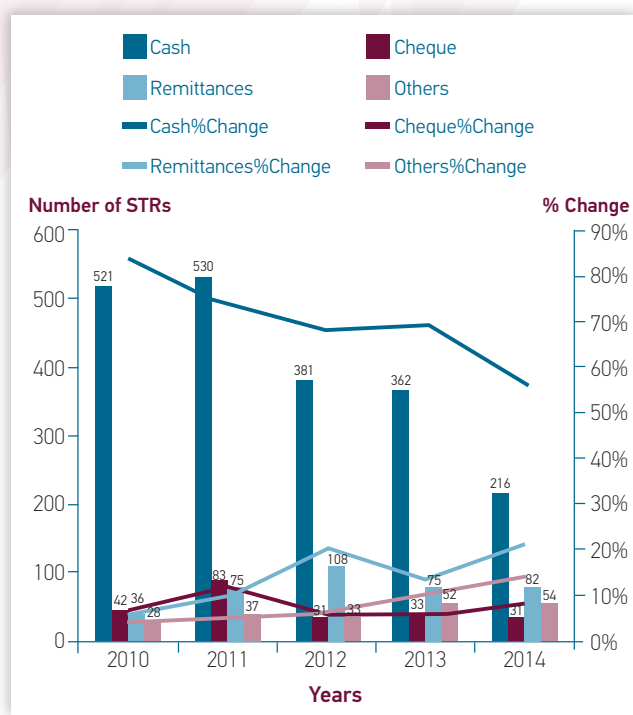
We have noted a gradual increase in the usage of remittances, account-to-account transfers, credit cards, travellers cheques, and other instruments in the STRs reported to the FIU.

### Suspicious Transactions by Currency Type

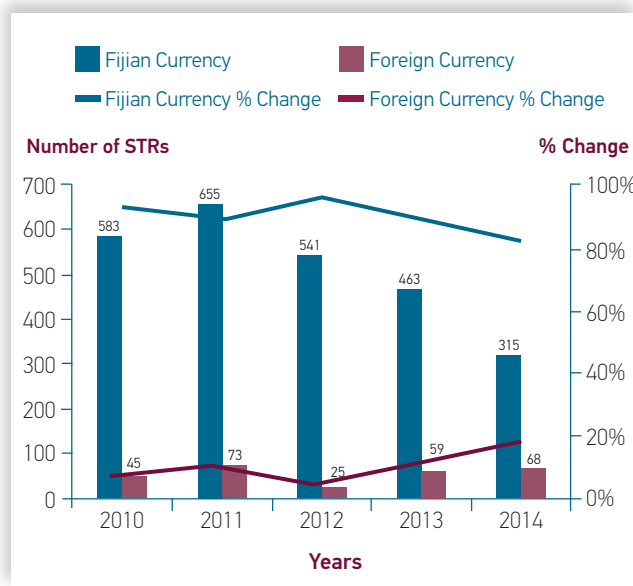
The majority (82 percent) of the STRs reported in 2014 involved Fijian currency.

The suspicious transactions that involved foreign currency increased to 18 percent of total STRs in 2014 compared to 11 percent in 2013.

The increase in use of foreign currency reported in STRs reflects the gradual increase in remittances as a payment instrument since the remittances involved foreign currency.



Source: Fiji FIU



Source: Fiji FIU

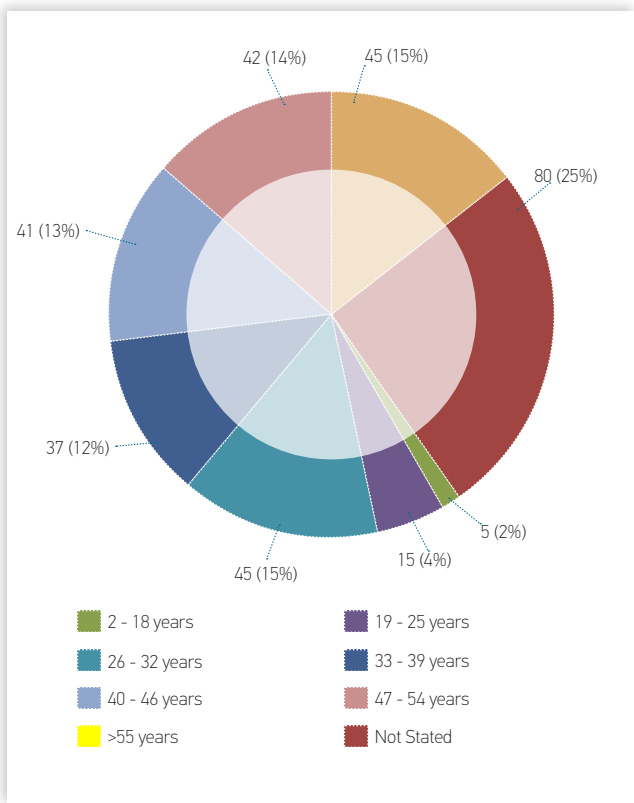
### Suspicious Transaction Reports by Customer Type

There were 310 (81 percent) STRs reported on transactions conducted by individuals/personal customers and 73 (19 percent) by corporate and business entities in 2014.

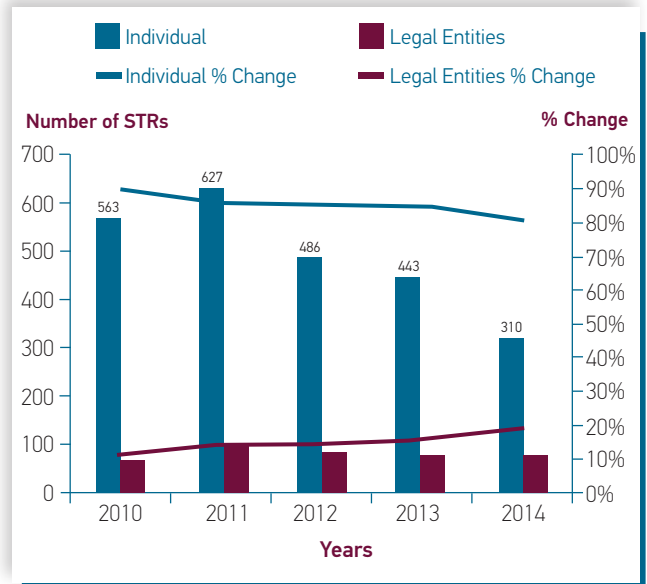
The number of STRs reported in 2014 on legal entities such as companies slightly decreased to 73 STRs (2013, 79 STRs). It was also noted that some of the transactions reported on individuals were indirectly linked to legal entities such as companies and sole proprietorships.

### Suspicious Transaction Reports by Customer Age

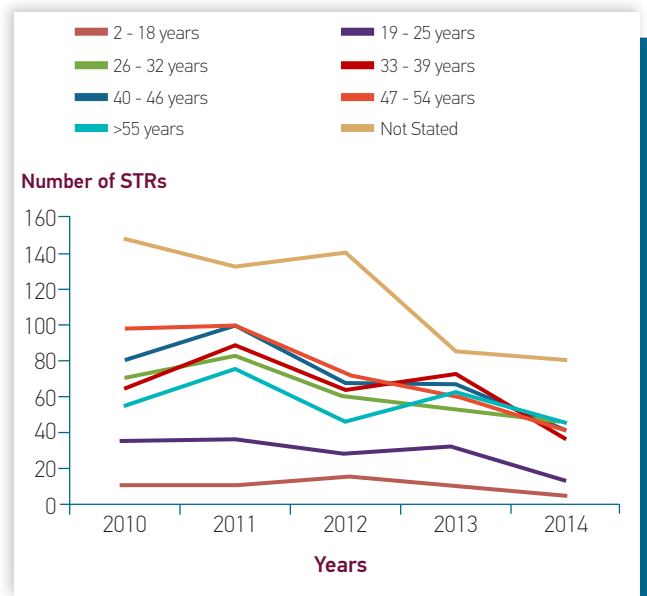
42 percent of STRs on individuals were reported on customers over the age of 40 years. 5 STRs were reported on minors (age between 2-18 years) in 2014 compared to 12 STRs in 2013. This decline is attributed to the decreasing trend of "use of minors' accounts".



Source: Fiji FIU



Source: Fiji FIU



Source: Fiji FIU

Analysis of money laundering and proceeds of crime conviction cases showed the following in relation to the age bracket of the persons reported in the STRs .

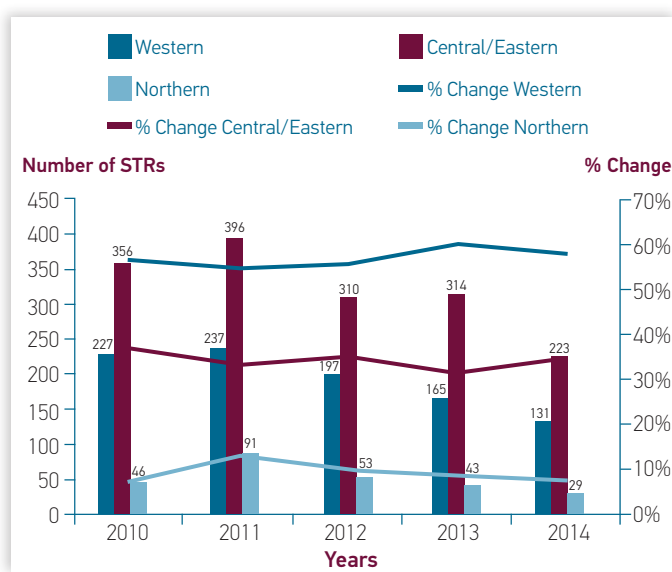
#### Age of Convicted Money Launderers

Name of Individual	Year STR was Reported	Age at the time of the offence
Mr Manoj Khera	2004	31 years old
Mr Timothy Aaron O'Keefe	2005	25 years old
Mrs Monika Arora	2007	28 years old
Mr Salendra Sen Sinha	2008	30 years old
Mr Anand Kumar Prasad	2008	28 years old
Mr Deo Narayan Singh	2008	40 years old
Mrs Atisma Kirti Singh	2008	23 years old
Mr Johnny Albert Stephen	2009	39 years old
Ms Doreen Singh	2009	31 years old
Mr Kapil Kushant Samy	2010	24 years old
Ms Nirmala Devi	2011	46 years old
Name of Individual	Year of FIU assistance	Age at the time of the offence
Mr Deepak Rajneel Kapoor	2008	25 years old
Mr Robin Surya Subha Shyam	2010	38 years old
Mr Faiyaz Khan	2013 <sup>2</sup>	38 years old

Source: Fiji FIU

#### Suspicious Transaction Reports by Geographical Location of Reporting Institutions

The FIU receives STRs from various commercial centres in Fiji. The majority of the STRs continue to be received from financial institutions based in the Central/Eastern Division due to concentration of economic and commercial activities in this division.



Source: Fiji FIU

<sup>2</sup>Year of conviction – FIU was not involved in the investigation of this individual.



### Reasons for Suspicious Reporting

A financial institution's decision to report a transaction as suspicious to the FIU are based on a number of factors, such as, the:

- i. customer's usual occupation or business activity;
- ii. customer's transaction history;
- iii. income level and source of income of the customer; and
- iv. the complexity, frequency and size of transactions; customer's general background and profile (such as age, citizenship, etc).

These factors individually may seem insignificant but when considered together may raise questions on appropriateness and normality of customer's transaction(s).

The above-mentioned indicators can also be based on known money laundering typologies. Financial institutions are required under the FTR Act to know their customers in order to identify transactions that may be unusual, suspicious or questionable for an individual customer or a type or category of customer.

### Examples of Reasons for Reporting Transactions as Suspicious

1. Alert report by a Pacific regional organisation. Subject is a suspected smuggler/trafficker.	11. Customer who is unemployed refuses to declare the source of funds.
2. Reporting the customer for not disclosing the source of funds and frequently cashing foreign currencies which is suspicious.	12. Mr. XX advised us that his spouse along with few other women were conned into making payments into customers account no. XXX for items being sold on Facebook.
3. The customer presented a cheque of XXX from XXX Trust Account, obtained a special answer and deposited it into the operating account.	13. Third party presented the business cheque over the counter to be deposited into customers account, in this case the son.
4. XXX send money on XXX to Country A to XXX and now he wants change the destination but same name beneficiary. The transaction is suspicious how can the same beneficiary also live in Country B.	14. Bank X has concerns on the large telegraphic transfer received for FJ\$1.2 million from Country X, a high risk jurisdiction. Unable to determine the true origin of funds.
5. Occupation (self-employed market vendor) do not support large transactions.	15. There are concerns that the cash received may have originated from business takings and may be linked to possible tax evasion.
6. Query of authenticity of statement provided to them for visa application. After verifying the account statement it was revealed that account is valid however the transaction history is entirely invalid.	16. Being a church minister, he regularly deposits large amount of cash.
7. Cash proceeds from business earnings to payoff loan account. Cash denomination – all in \$100 bills.	17. Personal customer receiving large amount of funds for dormant account.
8. Customer enquiring about deposit over \$10,000 and was informed about all the requirements. On XXX, customer brought only \$9,950 to pay.	18. Allegations that this same bank account now has a balance of over \$200,000 and Person X is the owner of land and house and vehicle registered XX but no qualifications to own such wealth.
9. Cash deposited by XXX as registration fees for her application for employment.	19. Occupation, domestic duties do not support large deposits into account.
10. The director of Company X deposits funds via internet banking for his employees.	20. This customer checks account on regular basis having very minimal balance in account.

Source: Fiji FIU

## 3 | Cash Transaction Reports

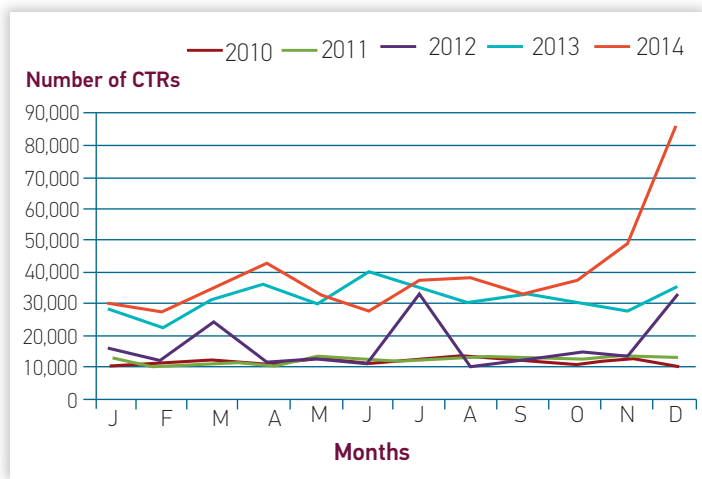
The FIU received 1,042,074 cash transaction reports (CTR) in 2014 or an average of around 86,840 CTRs per month. The substantial increase of 175 percent in CTRs received from 2013 is due to backdated reports loaded on FFIMSO system during 2014 as part of the FIU's reporting compliance and data quality project.

### Cash Transactions Reported

Year	Total CTRs	Monthly Average CTRs
2010	133,487	11,124
2011	144,191	12,016
2012	200,404	16,700
2013	380,430	31,703
2014	1,042,074	86,840

Source: Fiji FIU

### Monthly Cash Transaction Reports



Source: Fiji FIU

### CTRs Received by Sector

Majority (99.61 percent) of the CTRs received during 2014 were reported by commercial banks. Two reporting institutions reported backdated CTRs totaling 567,771 during March to September 2014. This is a one-off increase and has not been reflected in the graphs.

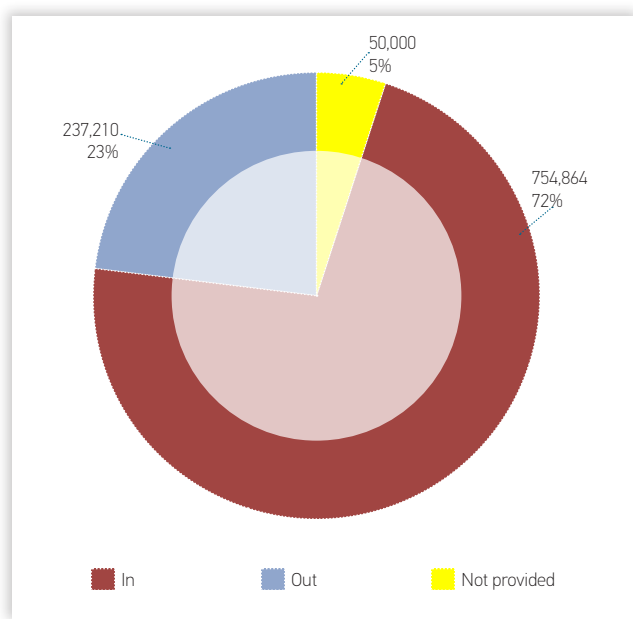
### Cash Transactions Reported by Sector

Sector	2010	2011	2012	2013	2014
Commercial Banks	131,557	142,342	198,427	376,564	1,038,011
Foreign Exchange Dealers and Money Remitters	419	437	854	2,387	2,763
Finance Companies	1,000	917	520	708	673
Insurance and Superannuation Fund	354	421	553	657	470
Law Firms	140	42	49	84	116
Securities Brokers/Advisors	11	15	1	30	37
Accountants	6	17	0	0	4
<b>Total</b>	<b>133,487</b>	<b>144,191</b>	<b>200,404</b>	<b>380,430</b>	<b>1,042,074</b>

Source: Fiji FIU

### CTRs by Direction of Cash Payment

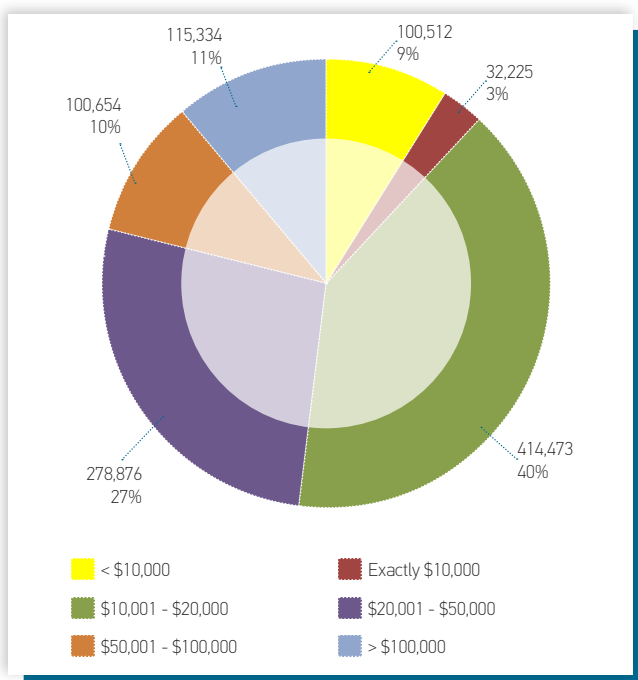
Majority (72 percent) of CTRs were reported on cash transactions into the financial institutions.



Source: Fiji FIU

### CTRs by Value of Transactions

The majority (43 percent) of CTRs received by the FIU were for cash transactions between \$10,000 and \$20,000.



Source: Fiji FIU

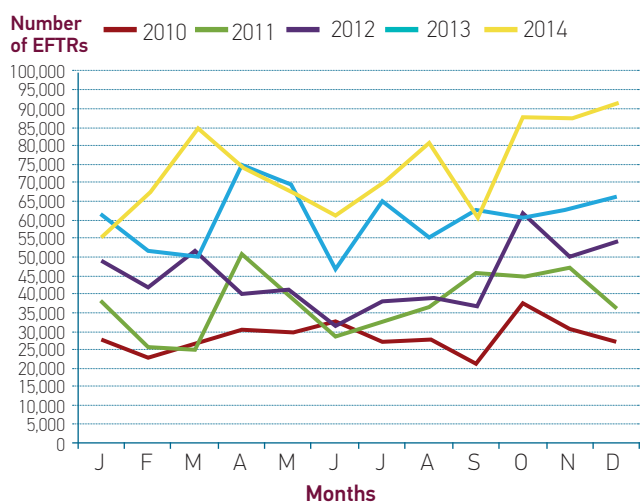
## 4 Electronic Fund Transfer Reports

The FIU received 1,308,633 EFTRs in 2014 or an average of around 109,053 per month. This is an increase of 10 percent from 2013. Adjustments were made to EFTR data due to submission of backdated reports during 2014, as part of FIU's reporting compliance and data quality project.

### Electronic Fund Transfer Transactions Reported

Year	Total EFTRs	Monthly Average EFTRs
2010	315,634	26,303
2011	450,849	37,570
2012	830,959	69,247
2013	1,147,728	95,644
2014	1,308,633	109,053

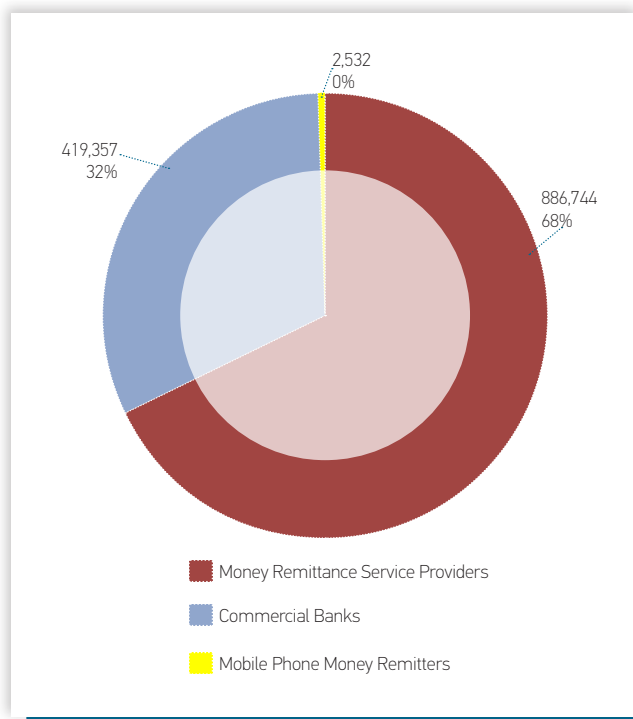
Source: Fiji FIU



### EFTRs Received by Sector

Majority (68 percent) of EFTRs were received from the money remittance service providers.

Four reporting institutions reported backdated EFTRs totaling 418,425 during 2014 as part of the FIU's reporting compliance and data quality project. This is a one-off increase and has not been reflected in the graph.



Source: Fiji FIU

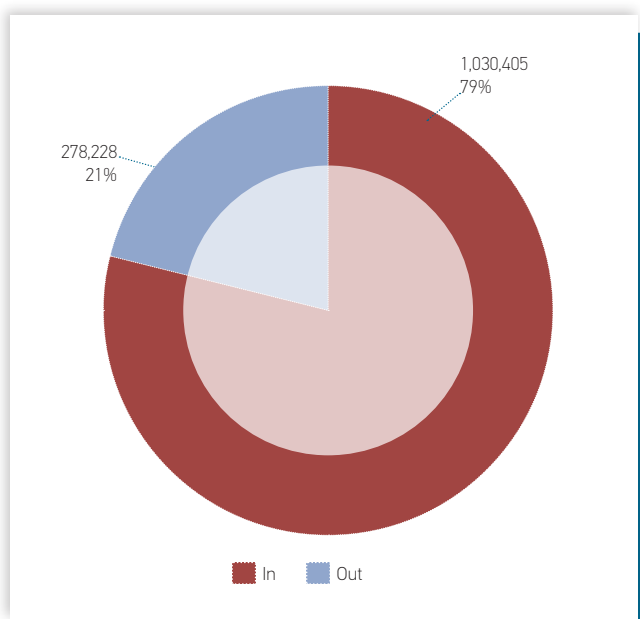
### EFTRs Received by Sector

Sector	2010	2011	2012	2013	2014
Money Remittance Service Providers	206,623	258,282	264,953	832,108	886,744
Commercial Banks	109,011	192,216	563,142	313,232	419,357
Mobile Phone Money Remitters	0	351	2,864	2,388	2,532
<b>Total</b>	<b>315,634</b>	<b>450,849</b>	<b>830,959</b>	<b>1,147,728</b>	<b>1,308,633</b>

Source: Fiji FIU

### EFTRs by Direction of Remittances

EFTRs may involve remittances into Fiji (inward) or remittances out of Fiji (outward). Majority (79 percent) of EFTRs received during 2014 were for inward remittances.



Source: Fiji FIU

### EFTRs by Direction of Remittances

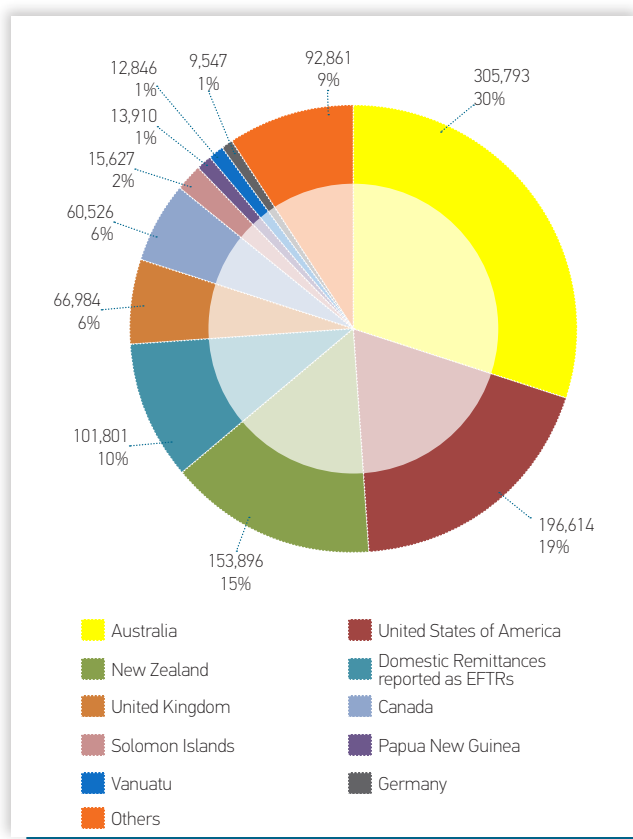
	2010	2011	2012	2013	2014
Inwards	249,858	345,558	582,909	894,026	1,030,405
Outwards	65,776	82,742	243,210	253,702	278,228
Not Provided	0	22,549	4,840	0	0
<b>Total</b>	<b>315,634</b>	<b>450,849</b>	<b>830,959</b>	<b>1,147,728</b>	<b>1,308,633</b>

Source: Fiji FIU

### EFTRs by Sending and Receiving Country

Inward international remittance transactions reported to the FIU involved the following nine major countries: Australia, United State of America, New Zealand, United Kingdom, Canada, Solomon Islands, Papua New Guinea, Vanuatu and Germany.

### EFTRs: Countries Involved in Inward Remittances to Fiji

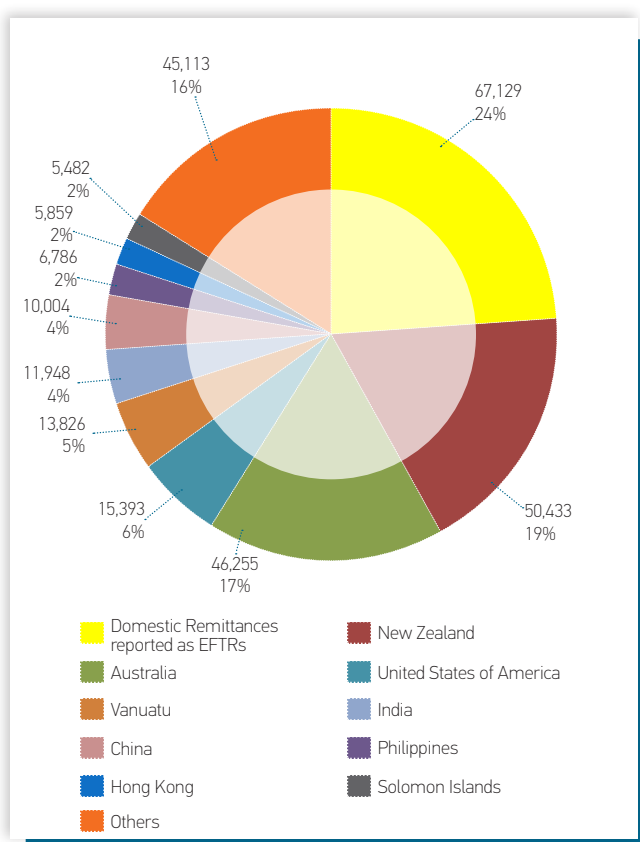


Source: Fiji FIU



Outward international remittance transactions reported to the FIU involved the following nine major countries: New Zealand, Australia, United States of America, Vanuatu, India, China, Philippines, Hong Kong and Solomon Islands.

#### EFTRs: Countries Involved in Outward Remittances from Fiji

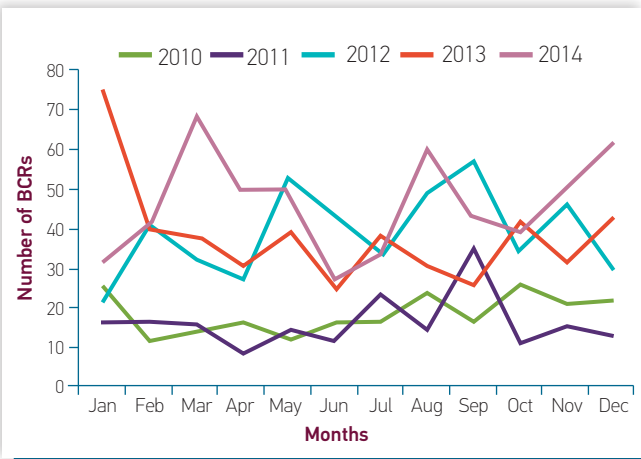


Source: Fiji FIU

## 5 | Border Currency Reports

In 2014, 557 BCRs were submitted to the FIU compared to 459 BCRs in 2013.

### Monthly Cash Transaction Reports



Source: Fiji FIU

### BCRs by Direction of Travel

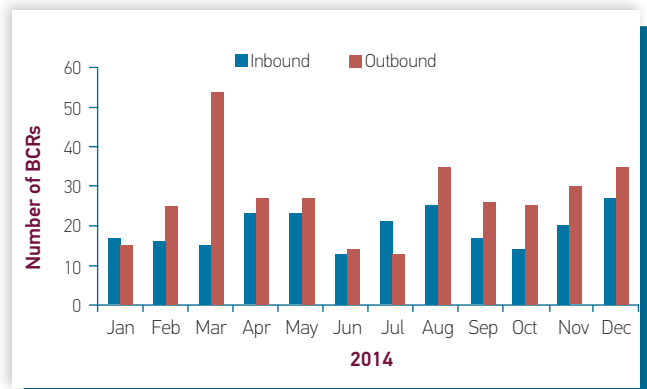
There were more declarations made by outbound travellers compared to inbound travellers in 2014.

### Border Currency Reports Received

Persons Declaring	2010	2011	2012	2013	2014
Declarations made by inbound travellers	119	93	117	141	231
Declarations made by outbound travellers	104	101	360	318	326
<b>Total</b>	<b>223</b>	<b>194</b>	<b>477</b>	<b>459</b>	<b>557</b>

Source: FRCA & Fiji FIU

### Comparison of Declaration Made by Travellers by Month



Source: Fiji FIU

The FIU together with FRCA have placed BCR posters at the Nadi and Nausori international airports to inform travellers of the BCR declaration requirements.

### BCRs by Value of Currency Declared

The total value of currency declared by travellers in the BCRs in 2014 was \$29.9 million compared to \$22.1 million in 2013.

### Value of Border Currency Reports Received

Persons Declaring	Value of Currency Declared (\$million)				
	2010	2011	2012	2013	2014
Travellers Arriving in Fiji	3.9	3.0	3.9	6.7	10.3
Travellers Departing Fiji	4.0	3.2	10.7	15.4	19.6
<b>Total</b>	<b>7.9</b>	<b>6.2</b>	<b>14.6</b>	<b>22.1</b>	<b>29.9</b>

Source: FRCA & Fiji FIU

### Failure to Declare Currency

Failure to declare currency at the border is an offence under the FTR Act. If convicted, a person is liable to a fine

of up to \$60,000 or imprisonment of a maximum of 10 years or both. There were 10 cases of persons brought before the court for failing to declare currency in 2014.

#### Failure to Declare Currency Cases in 2014

	DATE OF TRAVEL	DETAILS	AMOUNT FAILED TO DECLARE	DATE OF CONVICTION	JUDGMENT IN COURT
1	6 January	Passenger had arrived from South Korea	AU\$6,600.00 VUV10,000.00 JPY1,120.00 Total FJ\$11,163.00	7 January	Fined \$1,000.00
2	6 March	Passenger was departing for Hong Kong from Nadi	AUD\$88,270.00 US\$1,550.00 HKD150.00 FJ\$250.00	Still Pending	Case pending in Court
3	1 April	Passenger was travelling to Port Villa from Nadi	US\$22,479.00 RMB600.00 THB8,500.00 VUV200.00 Total FJ\$39,782.71	8 April	Fined \$5,000.00
4	10 May	Passenger was travelling to Los Angeles from Nadi	US\$4,000.00 FJ\$5,865.00 US\$10,698.00 (Bank Draft)	30 May	Fined \$5,000.00
5	19 May	Passenger was travelling to Sydney from Nadi	AU\$2,110.00 CAD1,175.00, GBP485.00 NZ\$1,510.00, EURO2,150.00 Total FJ\$15,267.55	30 May	Fined \$5,000.00
6	21 June	Passenger arrived at Nausori Airport from Sydney	US\$5,900.00 US\$7,811.60 (Bank Draft) FJ\$985.00	23 June	Case pending in court
7	6 July	Passenger was departing for Vanuatu from Nausori	FJ\$8,885.00	6 July	Fined \$2,500.00
8	27 September	Passenger arrived at Nausori Airport from New Zealand	NZ\$22,990.00 NZ\$6,440.00	17 October	Fined \$3,000.00
9	29 September	Passenger arrived to Fiji from Sydney	AU\$20,000.00	1 October	Fined \$2,000.00
10	20 December	Passenger was departing for Hong Kong from Nadi	US\$10,011.00 AU\$6,000.00 THB 20,520.00 HKD3,380.00 VND 2,000.00 & FJ\$125.00 Total FJ\$28,870.95	Still Pending	Case pending in Court

Sources: FRCA, Border Police, FIU

### BCR Case Study 1

*State v Huang Jing Jing (Criminal Case No. 298 of 2014)*  
Magistrates Court of Nadi

On 1 April 2014, Mr Huang Jing Jing checked into flight bound for Port Villa, Vanuatu together with his employer as a transit passenger at Nadi International Airport. At the Customs Departure primary line, Mr Huang Jing Jing, on his departure card failed to declare to Fiji Customs that he was carrying currency equivalent to FJ\$10,000.00 or more.

His employer was off-loaded and therefore Mr Huang Jing Jing was voluntarily off-loaded as he was the interpreter for his employer.

Upon search by Immigration officials, the following amounts of money were recovered from the carry-on luggage of Mr Huang Jing Jing: USD\$22,479.00, RMB\$600.00, THB\$8,500.00 and VATU200.00 amounting to total value of \$39,782.71 equivalent in Fijian currency.

Mr Huang Jing Jing was produced at the Nadi Magistrates Court and he pleaded guilty for contravening the BCR reporting requirements. The accused was ordered to pay a fine of FJ\$5,000.00 and the cash seized was released to the accused.

### BCR Case Study 2

*State v Mark James Hinton (Criminal Case No. 432 of 2014)*  
Magistrates Court of Nadi

On 19 May 2014, Mr Mark James Hinton was bound to leave Fiji for Sydney. At the Customs Departure primary line, Mr Mark James Hinton, on his departure card failed to declare to Fiji Customs that he was carrying currency equivalent to FJ\$10,000.00 or more.

Upon search by Immigration officials, the following amounts of money was recovered inside the shoes in the baggage of Mr. Hinton: AUD\$2,110.00, CAD\$1,175.00, GBP 485.00, NZD\$1,510.00, EURO2,150.00 and FJ\$5,525.93 amounting to total value of \$15,267.65 equivalent in Fijian currency.

Mr Mark James Hinton was produced at the Nadi Magistrates Court and he pleaded guilty for contravening the BCR reporting requirements. The accused was ordered to pay a fine of FJ\$5,000.00 and the cash seized was released to the accused.

## 6 : Emerging and Continuing Money Laundering Trends

### Emerging Trend

**Email Spoofing** – The FIU's strategic analysis outcomes shows that local businesses have been the target for email spoofing in 2014 in relation to their overseas business transactions and payment instructions overseas.

Cases were reported to the FIU where corporate and business entities have fallen victims through email spoofing and identity theft. Cases reported to the FIU show that email correspondence sent between the ordering local business entities and their overseas suppliers were intercepted or hacked by cybercriminals. The cybercriminals would then use email spoofing to communicate with the local business entities using the same email address of the overseas supplier.

The cybercriminals then advise the local business entity that due to changes within their (overseas supplier) finance and accounting department, the payment should be redirected to another bank account. This bank account belongs to the cybercriminals themselves.

### Declining Trend

**Use of minor's bank account to deposit business funds.**

The FIU has noted a decrease in the number of cases reported by financial institutions on use of minor's bank accounts to deposit funds. The reason for the decline is due to continued awareness by the tax authority for mandatory tax identification number registration for any bank account holder.

### Continuing Trend

**Currency smuggling** (including issues of concealment and security) – A number of BCR cases were identified whereby travellers failed to declare carrying currency of \$10,000 and above when arriving or departing Fiji. This is a requirement under the FTR Act.

The trend is still continuing as there needs to be more awareness at the border for detecting BCR cases. The BCR successful conviction cases have resulted in the persons being fined up to FJ\$5,000 and the currency released to the persons.



## 7 Case Studies

The following cases studies identified by the FIU during 2014 highlights suspicious transaction indicators and money laundering typologies.

### Money Laundering Cases: Success Stories In Fiji

#### Senior Tax Officer in False VAT Refund Scheme

In 2004, a commercial bank reported a case to FIU regarding a businessman, Person X, who was receiving large Inland Revenue cheques into his bank account. The case was scrutinised by FIU and it was established that this businessman along with other individuals had fraudulently obtained VAT refund cheques. The case was disseminated to the Fiji Police Force for their formal investigations.

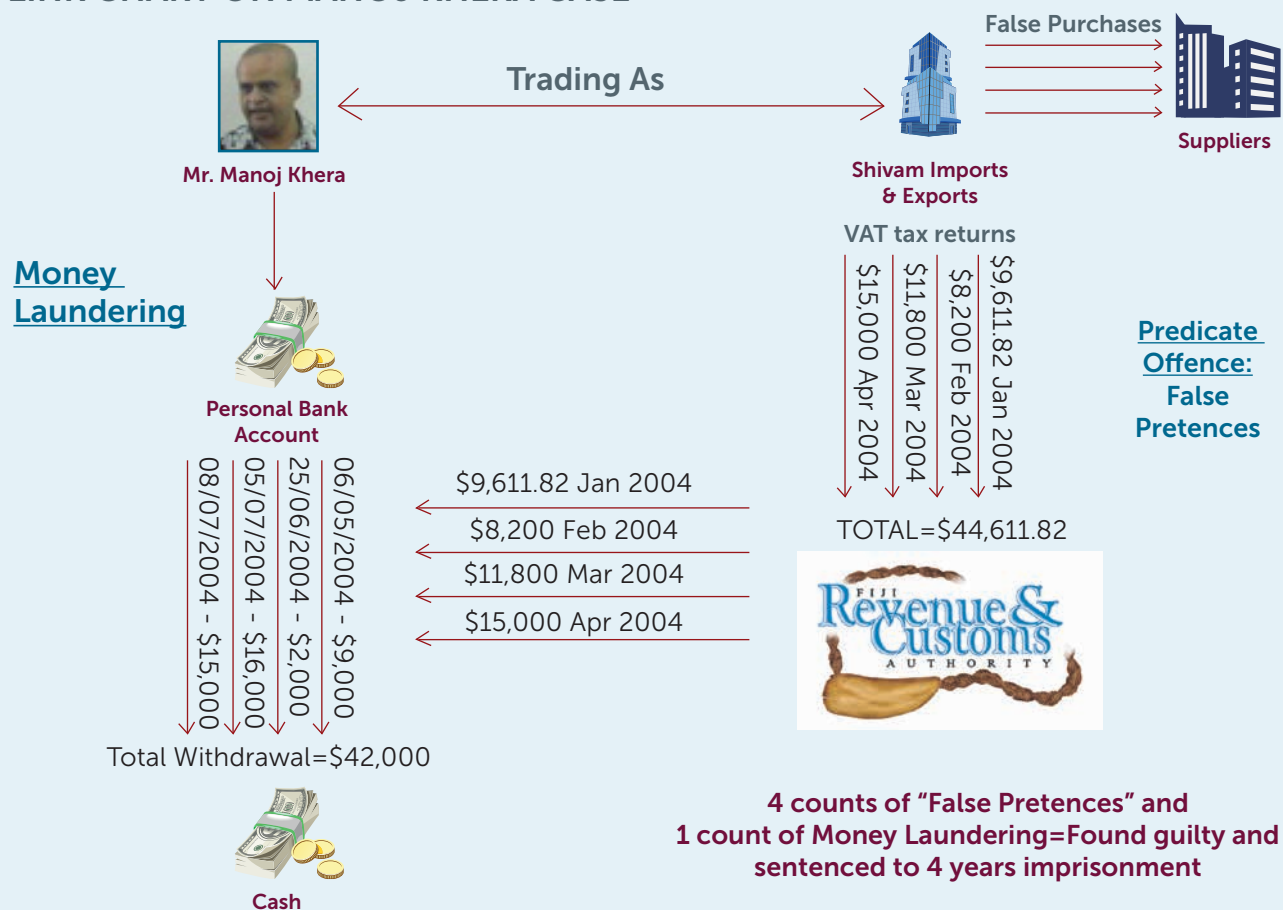
In July 2014, Mr Manoj Kumar Kherra was charged for Money Laundering offence under section 69 of the Proceeds of Crime Act.

It was established that between January and April 2004, Mr Manoj Kumar Kherra submitted four VAT returns containing false information for his company, Shivam Imports and Exports, to the Fiji Revenue and Customs Authority. The four VAT returns claimed that the VAT he paid on his business purchases were more than the VAT he collected on his sales.

Mr Manoj Kumar Kherra was issued four FRCA VAT refund cheques totalling \$44,611.82 which he deposited into his personal bank account. These funds were withdrawn from his bank account and unrecovered.

On 30 July 2014, Mr Manoj Kumar Kherra was convicted for money laundering and false pretences and on 3 October 2014 was sentenced to four years imprisonment. Refer to FIU website <http://www.fijifiu.gov.fj/Pages/Money-Laundering-Conviction/State-vs-Manoj-Kherra.aspx>.

### LINK CHART ON MANOJ KHERA CASE



## CASE STUDY 1 – Possible Migration Scam

Person Y approached Bank A with \$500 cash to be deposited into the account of Person X. Person Y presented an email correspondence between Person Y and Person X regarding the arrangement of employment overseas. Person Y explained to the teller that the deposit was payment of 'registration fees' for her application for employment as a caregiver.

A STR was reported to FIU on the grounds that there were other individuals depositing money to the same account for similar reasons. Within five months, Person X had accumulated a total of \$36,000 in his bank account through 18 third party deposits. It was also noted that withdrawals from the account were conducted overseas.

The FIU was able to establish that a warrant for Person X's arrest was issued by a foreign Police agency for pending charges of a migration scam committed by Person X and his partner. Person X was also wanted by Fiji Police Force for charges of "obtaining financial advantage by deception".

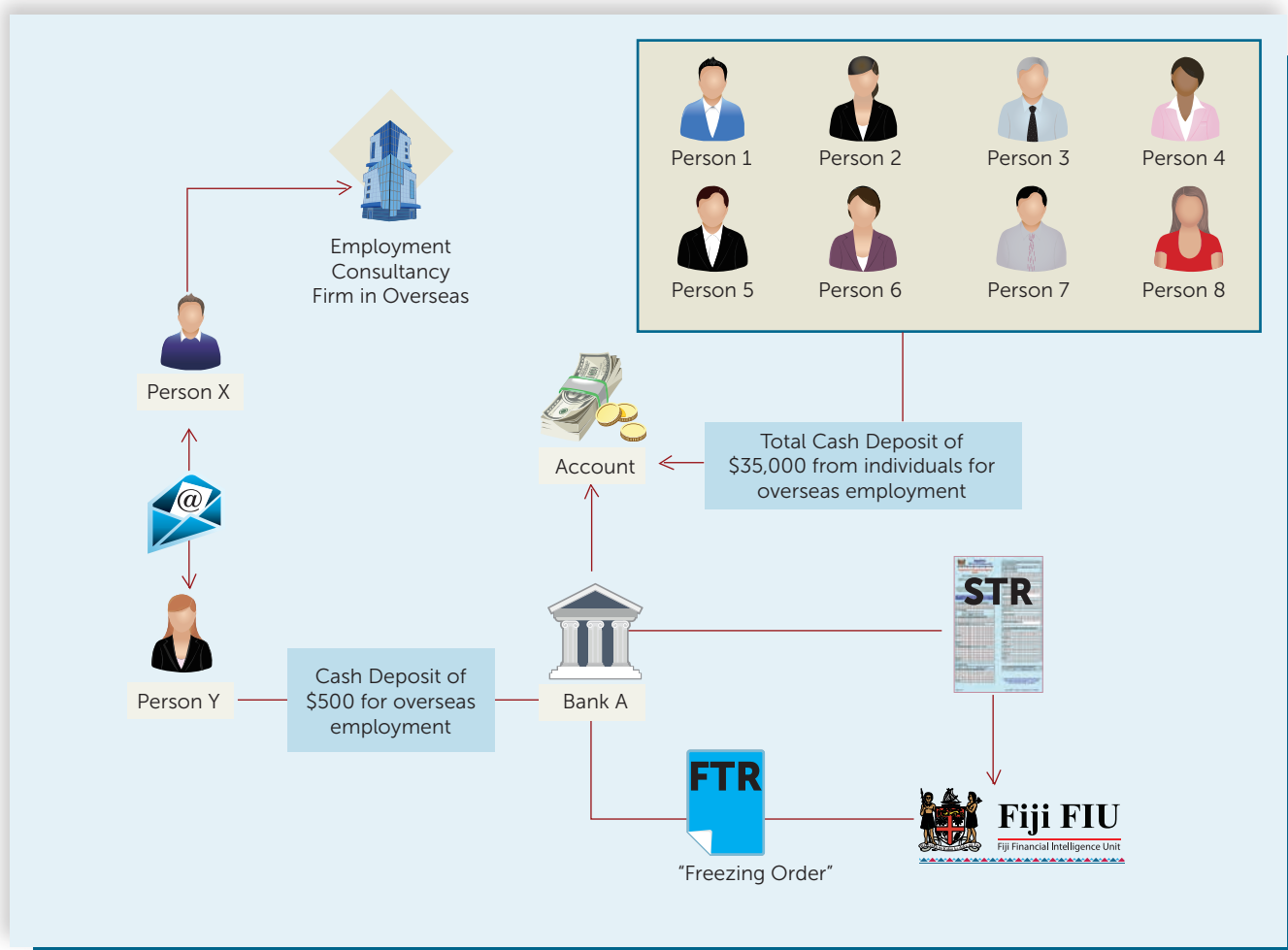
The FIU issued an instruction notice on the bank account of Person X to restrict account activity and also alerted commercial banks and money remittance service providers to not proceed with any transactions that maybe linked Person X and his associates. The case is currently being investigated by the Fiji Police Force.

### Possible Offence:

- ▶ Money Laundering.
- ▶ Obtaining financial advantage by deception.

### Indicators:

- ▶ Third party deposits by different individuals into a personal account for suspicious reasons.
- ▶ Unusual account activity – the deposits are conducted locally and yet the customer is withdrawing funds at overseas ATMs.



## CASE STUDY 2 – Email Spoofing

Fiji FIU received a complaint from a local business entity, Company X, regarding an order for grass cutters which they had placed with an overseas supplier. Company X was communicating with the known overseas supplier; Company Y based in Chinese Taipei, Taiwan, via email and placed the order.

Company Y provided via email the bank account details and advised that the first payment of US\$43,000 was to be made to that bank account. Company X sent the first payment of US\$43,000 via international funds transfer from their commercial bank account in Fiji. Regarding, the second payment, Company X received an email that appeared to be from Company Y advising Company X to make the second payment to a company based in the United Arab Emirates (UAE). Company X remitted US\$65,052 to the company in UAE and advised Company Y that the second payment was made. Company X was informed by Company Y that the beneficiary in UAE was not known to Company Y.

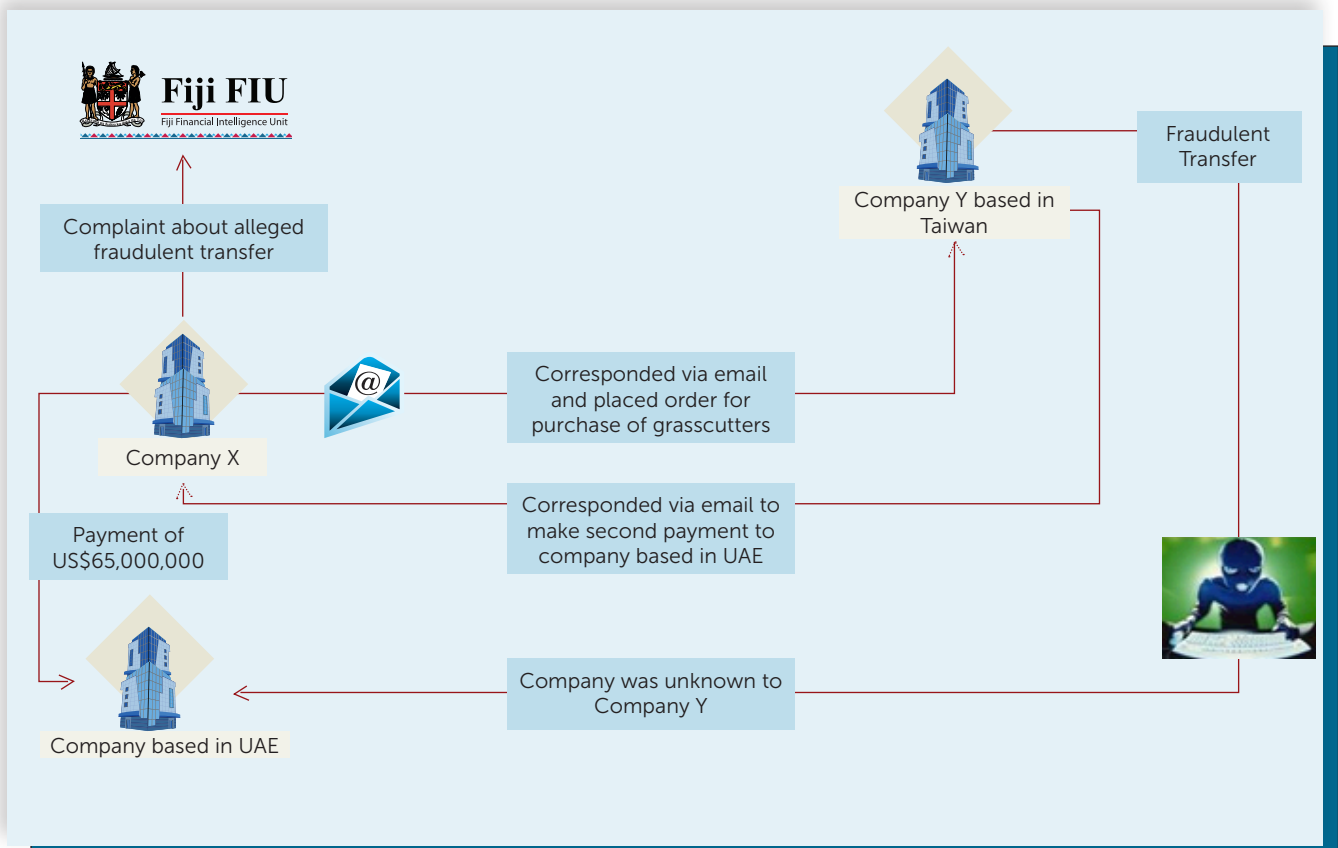
The FIU was able to request for details of the bank account maintained in UAE and was informed that the company had been brought to the attention for similar fraudulent transfers. It was established that cybercriminals were involved in sending “look-alike” payment instructions.

### Possible Offence:

- ▶ Money laundering.
- ▶ Cyber Fraud.
- ▶ Impersonation.

### Indicators:

- ▶ Sudden change in payment details.
- ▶ Payment details do not appear to be related to the overseas supplier.



### CASE STUDY 3 – Unauthorised Transfers

A STR was reported to the FIU by a commercial bank on unauthorised transactions conducted in the bank accounts of Person A and Person B. Investigations found that 2 bank officers (Person C and Person D) had colluded with 2 other individuals (Person E and Person F) to obtain access to the bank accounts of Person A and Person B.

Person E and Person F used social engineering techniques on social networking sites to extract personal information, including telephone numbers of Person A and Person B who both had signed up for telephone banking. Once Person E and Person F obtained the personal information, they were able to change the telephone banking login details of Person A and Person B. Person E and Person F then proceeded onto transferring funds (total of FJ\$24,000) from the bank accounts of Person A and Person B to their own bank accounts and the bank accounts of the two bank officers.

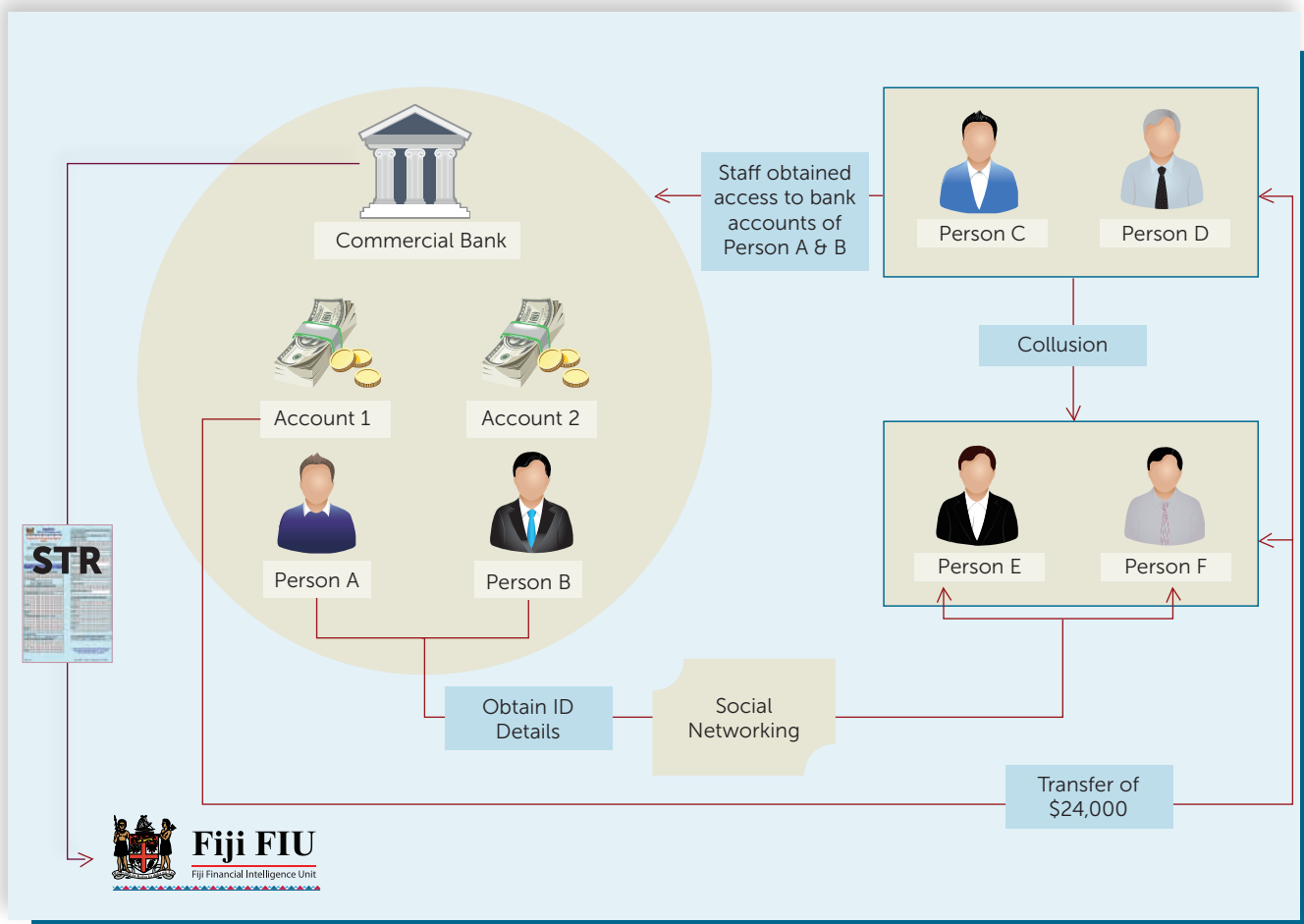
Person E and Person F have been charged with money laundering and the case is still before the Court.

#### Possible Offence:

- ▶ Money Laundering.
- ▶ Cybercrime.

#### Indicators:

- ▶ Sudden and unreasonable changes in the account activity i.e. the accounts maintained by the victims were savings accounts and therefore funds were accumulated or idle in the account before the unauthorised transfers began to occur.
- ▶ Unauthorised transfers began after telephone banking login details were changed.



## CASE STUDY 4 – Collusion and Fraud

The FIU received a STR from a local company on possible involvement of 11 of its employees in fraud, theft and embezzlement activities. It was alleged by the local company that the employees colluded, stole and sold products of the company for their personal gain without the authorisation of the company.

The FIU conducted checks on the employees' assets, financial and credit history. FIU established that the head cashier, Person X, had purchased a vehicle in 2013 and a second vehicle in early 2014. There was no evidence according to the analysis of the head cashier's bank statements that he had the funds to finance the motor vehicle. In addition to these motor vehicles, he also owned two properties. Deposits made to Person X's personal bank account between 2013 and 2014 exceeded his annual salary. These deposits were suspicious and could not be justified.

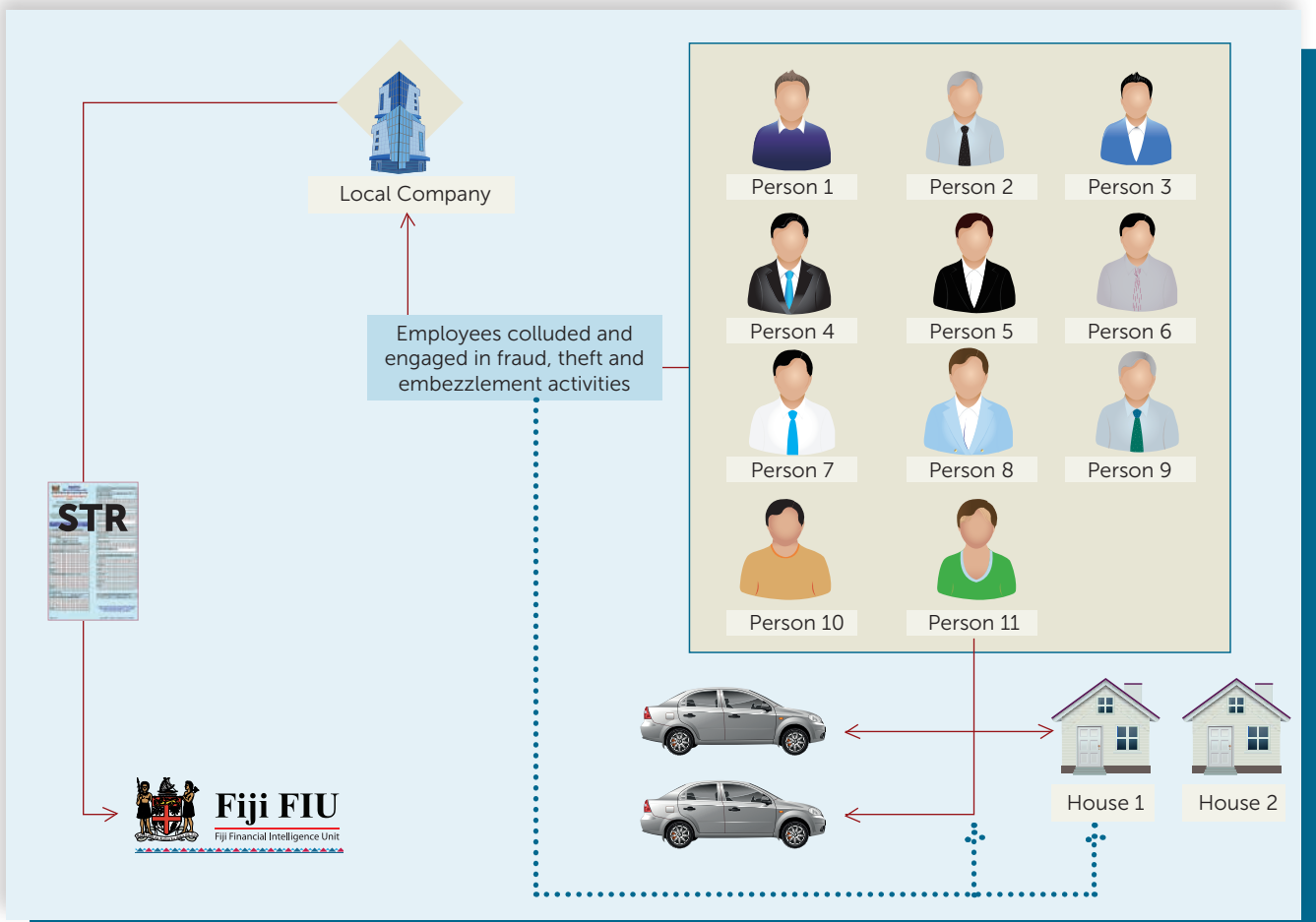
The father of Person X also owned two motor vehicles and a third motor vehicle which had been disposed.

### Possible Offence:

- ▶ Money Laundering.
- ▶ Fraud.
- ▶ Theft.
- ▶ Embezzlement.

### Indicators:

- ▶ Regular cash deposits received into personal account apart from salary.
- ▶ Employee of the local company living beyond his means.





## CASE STUDY 5 – Suspicious Credit Card Transactions

A suspected credit card fraud was reported by a commercial bank to FIU. A credit card merchant, Hotel X, advised the bank that one Person A emailed the hotel for accommodation bookings. Person A provided credit card details and instructed Hotel X to deduct the following from the credit card:

- Accommodation Fee (for Hotel X) = \$400
- Flight Tickets (for Travel Agent) = \$3,500
- Compensation (for Hotel X) = \$300

Person A instructed Hotel X to inform him once the money was credited to the hotel's account so he could provide details of the travel agent to whom Hotel X would transfer \$3,500. The commercial bank advised Hotel X not to process these transactions.

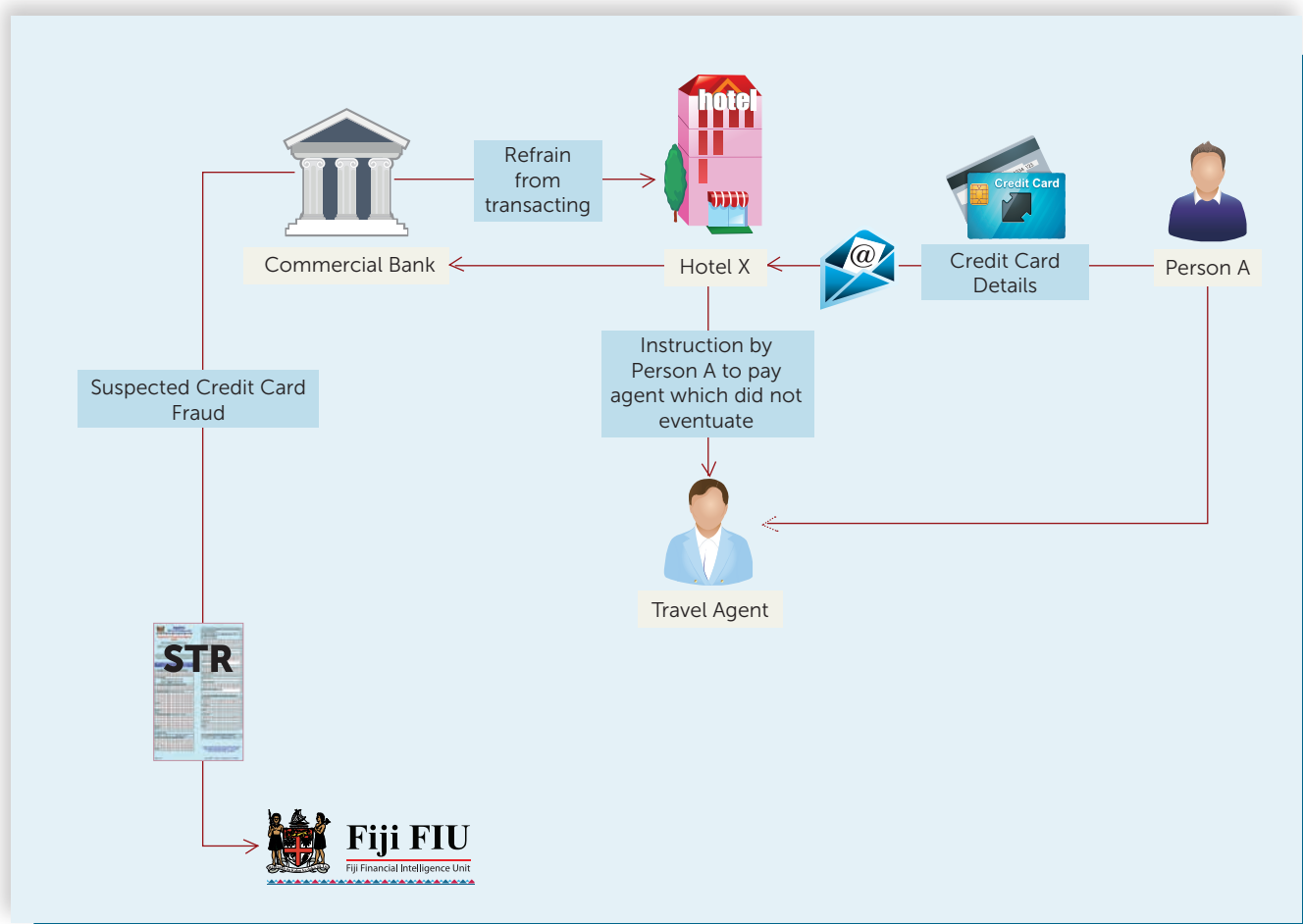
Once Hotel X informed Person A that the transactions would not be processed from the given credit card, Person A provided details of another two credit cards with similar instructions to Hotel X. The commercial bank found that there was a block on the credit cards provided by Person A so these transactions again did not proceed.

### Possible Offence:

- ▶ Money Laundering.
- ▶ Credit Card Fraud.

### Indicators:

- ▶ Customer requests business to conduct transactions unrelated to the business – Person A requested Hotel X to transfer money to a 'travel agent' on behalf of Person A.



## CASE STUDY 6 – Tax Evasion Funds Remitted to Fiji

A STR was received on Person X, a foreigner, who was allegedly receiving international remittances of similar amounts from six different individuals on the same day. The purpose given for these remittances was “student allowance.”

FIU established that Person X was the wife of a businessman in Country X. It was further established that the businesses of Person X’s husband bought supplies from companies in Fiji. The remittances to Fiji appeared to be for business payments.

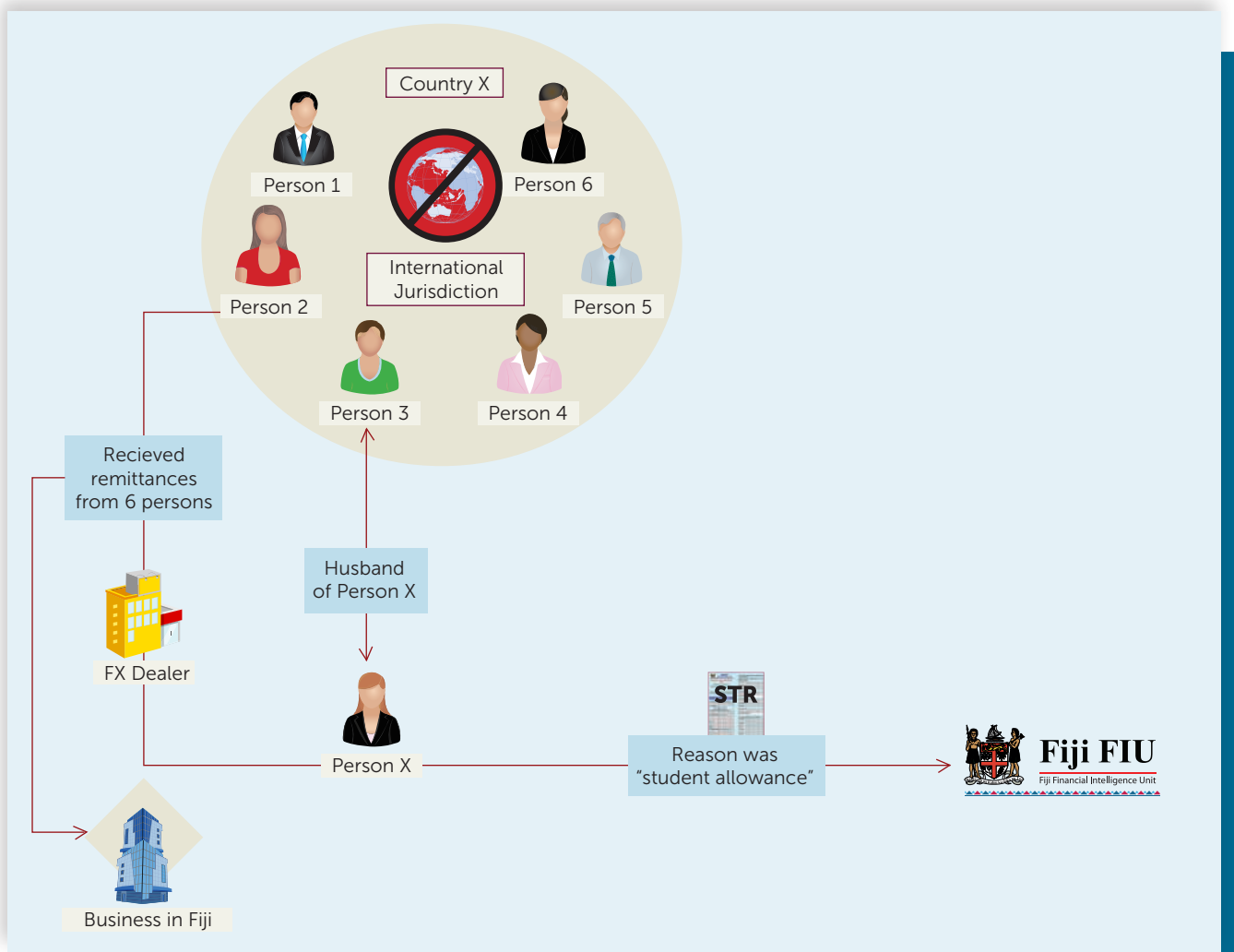
The case was disseminated to the FIU of Country X for possible tax evasion offences, possible non-compliance by the sending institution in Country X and possible exchange control breaches in Country X.

### Possible Offence:

- ▶ Money Laundering.
- ▶ Tax Evasion.
- ▶ Non-compliance with AML requirements.
- ▶ Exchange Control violations.

### Indicators:

- ▶ Splitting of funds by different individuals sending to the same beneficiary.
- ▶ Purpose of the remittance did not match the profile of the customer.



## CASE STUDY 7 – Lavish Lifestyle by Unemployed Individuals

STR was received by the FIU from a member of the public on two related individuals, Person X and Person Y, who were both unemployed. Analysis by the FIU found significant financial transactions conducted in their bank accounts. While profiling the two individuals, the FIU liaised with the Fiji Police Force and established that they were under investigation for a serious offence.

Analysis of the financial transactions conducted by the two individuals established the following:

- Numerous cash deposits made into personal bank accounts. The source of funds for the deposits could not be clearly supported;
- Overseas cash withdrawals via international debit cards were conducted from the bank accounts of Person X and Person Y, although both individuals were in Fiji during the date of the overseas withdrawals;

- Large amount of funds were being remitted to relatives residing overseas although both individuals did not have a regular source of income;
- Purchases were made at hardware stores were believed to be for house renovations;
- Purchases and payments made at hotels and expensive stores showed the lavish lifestyles of Person X and Person Y.

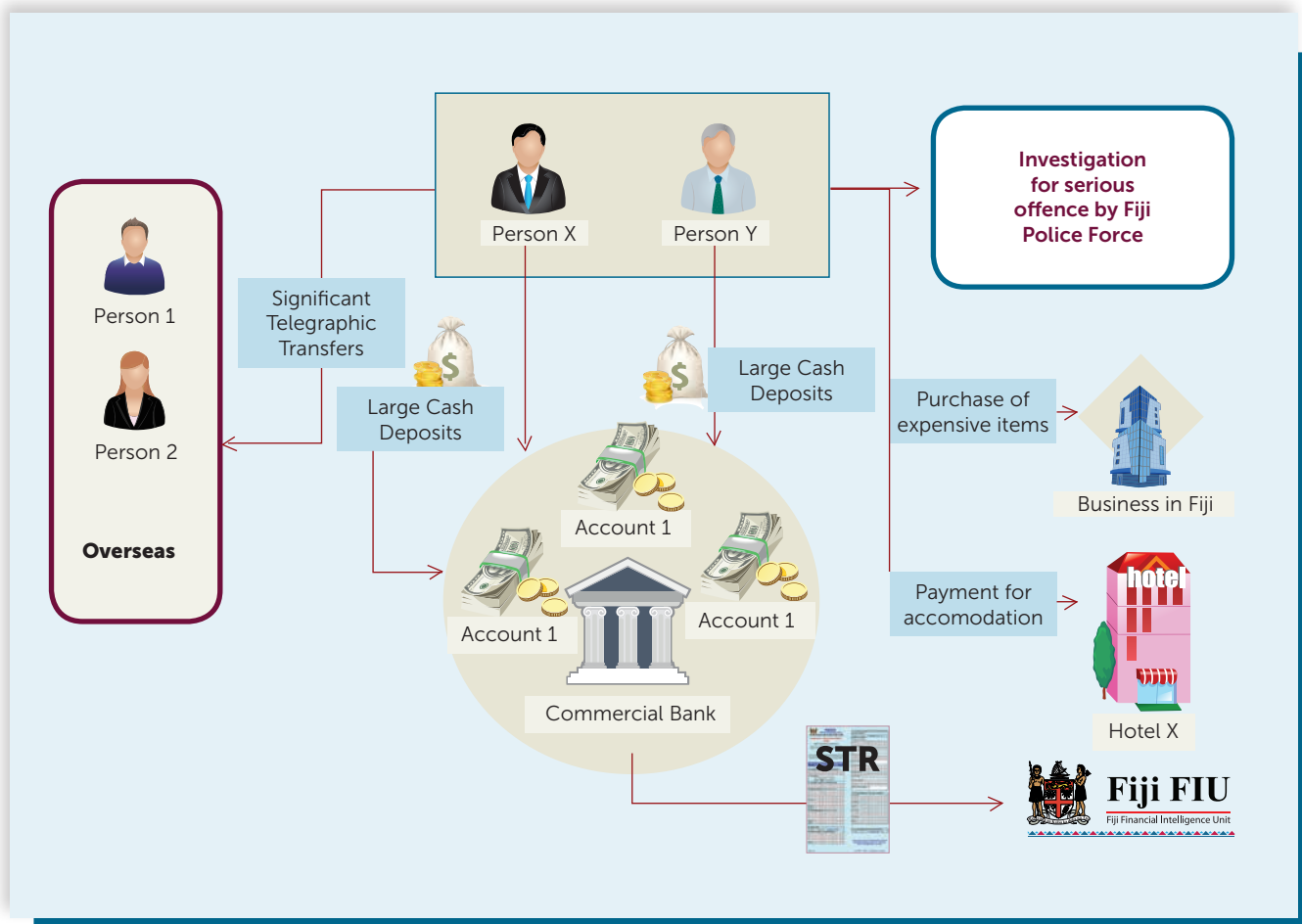
Investigations are currently underway.

### Possible Offence:

- Money Laundering.
- Unexplained Wealth.

### Indicators:

- Financial transactions do not match the profile of the customers.



## CASE STUDY: UNEXPLAINED WEALTH

The FIU received a STR from a member of the public on an employee of a local municipal Council, Person A. It was reported that Person A is a truck driver.

He built a house valued at \$150,000 in 2010. Person A reportedly owns a mini bus valued at \$90,000 and a Ford Ranger motor vehicle valued at \$80,000.

Person A also owns two taxis valued at \$60,000. He runs a temple from his residential premises. He does not appear to have any accountability on the income generated from temple donations.

The FIU is currently analysing Person A for possible possession of unexplained wealth.

### Possible Offence:

- ▶ Unexplained Wealth.

### Indicators:

- ▶ Assets owned by Person A does not match the profile/occupation of Person A.

## CASE STUDY: CORRUPTION CASE

The FIU received a STR from a commercial bank on a motor vehicle examiner, Person X. The commercial bank teller observed that Person X was depositing substantial funds into his personal bank account apart from salary.

An analysis of the bank account of Person X shows that apart from salary deposits, Person X was able to accumulate total deposit of \$38,000 from 2009-2014.

Person X also purchased a vehicle during the beginning of April 2009 and sold the same vehicle at the end of April 2009. Person X also purchased a vehicle in May 2013.

The FIU disseminated the result of its analysis to Fiji Independent Commission Against Corruption to investigate the case for alleged involvement of Person X in corrupt activities.

### Possible Offence:

- ▶ Corruption.

### Indicators:

- ▶ The funds deposited into the bank account of Person X does not match the profile/occupation of Person X.

## CASE STUDY: SUBSTANTIAL TAX EVASION CASE

The FIU received a STR from a commercial bank on Person Y, an Asian national. He was the director of Company Z. The spouse of Person Y and the company were previously brought to the attention of the FIU in 2009 for possible tax evasion.

Analysis of the bank account of Person Y from 2009 to July 2014 shows deposits of approximately \$2.1 million. The FIU also established that Person Y maintained an investment property loan and a business term loan account with the same commercial bank.

Person Y also sent significant telegraphic transfers to Australia in 2014.

### Possible Offence:

- ▶ Tax Evasion.

### Indicators:

- ▶ The funds deposited into the personal bank account of Person Y does not match the profile/occupation of Person X.

## CASE STUDY: BCR CASE 1

On 10 May 2014, Person X was bound to leave Nadi, Fiji for Los Angeles, USA. At the Customs Departure primary line, Person X, on his departure card failed to declare to Fiji Customs that he was carrying currency equivalent to FJD10,000.00 or more.

Upon search by Immigration officials, the following amounts of money were recovered from the front and back pants pockets of Person X: \$USD4,000.00 and FJD\$5,865.00 amounting to a total of \$13,185.00 equivalent in Fijian currency and a bank draft of \$10,698.00 in US currency.

Person X together with the seized cash and bank draft were handed over to Police for investigation.

## CASE STUDY: BCR CASE 2

On 20 December 2014, Person Y was bound to leave Nadi, Fiji for Hong Kong. At the Customs Departure primary line, Person Y, on his departure card failed to declare to Fiji Customs that he was carrying currency equivalent to FJD10,000.00 or more.

Upon search by Immigration officials, the following amounts were recovered from the carry-on luggage of Person Y: USD\$10,011.00, AUD\$6,000.00, VND\$2,000.00, HKD\$3,380.00, THB20,520.00 and FJD\$125.00 amounting to a total of \$28,870.95 equivalent in Fijian currency.

Person Y has been charged and is held in custody awaiting Court hearing. All the cash has been seized and exhibited.

## 8 Glossary

AFI	Alliance for Financial Inclusion
AML	Anti-Money Laundering
AMS	Alert and Monitoring System
APG	Asia Pacific Group on Money Laundering
APIFIU	Association of Pacific Islands FIUs
BCR	Border Currency Report
CDR	Case Dissemination Report
CFT	Combating the Financing of Terrorism
CTOG	Counter Terrorism Officials Working Group
CTR	Cash Transaction Report
DMS	Data Mining System
DPR	Detailed Progress Report
EFTR	Electronic Funds Transfer Report
FATF	Financial Action Task Force
FCA	Finance Companies Association
FFIMSO	Fiji FIU Information Management System Online
FICAC	Fiji Independent Commission Against Corruption
FINTWG	Financial Integrity Working Group
FIU	Financial Intelligence Unit
FRCA	Fiji Revenue and Customs Authority
FTR	Financial Transactions Reporting
IT	Information Technology
MOA	Memorandum of Agreement
NCLASA	National Combined Law and Security Agencies
ODPP	Office of the Director of Public Prosecutions
RBF	Reserve Bank of Fiji
STR	Suspicious Transaction Report
UNODC	United Nations Office on Drugs and Crime





# Fiji FIU

Fiji Financial Intelligence Unit

## CONTACT INFORMATION

Financial Intelligence Unit

Level 5, Reserve Bank Building

Reserve Bank of Fiji

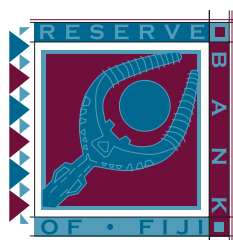
Private Mail Bag,

Pratt Street, Suva, Fiji

Tel: (679) 322 3333

Fax: (679) 331 6454

Email: [info@fijifiu.gov.fj](mailto:info@fijifiu.gov.fj)



The background is a deep blue with a complex, abstract pattern. A prominent feature is a spiral that starts from a central point and expands outwards, composed of many small, rectangular segments. Overlaid on this spiral is a grid of squares, some of which are slightly offset or rotated, creating a sense of depth and movement. The overall effect is a futuristic, digital, or architectural aesthetic.

[www.fijifiu.gov.fj](http://www.fijifiu.gov.fj)