

**Fiji FINANCIAL
INTELLIGENCE UNIT
2016 ANNUAL REPORT**



Fiji FIU
Fiji Financial Intelligence Unit





Fiji FIU
Fiji Financial Intelligence Unit



OUR VISION

“Protecting Fiji from Money Laundering”

OUR MISSION

1. Strengthen our compliance with international Financial Intelligence Unit (FIU) and anti-money laundering and combating the financing of terrorism (AML/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;
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;
10. Governance and Proactive Communication.

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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 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.

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:

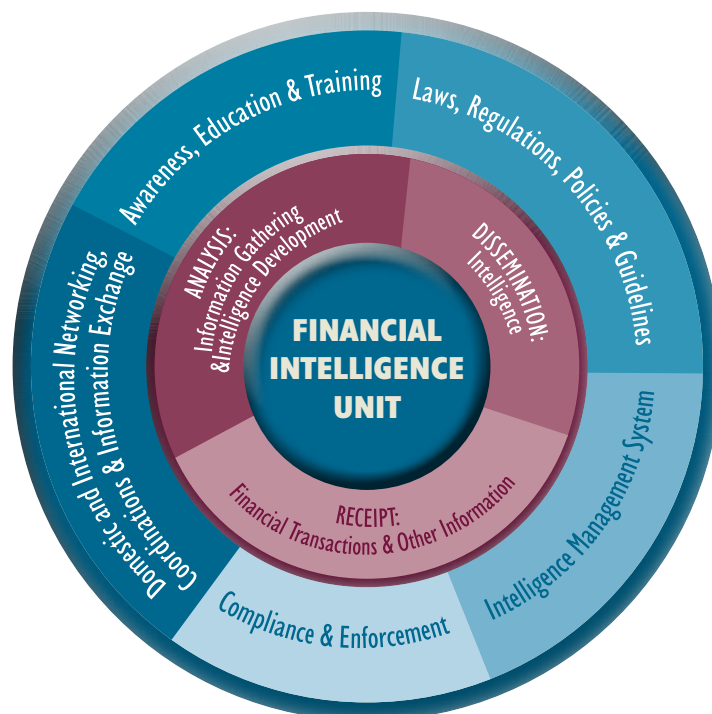
1. receive financial transactions and other information from financial institutions;
2. gather additional information from financial institutions, government and other stakeholder agencies;
3. analyse information;
4. develop intelligence;
5. refer intelligence and information of possible money laundering 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;
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, policy discussions and information exchange network.

The FIU 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 and other serious crimes.

The FIU shares its intelligence and information both spontaneously and upon request from various partner agencies, both domestic and foreign.

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. The Fiji Police Force and the Fiji Revenue and Customs Authority (FRCA) provide additional staffing support to the FIU.



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DIRECTOR'S FOREWORD



I am pleased to present the 2016 Annual Report of the FIU. This is the 11th Annual Report of the FIU.

The FIU in its 11 years of operation continues to be the lead agency to combat money laundering and related serious crimes in Fiji. The major AML/ CFT outputs in 2016 reflect the ever challenging environment that the FIU operates in Fiji.

The FIU's key outcomes in 2016 were the finalisation of Fiji's mutual evaluation report by the Asia Pacific Group on Money Laundering (APG), achievements in intelligence development and networking, the successful hosting of Egmont Committee meeting, delivering capacity building attachment programme for smaller FIUs in the Pacific, leadership role with the APG and the Egmont Group, and improving Fiji's adherence to international AML/CFT requirements.

The FIU also contributed to the following functional areas and operational network in 2016:

- 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 2016 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 2016:

- received and analysed 579 suspicious transaction reports;
- received 590,385 cash transaction reports;
- received 1,148,711 electronic funds transfer reports;
- managed nearly 10 million financial transaction reports on our database;
- received 547 border currency reports;
- disseminated 195 intelligence reports to law enforcement agencies;

- issued 14 Alert Notices to financial institutions on suspicious persons and entities;
- issued one Directive to financial institutions;
- handled 213 requests for investigative assistance from law enforcement agencies;
- handled 41 requests for due diligence and background checks from government agencies;
- provided AML and FTR Act training to 320 officers of financial institutions and 67 officers of law enforcement agencies;
- made 464 enquiries and requests for further information from financial institutions;
- enrolled 61 officials at the National AML Computer Based Training Centre;
- provided secretariat support for the National AML Council and Working Groups;
- issued 21 adhoc policy advisories;
- conducted onsite compliance assessments of two law firms and two accounting firms;
- conducted offsite compliance assessments of reporting and record keeping obligations of larger financial institutions;
- registered 96 AML Compliance Officers of financial institutions (since 2006);
- managed 102 current authorised users of the FIU's online IT system;
- signed a Memorandum of Agreement (MOA) with the Fijian Elections Office.

International and Regional Leadership:

I continued in my new role as the regional representative of the Asia and Pacific region of the Egmont Group and a member of the Egmont Committee. I successfully hosted the Egmont Committee meeting in May 2016 in Nadi. This was the first time such a high-level meeting was held in any Pacific Island country. I also led the Fijian delegation to the APG plenary meeting in San

Diego in September 2016 where Fiji's mutual evaluation report was discussed and adopted.

The FIU also continued to take regional leadership by providing information technology technical assistance and short-term capacity building work attachments for new FIUs in the Pacific Island countries.

The FIU led the Pacific frauds project for the APG.

Looking ahead in 2017:

The FIU will continue to engage with the APG on Fiji's mutual evaluation process by providing regular reports and updates on the progress Fiji has made to align our AML/CFT systems in line with the international standards.

The FIU will collaborate with the National AML Council on the implementation of APG recommendations and the findings of the national risk assessment. The FIU will continue to support the implementation of the national security strategy, the national cybersecurity strategy, the unexplained wealth task force and counter-terrorism and its financing framework.

I would like to thank the Governor and the Board of the Reserve Bank of Fiji for providing financial and administrative support to the FIU in 2016.

I would like to also thank the Commissioner of Police and the Chief Executive Officer of the FRCA for seconding their officers to the FIU.

I look forward to working more closely with our stakeholders in 2017 in achieving our vision of "Protecting Fiji from Money Laundering".



Razim Buksh
Director
Financial Intelligence Unit

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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 before each new financial 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 and outcomes.

FIU Governance and Accountability Framework

MINISTER FOR JUSTICE	GOVERNOR & RBF BOARD	DIRECTOR FIU	NATIONAL AML COUNCIL
<ul style="list-style-type: none"> Minister responsible for the FIU under the FTR Act. Delegated his responsibilities under the FTR Act to the Governor of the RBF in 2005. 	<ul style="list-style-type: none"> Responsible for the administration of the FIU under the delegation of powers from the Minister for Justice. Responsible for the approval of FIU annual budget. 	<ul style="list-style-type: none"> Responsible for the powers, functions and duties of the FIU as specified in the FTR Act. Reports directly to the Governor of the RBF. 	<ul style="list-style-type: none"> Responsible for providing advice and assistance to the FIU on the prevention of money laundering and terrorist financing activities in Fiji. Provides recommendations to the Minister and Governor on the appointment of the Director.

Reporting to the National AML Council

The National AML Council is established under the FTR Act and its members, roles and functions are also provided under the FTR Act.

The Council provides broad policy advice, assistance and guidance to the FIU on the prevention of money laundering, terrorist financing and related activities in Fiji. The Council is also responsible for making recommendations to the Minister on the appointment of the Director of the FIU.

The FIU provides regular reports and updates to the National AML Council.

Funding and Administration

The FIU is fully funded by the RBF and is organised as a separate functional group within the RBF's organisation structure. The annual budget of the FIU is submitted for the approval by the Board of the RBF each year. The FIU is accountable to the Governor and the Board for the use of funds allocated annually.

The FIU is administratively housed within the RBF. The FIU is subject to all the administrative protocols, policies and procedures of the RBF.

Due to the nature of its establishment as part of the RBF, the FIU does not prepare and publish a separate set of financial statements on its operations. The expenditure of the FIU is included in the financial statements of the RBF and is subject to the Bank's internal and external audit.

The FIU also receives indirect financial support from the Fiji Police Force and the FRCA through staff secondment to the FIU on a fulltime basis. The secondment arrangement is provided under MOAs the FIU has signed with the two agencies.

The FIU does not currently receive any supplementary funding support from the Fijian Government.

Operational Governance

As a member of the Egmont Group of international FIUs, the FIU implements world - class operating standards, protocols and procedures on the following key responsibilities:

- international cooperation and information exchange;
- receipt of confidential and sensitive information;
- analysis and intelligence development;
- information security;
- compliance and enforcement actions; and
- operational independence and security.

The FIU also complies with the FATF Recommendation 29 and its Interpretative Note on financial intelligence units.

Independence of the FIU

While the FIU is administratively dependent on the RBF, the technical functions of the FIU are independent of the RBF. The Director of the FIU is responsible and accountable for the decisions relating to the delivery of the FIU core outputs. The functional and operational independence of the FIU is provided under Part 4 of the FTR Act.

The FTR Act requires that the consideration for appointment of Director FIU by the Minister (Governor of the RBF under delegation of authority) is subject to the recommendation of the National AML Council. The FTR Act also provides how the remuneration package of the Director FIU is determined. To ensure that the functions of the FIU are not influenced by other parties, the Director of the FIU is solely vested with the powers to discharge the statutory and functional responsibilities of the FIU.

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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, members of the public and other agencies in Fiji.

In 2016, the FIU received a total of 1,741,473 financial transaction and other reports. These reports consisted of suspicious transaction reports (STR); cash transaction reports (CTR); electronic funds transfer reports (EFTR) and border currency reports (BCR).

Financial Transaction Reports Received 2012-2016

	2012	2013	2014	2015	2016
STR	579	522	383	516	579
CTR	200,404	380,430	1,042,074	579,849	591,636
EFTR	830,959	1,147,728	1,308,633	1,029,993	1,148,711
BCR	477	459	557	491	547
TOTAL	1,032,419	1,529,139	2,351,647	1,610,849	1,741,473
Monthly Total Average	86,035	127,428	195,971	134,237	145,123

Source: Fiji FIU

The FIU has received nearly 10 million financial transaction reports since 2000.

Financial Transaction Reports Received 2000-2016

	Total Reports Received 2000-2016
STR	7,299
CTR	3,239,730
EFTR	6,617,671
BCR	3,916
TOTAL	9,868,616

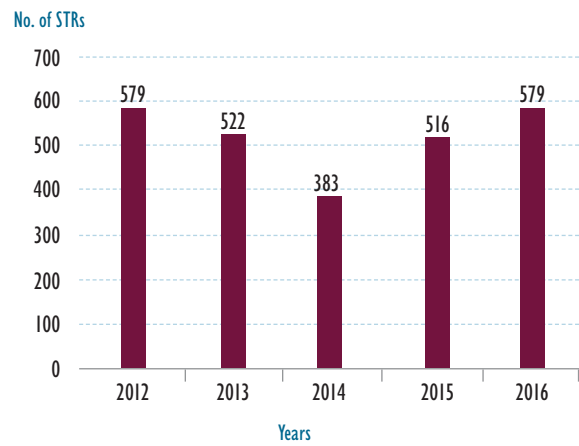
Source: Fiji FIU

Highlights of financial reports received by the FIU in 2016 are provided below. Strategic analysis of financial reports received during 2016 is provided in the strategic analysis section of this Annual Report.

Suspicious Transaction Reports

The FIU received 579 STRs in 2016 or an average of just over 48 STRs per month. This reflects an increase of 12 percent compared to 516 STRs reported to the FIU in 2015.

Suspicious Transactions Reported 2012-2016



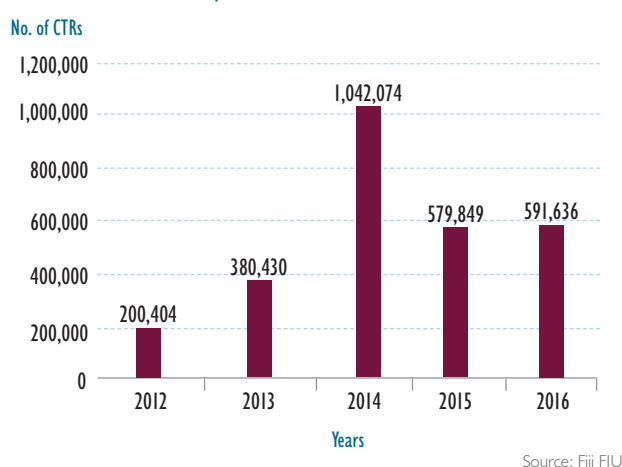
Source: Fiji FIU

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 591,636 CTRs in 2016 or an average of around 49,303 CTRs per month. This is an increase of two percent compared to 579,849 CTRs reported to the FIU in 2015.

Cash Transactions Reported 2012-2016

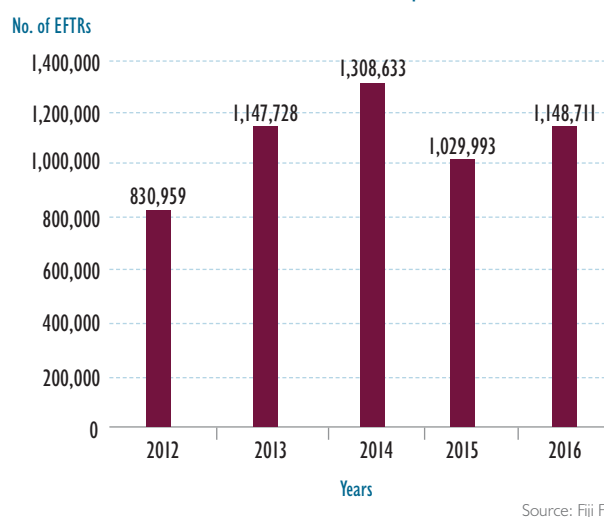


Financial institutions are required under section 13(1) of the FTR Act and section 25 of the FTR Regulations to report to the FIU any cash transaction of \$10,000 and above or its equivalent in foreign currency. Cash includes coin or paper money, bank drafts, bank cheques, bearer bonds, travelers cheques,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

Electronic Funds Transfer Reports

The FIU received 1,148,711 EFTRs in 2016 or an average of around 95,726 per month. This is an increase of 12 percent compared to 1,029,993 EFTRs reported to the FIU in 2015. The increase in the number of EFTRs received in 2016 is largely due to a substantial increase in the volume of remittances undertaken using the mobile phone money remittance sector. This is due to opening up of new corridor for inward remittances by one of the mobile phone companies and significant increases in the volume of transfers from other traditional sending countries such as Germany, Canada, Sweden and Cyprus.

Electronic Funds Transfer Transactions Reported 2012-2016



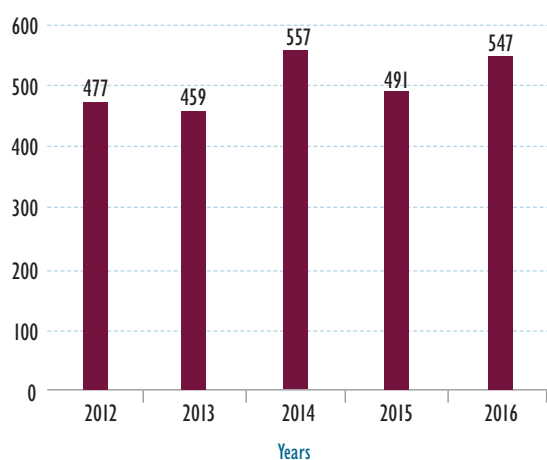
Commercial banks and remittance service providers (including mobile phone money remitters) are required under section 13(2) of the FTR Act and section 26 of the FTR Regulations to report to the FIU all international electronic fund transfer transactions. There is no monetary threshold for EFTRs

Border Currency Reports

In 2016, the FIU received 547 BCRs. This is an increase of over 11 percent compared to 491 BCRs received in 2015. There were more declarations made by outbound travellers compared to inbound travellers.

Border Currency Declarations 2012-2016

No. of BCRs



Source: Fiji FIU

Under section 32 of the FTR Act, travellers into or out of Fiji must declare if they are carrying currency or negotiable bearer instruments of \$10,000 or more (or its equivalent in foreign currency).

BCR Declarations by Direction of Travel 2012-2016

Persons Declaring	2012	2013	2014	2015	2016
Declarations made by inbound travellers	117	141	231	187	265
Declarations made by outbound travellers	360	318	326	304	282
TOTAL	477	459	557	491	547

Source: Fiji FIU

FIUs Reporting and Intelligence Development

As required under section 25(1) of the FTR Act, the FIU is required to analyse and assess all reports and information that it receives. The FIU uses tactical analysis procedures as set out in its standard operating procedures to analyse all 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 2016, 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 proactively identifies suspicious transactions and reports this weekly to FIU analysts for their further analysis.

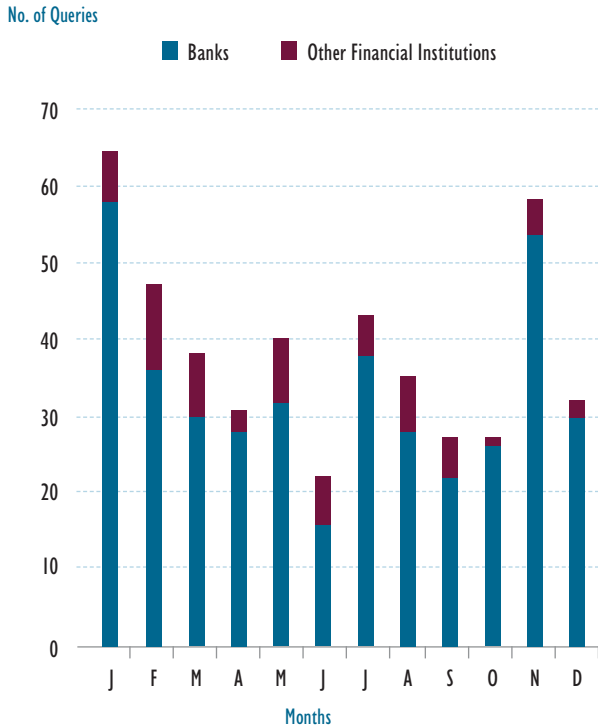
The BCRs are collected by FRCA and sent to the FIU for data mining and analysis for possible currency smuggling, money laundering and related criminal offences.

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 also be 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.

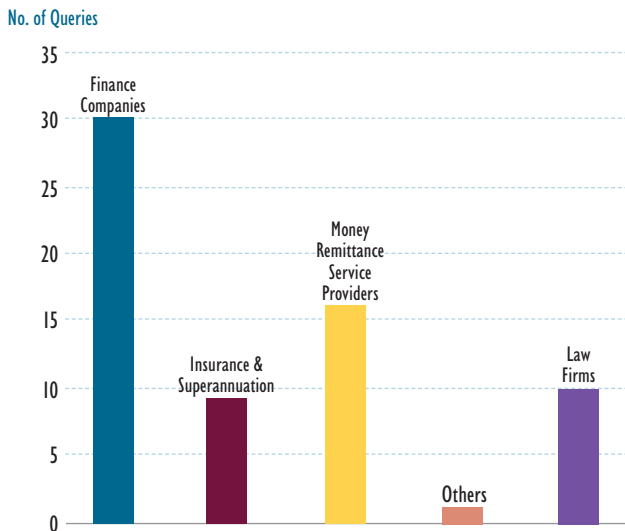
In 2016, a total of 464 queries for further information were made by the FIU to commercial banks (86 percent) and other financial institutions (14 percent).

Monthly FIU Queries to Financial Institutions 2016



Source: Fiji FIU

Financial Institutions (excluding commercial banks) 2016

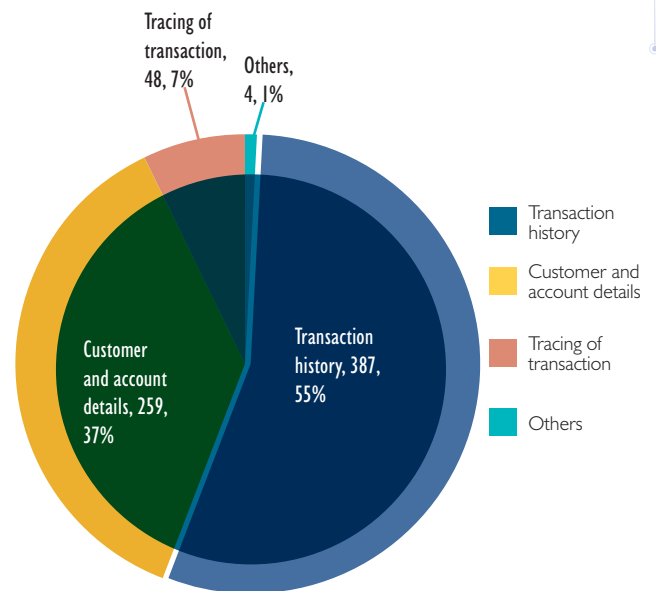


Source: Fiji FIU

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;
- follow ups and clarifications;
- originator information enquiries;
- payment instrument (cheque) details.

Nature of FIU Queries to Financial Institutions 2016



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. 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.

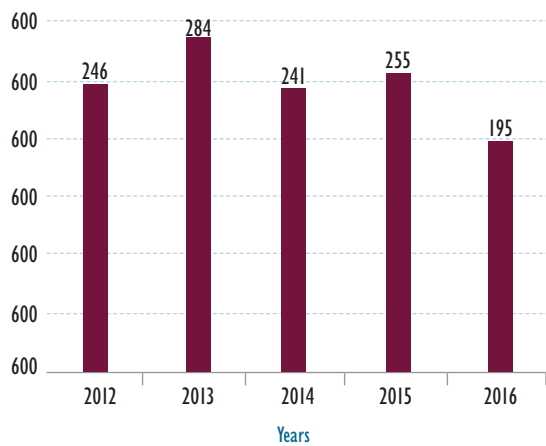
The FIU analyses suspicious transaction and other financial transaction information to develop intelligence.

The results of the FIU's analysis of STRs are disseminated to relevant law enforcement agencies in a case dissemination report (CDR).

In 2016, 195 CDRs were referred to law enforcement agencies compared to 255 CDRs in 2015¹. The CDRs were developed from reports of suspicious transactions received in 2016 and prior to 2016.

Case Dissemination Reports 2012-2016

No. of CDRs



Source: Fiji FIU

Case Dissemination Reports to Law Enforcement Agencies 2012-2016

Law Enforcement Agency and Reason for Dissemination	2012	2013	2014	2015	2016
FRCA- Inland Revenue Services Possible violations under the Income Tax Act and VAT Decree.	168	176	155	166	83
Fiji Police Force *including transnational crime unit Possible violations under the Proceeds of Crime Act and serious offences under the Crimes Decree.	69	67	69	66	58
Immigration Department Possible violations under the Immigration Act and Passport Act.	4	0	1	1	5
FRCA-Customs Division Possible violations under the Customs Act.	0	19	6	5	12
Others ²	5	22	10	20	37
TOTAL	246	284	241	255	195

Source: Fiji FIU

In 2016, 49 percent of the CDRs were disseminated to FRCA while 30 percent of the CDRs were disseminated to the Fiji Police Force. 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 different laws.

The FIU also, after detailed analysis, filed away 284 STRs during 2016 for future intelligence references compared to 515 STRs in 2015. 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.

¹ Due to strict confidentiality requirements, this annual report does not discuss details of cases currently being investigated 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.

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

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.

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

There were 14 such Alert Notices issued by the FIU in 2016 and these involved 41 individuals and one entity. There were five Alert Notices that related to individuals suspected to be linked to possible advance fee fraud.

Alert Notices Issued 2016

Date	Alert Notice Number	Issued To	Details
6 January 2016	1/2016	Commercial banks and money remittance service providers	Possible Advance Fee Fraud
24 March 2016	2/2016	Commercial banks and money remittance service providers	Possible Advance Fee Fraud
1 June 2016	3/2016	Commercial banks and money remittance service providers	Bogus Phone Sales Advertisement
1 June 2016	4/2016	Commercial banks and money remittance service providers	Possible Advance Fee Fraud "Restricted Circulation"
9 June 2016	5/2016	Commercial banks and money remittance service providers	Stolen foreign currencies
4 July 2016	6/2016	Commercial banks and money remittance service providers	Stolen foreign currencies
12 July 2016	7/2016	Commercial banks and money remittance service providers	Possible Advance Fee Fraud

12 July 2016	8/2016	Commercial banks and money remittance service providers	FATF Statement Against Iran
12 July 2016	9/2016	Commercial banks and money remittance service providers	FATF Statement Against Democratic People's Republic of Korea
18 July 2016	10/2016	Commercial banks and money remittance service providers and other FIs	United Nations Security Council Committee Terrorist Watch List
12 September 2016	11/2016	Commercial banks and money remittance service providers	Possible Advance Fee Fraud
3 October 2016	12/2016	Commercial banks and money remittance service providers	Possible Advance Fee Fraud
17 December 2016	13/2016	Commercial banks and money remittance service providers	Stolen foreign currencies
30 December 2016	14/2016	Commercial banks	Forged Unit Trust Letter

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 only one such directive in 2016 to a commercial bank. The directive issued was in relation 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;
- 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.

Section 7 of the FTR Act and section 19(3)(c) of the FTR Regulations requires financial institutions to not proceed any further with a transaction unless directed to do so in writing by the FIU.

Investigative Assistance Provided to Law Enforcement Agencies

The FIU also provides assistance 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 213 requests in 2016 compared to 191 requests in 2015 from local law enforcement agencies (such as the Fiji Police Force, Fiji Independent Commission Against Corruption (FICAC), Department of Immigration, Transnational Crime Unit and FRCA).

Requests for Investigative Assistance 2016

Requesting Agency	Number of Requests	Number of Checks on Entities	Number of Checks on Individuals
Department of Immigration	4	1	10
FICAC	33	17	89
Fiji Police Force	68	33	181
FRCA	102	192	216
RBF	5	3	3
Others	1	0	1
TOTAL	213	246	500

Source: Fiji FIU

The FIU also assists law enforcement agencies in their investigations by facilitating the process to trace and temporarily 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.

Dissemination of Information to Foreign FIUs

The FIU receives requests for information from foreign FIUs. In 2016, the FIU received 16 requests for information from foreign FIUs through the Egmont Group secure web network and other formal communication compared to 22 requests received in 2015.

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 fill out the FIU request form and provide relevant details on the individuals and businesses that are under scrutiny.

In 2016, the FIU received 41 requests for background and credibility checks compared to 27 requests in 2015. The checks were conducted on 106 entities and 80 individuals.

Requests for Background Checks from National Agencies in 2016

Requesting Agency	Number of Requests	Number of Checks on Entities	Number of Checks on Individuals
Attorney General's Office/ Ministry of Justice	1	15	5
Office of the Solicitor General	1	8	0
Investment Fiji	9	14	23
Fiji Pharmaceutical and Biomedical Services	1	10	0
Fiji Police Force	1	0	0
Ministry of Economy	5	6	18
Ministry of Defence, National Security and Immigration	1	0	1
Ministry of Infrastructure and Transport	1	1	0
Ministry of Public Enterprise	8	30	6
Ministry of Industry, Trade & Tourism	3	9	7
Ministry of Health	1	1	1
Ministry of I-Taukei Affairs	1	1	1
Ministry of Communications, Information Technology	1	1	6
RBF	7	10	12
TOTAL	41	106	80

Source: Fiji FIU

The FIU also facilitated background checks on skilled professionals for the Skilled Professionals Evaluation Committee (SPEC) based at the Ministry of Industry, Trade and Tourism. The FIU received 15 requests for SPEC checks. The checks were conducted on 15 individuals.

C. SUPPORTING AND SUPERVISING FINANCIAL INSTITUTIONS

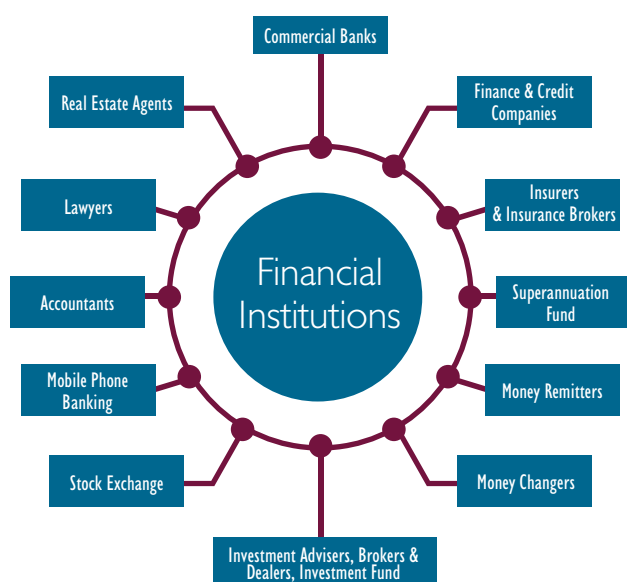
The FIU promotes a “risk-based” approach to implementing the FTR Act and provides guidance to financial institutions to comply through issuance of policies and provision of training.

The requirements in the FTR Act, commonly referred to as “preventive measures” are based on international AML/CFT standards, the Financial Action Task Force (FATF) Recommendations.

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

- i. 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
- ii. other designated non-financial businesses and professions (DNFBPs) 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 and Policy Advisories

The FIU continued to work closely with financial institutions during 2016 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 the Guidelines issued by the FIU to date. The Guidelines provide detailed guidance on the requirements under the FTR Act relating to suspicious transaction reporting, cash transaction reporting and customer identification and verification.

Appendix 2 lists 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 2016, the FIU issued 21 ad-hoc policy advisories explaining various requirements of the FTR Act and Regulations.

To ensure consistent application and understanding of FTR requirements across all the covered financial institutions, the FIU disseminates its policy advisories to all the institutions.

Ad-hoc Policy Advisories Issued by FIU 2016

Nature of Advisory	Number Ad-hoc Advisories Issued
Customer Due Diligence Requirements	9
Transaction Reporting Requirements	9
Other Issues (FIU Alert Notices, role of compliance officer, AML developments)	3
TOTAL	21

Source: Fiji FIU

Supervision of Financial Institutions for Compliance with the FTR Act

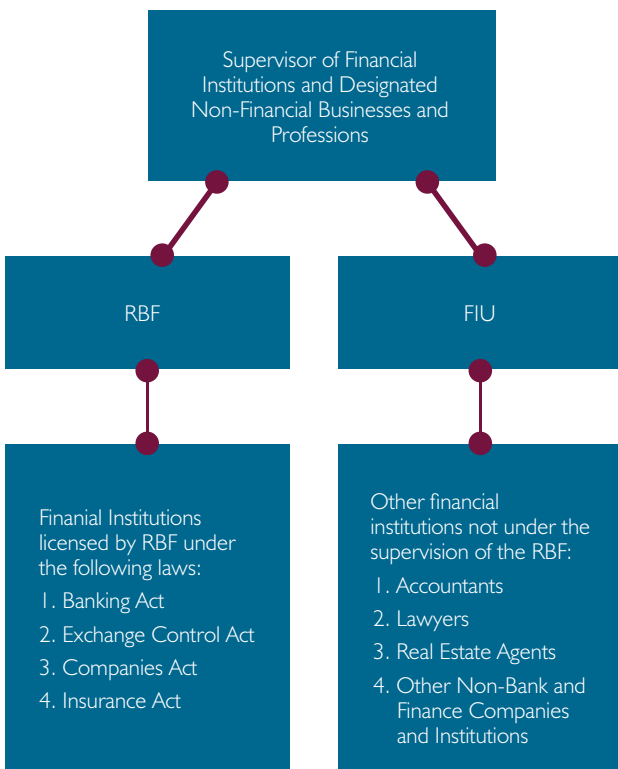
The FIU and RBF are required under the FTR Act to supervise and ensure that financial institutions are compliant with the FTR Act and Regulations.

The FIU conducted onsite compliance visits of two accounting firms and two law firms during the year. The objective of these onsite visits was to assess how well these entities were complying with their obligations under the FTR Act. The FIU also embarked on a program to engage with the real estate sector to facilitate their compliance with the FTR Act. This was achieved by conducting two series of trainings for the real estate agents and formally writing to each registered agent to raise awareness on their obligations under the FTR Act.

Also during 2016, the FIU continued with its offsite examination and review of online transaction reporting and record keeping obligations of financial institutions in Fiji. The FIU also conducted offsite assessments of financial institutions' compliance with reporting requirements using its alert monitoring system.

The FIU provided policy advice to RBF supervisors as and when needed on AML/CFT compliance issues. The FIU also provided assistance to the RBF on AML/CFT section of the on-site examinations of RBF licensed financial institutions.

AML/CFT Supervision



Training and Awareness Programs for Financial Institutions

In 2016, the FIU provided training to financial institutions which was attended by 320 employees. Two of these trainings were organised by professional bodies for their registered members, in particular, the Fiji Institute of Accountants and the Real Estate Agents Licensing Board. The training covered the financial institutions' obligations under the FTR Act and Regulations. The FIU was also invited to present at other organisations such as the University of the South Pacific.

The FIU also provided induction briefings for new AML Compliance officers to inform them of their role and key obligations under the FTR Act. This briefing was attended by 22 AML Compliance officers.

D. DOMESTIC COORDINATION AND ENGAGEMENT

National AML Learning Centre

The FIU continued to manage and provide administrative support for the National AML Learning Centre during 2016. The Centre offers computer based courses on money laundering and other topics such as, human trafficking, precursor chemicals and 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 were developed by the United Nations Office on Drugs and Crime (UNODC) using subject experts from around the world.



RBF officials undertaking courses at the National AML Learning Centre.

A total of 61 officials from various government agencies and financial institutions enrolled for courses at the Centre during 2016. Some officials had enrolled in more than one course.

50 officials completed courses at the Centre during 2016. Some officials completed more than one course.

CBT Courses Completed

CBT Course Completed	2012	2013	2014	2015	2016
Money Laundering Course	13	11	72	68	45
Advanced Money Laundering Course	10	5	13	15	3
Other Courses	16	6	7	5	7
TOTAL	39	22	92	88	55

Source: Fiji FIU

At the end 2016, a total of 281 officers have completed the specialised courses at the Centre since it was established in 2010.

Number of Official Completed Courses 2012-2016

Year	2012	2013	2014	2015	2016	TOTAL (since 2010)
Number of Officials	18	11	74	68	50	281

Source: Fiji FIU

During 2016, the FIU hosted a visit from Mr Jeremy Douglas, the Regional Representative of the UNODC for the Southeast Asia and the Pacific. He was briefed on the performance of the National AML Learning Centre and there were discussions on how this can be further strengthened.



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 and Regulators Working Group; and Law Enforcement Working Group).

The National AML Council held three meetings during 2016 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 2016. Other FIU staff also actively contributed to the work of the AML Working Groups.

Key initiatives for the National AML Council in 2016 were the finalisation of Fiji's mutual evaluation report and the utilisation of the Forfeited Assets Fund.

The FIU also liaised with the APG on behalf of the Council on the face-to-face meeting with the APG assessment team in early 2016 to discuss the draft findings of the team and on the finalisation of Fiji's mutual evaluation report.

The FIU also provided advice during the year to the Council on FATF's global survey on terrorism financing, its impact on Fiji and how the legal gaps identified by FATF could be addressed.

The FIU also provided regular updates to the National AML Council on the progress of these two important national projects.

Fiji's Mutual Evaluation

Fiji's mutual evaluation report was finalised during 2016 and tabled at the APG Annual Meeting which was held during the year. The FIU was involved in the finalisation of the mutual evaluation report and its preparation for tabling and publication.

The mutual evaluation report outline the findings of assessment held in 2015 of Fiji's compliance with the international AML/CFT standards, the Financial Action Task Force (FATF) Recommendations.

The mutual evaluation report provides key gaps and deficiencies for Fiji to address. These include, among others: (1) revisions of current laws such as the FTR Act, Proceeds of Crime Act, Public Order Act, Extradition Act, and Police



Act; (2) seeking additional powers for law enforcement agencies and strengthening the resources of key government agencies such as the Fiji Police Force; and (3) enhancing preventive measures particularly for lawyers, accountants and real estate agents.



Following the tabling and publication of Fiji's mutual evaluation report, the FIU formally wrote to all key government and private sector stakeholders to inform them of the outcomes of Fiji's mutual evaluation. The FIU also briefed the Attorney-General and Minister for Justice on the outcomes of the APG mutual evaluation report.

The FIU has started a review of the FTR Act and Regulations to address deficiencies identified in the mutual evaluation report. The FIU is also working with the National AML Council to develop a national strategy for implementing the recommendations outlined in the mutual evaluation report. This work will continue in 2017. The FIU also briefed the Minister for Justice on the outcomes of the APG mutual evaluation report.



Front left to right: Christopher Pryde, Director of Public Prosecutions, Razim Buksh, Director of FIU, together with senior government officials attending the APG Plenary Meeting in San Diego, USA in September 2016.

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.

During 2016, the FIU signed an MOA for the exchange of information with the Fijian Elections Office. This brings to 11 the total number of MOAs that the FIU has signed with local partner agencies.



From left to right: Mohammed Saneem, Supervisor of Elections, and Razim Buksh after the signing of the MOA.

With the closure of the Data Bureau Ltd during the year, the FIU no longer has any active information exchanges with this entity.

Seconded Officers to the FIU

In 2016, authorised officers from FRCA and FICAC continued to access directly the FIU database for the purpose of gathering intelligence on persons or entities of interest who are subject to their investigations. This arrangement was provided under MOAs signed with FRCA and FICAC.

Three officers from the FIU's partner agencies continued to be seconded with the FIU during 2016 as provided under the MOA arrangement. Two of the seconded officers are from FRCA and one officer is from the Fiji Police Force.



Secondment Officers from left: Salote Yanuyanutawa (FRCA); Amitesh Lal (FRCA); Jale Raguru (FPF).

MOAs with Domestic Partner Agencies

Agency	Date MOA Signed	Type of MOA
Immigration Department	12 July 2007	Information exchange
FRCA	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
FICAC	3 November 2009	Information exchange
Joint Taskforce RBF/FRCA/FIU	14 April 2010	Information exchange
Maritime Safety Authority of Fiji	16 August 2012	Information exchange
RBF	17 April 2014	Information exchange
Fijian Elections Office	11 August 2016	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 comprising approximately 38 agencies with the Ministry of Defence as the epicentre. 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 of Agencies.

The FIU was part of the consultations held with the Ministry of Defence to review the national security and defence sector. The Director participated in the meetings and deliberation of NCLASA during the year.

Unexplained Wealth Taskforce

The Unexplained Wealth Taskforce held its first meeting during 2016. The Taskforce is made up of representatives from the FIU, Fiji Police Force, FRCA and FICAC. The objective of the Taskforce is to enable these member agencies to network and collaborate on cases of unexplained wealth.

Cyber Security Working Group

The FIU is part of Fiji's national cyber security working groups on technical, legal and security issues. The FIU was part of the working group meetings in 2016 as it deliberated on the formulation of national cyber security strategy.

The FIU also met with a consultant on cyber security to discuss cybercrime legislations and cyber security strategy.

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 2016, the FIU continued to contribute to the meetings and work of CTOG.

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 67 law enforcement officials attended these training sessions.

FIU Training Provided to Law Enforcement Agencies and Prosecutors in 2016

Date	Particular of Training	Participating Agencies	Number of Participants
19 July	Role of FIU & BCR Requirements	FRCA	17
25 August	Offences under the FTR Act	Office of the Director of Public Prosecutions (ODPP)	50
TOTAL			67

Source: Fiji FIU

E. INTERNATIONAL ENGAGEMENT AND CONTRIBUTION

Memorandum of Agreements with Foreign FIUs

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.

The FIU has signed MOAs with 27 foreign FIUs to date. While no new MOAs were signed during 2016, the FIU continued to engage with foreign FIUs on information exchange and networking.

MOAs with Foreign FIUs

Country	Name of FIU	Date
Australia	Australian Transactions Reports and Analysis Centre	19 May 2011
Bangladesh	Financial Intelligence Unit	9 June 2015
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
Japan	Financial Intelligence Centre	9 June 2015
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

Association of Pacific Island FIUs

The Fiji FIU is a member of the Association of Pacific Island FIUs (APIFIU). APIFIU was established in 2011 and currently has 12 FIUs as its members namely the FIUs of Cook Islands, Fiji, Nauru, Niue, Palau, Papua New Guinea, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Vanuatu and Kiribati.

The FIU contributed to the activities of APIFIU and participated in its meeting during the year. Under the APIFIU regional cooperation program, the Fiji FIU provided one week work attachment during 2016 for officers from the FIUs of the Cook Islands, Marshall Islands, Papua New Guinea and Vanuatu. The objective of the attachment was to strengthen capacity building and enhance knowledge of participating FIU's experience which they can implement or adapt to their own systems and processes when they return home.

The officers studied the daily operations of the Fiji FIU and had an opportunity to visit a local law enforcement agency and a financial institution to get an idea of the intelligence, networking and regulatory role the FIU has in Fiji.

The attachment program was jointly supported by the United Nations Pacific Regional Anti-Corruption Project, implemented by the United Nations Development Program Pacific Office in Fiji and the UNODC.



From left to right: Henry Eremas, Bank Papua New Guinea; Bob Williams, Cook Islands FIU; Razim Buksh, Fiji FIU; Samelda Leon, Marshall Islands FIU; Whitely Kenneth, Vanuatu FIU.

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

Asia Pacific Group on Money Laundering

Fiji is a member of the APG, an autonomous and collaborative international organisation currently comprising 41 member countries.



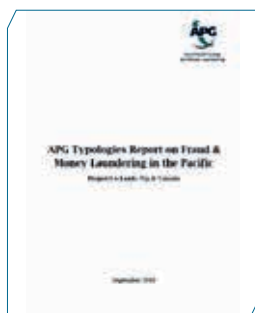
The FIU liaised closely with the APG during 2016 on Fiji's mutual evaluation and on the finalisation and tabling of Fiji's mutual evaluation report.

During 2016, the FIU participated in other APG activities as follows:

- i. attended the APG Annual Plenary Meeting held in San Diego, United States of America;
- ii. participated in various APG surveys and contributed to discussion papers;
- iii. finalised a report on the Pacific Fraud and Money Laundering Typologies project. Fiji had co-led this project with the Vanuatu FIU.

The FIU also prepared and submitted Fiji's country report and technical assistance report for the 2016 APG Annual Plenary Meeting.

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



Egmont Group



The FIU is a member of the Egmont Group of FIUs. In early 2015, the Director FIU was appointed the regional representative of the Asia and Pacific region of the Egmont Group. The Director FIU is also

a member of the Egmont Committee which serves as the consultation and coordination mechanism for the Heads of FIUs and the Egmont Working Groups.

As the regional representative, the FIU has contributed to a number of operational, policy and governance matters concerning the Egmont Group during 2016. The FIU also coordinated the compilation of regional updates from member FIUs for submission to the Egmont Group.

The FIU also continued to participate in the other activities of the Egmont Group during 2016. This included contributing to Egmont surveys conducted during the year, reviewing and providing comments on Egmont governance papers, projects and questionnaires.

As a member of the Egmont Group of FIUs, the Fiji FIU is committed to sharing information with other Egmont Group members. During 2016, the FIU continued to provide assistance and information to other Egmont Group members upon request via the Egmont Secure Website (ESW).

Information Exchanges with Other FIUs 2012-2016

	2012	2013	2014	2015	2016
Number of requests made to Fiji FIU	5	10	18	22	11
Number of requests made by Fiji FIU	1	3	8	6	7

Source: Fiji FIU

Fiji Egmont Committee Meeting

The Fiji FIU hosted an Egmont Committee Meeting in May 2016. The two-day meeting was attended by 17 Egmont Committee members Egmont Group secretariat staff. The Director of Fiji's FIU, Mr Razim Buksh has been a member of the Egmont Committee since 2015.

The meeting discussed various administrative, governance and technical issues affecting the Egmont Group.



Participants of the Egmont Committee Meeting held in Nadi, Fiji, May 2016



The FIU is a member of the Alliance for Financial Inclusion (AFI) Global Standards Proportionality Working Group (GSPWG). The aim of

GSPWG is to provide a platform to facilitate peer learning on issues policymakers and regulators face in achieving a balance between financial inclusion, integrity and stability, and to examine the proportionate implementation of the global standards set by global standard setting bodies. The FIU participated in the meetings of the GSPWG and the AFI Global Policy Forum which was held in Fiji during the year.



BCR CASE STUDY 1

State vs. Tai Sun Bak (Criminal Case No. 771 of 2016)

Magistrates Court at Nausori

On 12 November 2016, Tai Sun Bak, a 51 year old Korean national arrived at Nausori airport from Tuvalu transiting through Fiji to go to Korea. Upon search by Customs officials, an envelope was discovered which contained US\$4,900.00, AU\$1,700.00, FJ\$15.00, JPY14,000.00, SBD\$10 and INR6,300 (Indonesian Rupiah). He failed to declare a total of FJ\$17,626.60.

Tai Sun Bak was produced at the Nausori Magistrates Court on 1 December 2016 and he pleaded guilty for contravening the BCR reporting requirements. The accused was ordered to pay a fine of FJ\$1,000.00.

BCR CASE STUDY 2

State vs. Tran Van Ty (Criminal Case No. 773 of 2016)

Magistrates Court at Nausori

On 12 November 2016, Tran Van Ty, a 21 year old Vietnamese national arrived at Nausori airport from Tuvalu transiting through Fiji to go to Vietnam. Upon search by Customs officials, US\$6,890.00 was discovered in the passenger's laptop bag. He failed to declare a total of FJ\$14,165.84.

Tran Van Ty had previously transited through Fiji on 4 occasions previously in 2014 and 2015 and his excuse of not being fluent in English and not declaring on the arrival card of the said currency is not a valid excuse.

Tran Van Ty was produced at the Nausori Magistrates Court on 7 December 2016 and he pleaded guilty for contravening the BCR reporting requirements. The accused was ordered to pay a fine of FJ\$1,000.00.

BCR CASE STUDY 3

State vs. Lu Wang Chi (Criminal Case No. 191 of 2016)

Magistrates Court at Nadi

On 26 February 2016, Lu Wang Chi, a 38 year old Taiwanese national arrived at Nadi airport from Hong Kong on Fiji Airways Flight FJ392. Upon search by Customs officials, the following currencies were found in the possession of Lu Wang Chi:

- US\$30,407 equivalent to FJ\$61,790.00;
- HK\$40.00 equivalent to FJ\$9.83;
- FJ\$60.00;
- TW\$4,800.00.

He failed to declare a total of FJ\$61,880.12 and TWD4,800.00.

Tran Van Ty was produced at the Nadi Magistrates Court on 1 March 2016 and he pleaded guilty for contravening the BCR reporting requirements. The accused was ordered to pay a fine of FJ\$5,000.00.

5

OPERATIONAL GOVERNANCE AND COMMUNICATION

Professional Development of Staff

During the year FIU staff attended various workshops, technical forums and meetings. The FIU also provided on-the-job training to new secondment staff from FRCA and the FPF who joined the FIU during the year as part of the secondment rotation program.

Trainings, Meetings and Conventions 2016

Month	Course	Venue	Organiser
March	APG Workshop on Implementing Targeted Financial Sanctions against Proliferation of Weapons of Mass Destruction	Kuala Lumpur, Malaysia	APG
	Meeting on Cybercrime	Suva, Fiji	Ministry of Justice
February	Egmont Group Intersessional Meeting	Monaco	Egmont Group
April	Fiji Institute of Accountants (FIA) Congress	Nadi, Fiji	FIA
	International Monetary Fund (IMF) Workshop on Implementing the International AML/CFT Standards	Singapore	Singapore Training Institute
	Inter-regional Specialised Workshop on Illicit Finance, and Criminal and Terrorist Networks	Los Angeles, United States of America	Inter-American Committee against Terrorism of the Organisation of American States
May	Egmont Committee Meeting	Nadi, Fiji	Egmont Group/Fiji FIU
June	Train the Trainer Workshop	Nadi, Fiji	Department of Foreign Affairs and Trade, Australia
	Money Laundering Detection, Deterrence, Disruption and Prevention Workshop	Nadi, Fiji	UNODC
	Meeting on Cybercrime legislation and Cyber Security Strategy	Suva, Fiji	FIU

July	Pacific Operational Working Group Meeting on the South East-Asia Foreign Fighters Project	Semarang, Indonesia	INTERPOL
August	Refugee Policy and Coordination Workshop	Suva, Fiji	Ministry of Defence, National Security and Immigration
	Meeting of the National Cyber Security Working Group	Suva, Fiji	Ministry of Communications
September	APG Annual Meeting	San Diego, USA	APG
	AFI Global Policy Forum	Nadi, Fiji	AFI
	Money Laundering Detection, Deterrence, Disruption and Prevention Workshop	Brisbane, Australia	UNODC
December	Workshop to Identify Issues to be applied to the development of a FATF Standards Training Course	Busan, Korea	FATF Training & Research Institute
	Attorney-General's Conference	Sigatoka, Fiji	Office of the Attorney-General

Source: Fiji FIU

Governance

The FIU continued to provide monthly reports on its operations to the Governor of the RBF. The FIU also provided regular updates to the National AML Council on key AML/CFT national initiatives and projects, in particular, the national risk assessment and Fiji's mutual evaluation. The FIU also prepared briefings for the Minister for Justice on the APG mutual evaluation.

Communication

The FIU uses the media and its website to communicate key AML/CFT initiatives to the general public. In 2016, the FIU issued seven press releases on major AML/CFT events or issues.

The FIU also uses media interviews and the FIU Annual Report to provide awareness to the public on AML/CFT issues and the work of the FIU.

Media Releases 2016

Date	Subject
18 February	ATM Skimming in Fiji
3 June	Bogus Phone Sales "Buy 3 Get 1 Free"
11 August	The FIU Signs Memorandum of Understanding with the Fijian Elections Office
23 September	Fijian Officials attend APG Meeting
27 September	FIU Annual Report 2015
11 November	Fiji Financial Intelligence Unit Hosts Pacific FIU Attachment Program
2 December	FIU Conducts AML Compliance Examination of Lawyers and Accountants

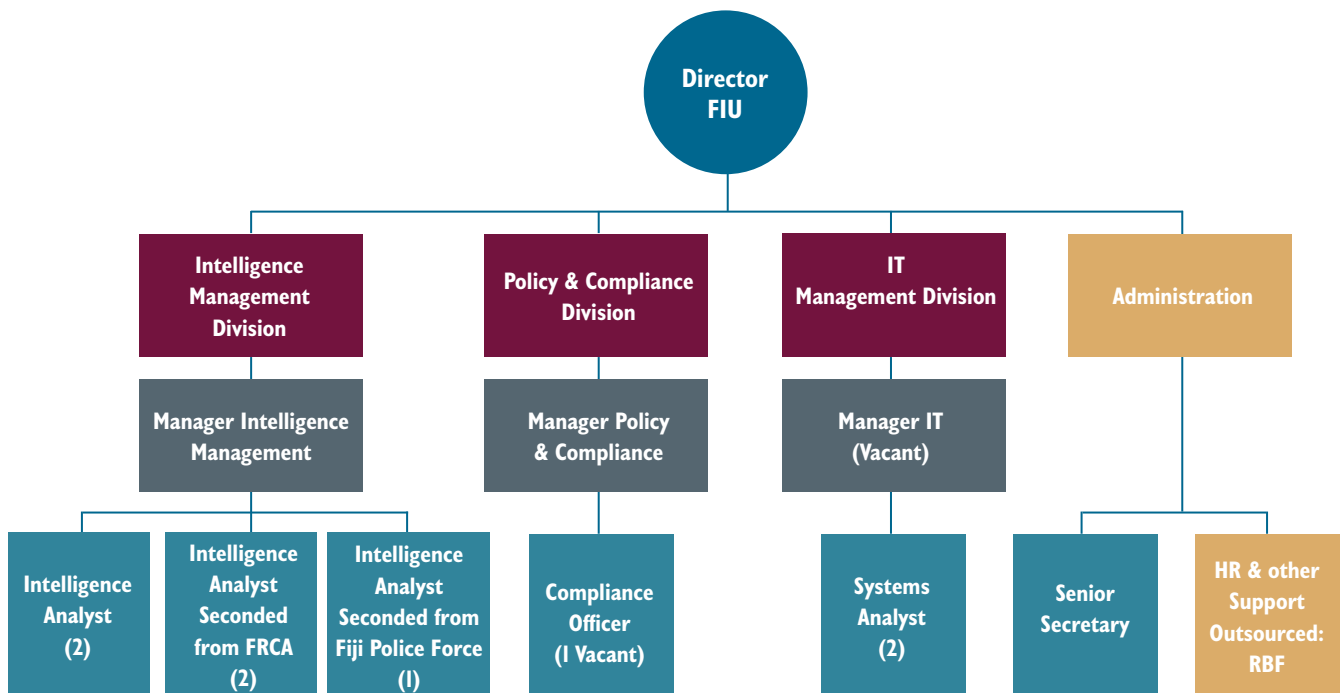
Source: Fiji FIU

Staffing

As at the end of 2016, the FIU had eight permanent staff and three officers on secondment from partner agencies (one FPF officer and two FRCA officers).

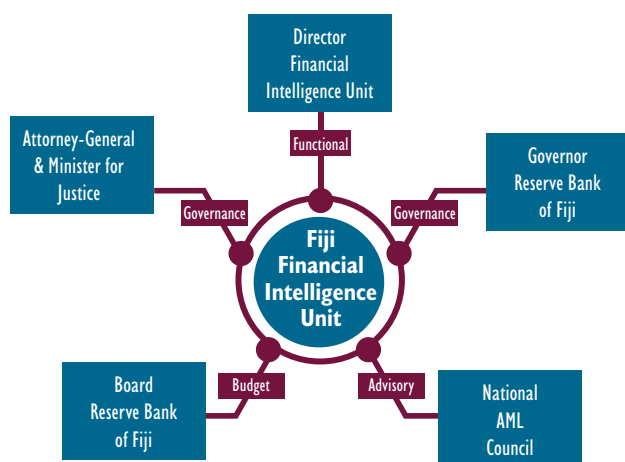
The FIU also engaged a temporary worker as part of the RBF's and National Employment Centre attachment program. In 2016, three temporary workers were engaged with the FIU on short-term attachment program.

Fiji FIU Organisation Structure 2016



Source: Fiji FIU

Governance Structure 2016



Funding and Expenditure

The RBF continued to fund the operations of the FIU in 2016. The FIU's total expenditure for the period January to July 2016 was \$492,089. The seven months expenditure is being reported to reflect that changeover of the financial year of the RBF from December to July. Thus, the period January to July 2016 was audited before the new financial year beginning August 2016. The expenditure of the FIU is incorporated into the financial statements of the RBF and is audited as part of its annual accounts.

FIU Funding and Expenditure

	2012	2013	2014	2015	2016 (Jan-July)
Operating Expenditure ³	\$666,025	\$662,635	\$710,780	\$724,532	\$492,089
Capital Expenditure	-	\$36,339	\$16,852	\$45,854	-
TOTAL	\$666,025	\$689,974	\$727,632	\$770,386	\$492,089

Source: RBF

The RBF also provided other administrative support services to the FIU in 2016 in the areas of human resource management, accounting, information technology services, security services and other general administrative services.

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

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 2016. The salaries of the seconded officers were fully funded by their respective agencies.

In 2016, the FIU also received funding assistance from various institutions to fund staff attendance at various technical AML/CFT trainings, conventions and meetings. These included the APG, AFI and the UNODC.

Fiji FIU's Information Management System Online [FFIMSO]

Financial institutions continued to use FFIMSO to report their transactions (STR; CTR; EFTR) electronically to the FIU on-line. As at the end of 2016, 96 financial institutions had registered on FFIMSO.

FFIMSO Registration

Sector	No. of Reporting Entities Registered for On-Line Reporting to the FIU
Commercial Banks	6
Foreign Exchange Dealers & Money Remitters	9
Mobile Phone Money Remitters	2
Finance Companies	11
Law Firms	40
Insurance & Superannuation	9
Accounting Firms	7
Securities and Brokers	2
Real Estates	6
Others	4
TOTAL	96

Source: Fiji FIU

FFIMSO received an average of 145,123 financial transaction reports per month in 2016. As at the end of 2016, the FFIMSO database had received over 9.8 million financial transaction reports from financial institutions since on-line reporting commenced in 2008.

As at end of 2016, there were 102 authorised users of FFIMSO.

FFIMSO's ODDS web application was accessed by 81 AML Compliance officers, 7,217 times during 2016. FFIMSO's TRAQ web application was accessed by 18 FIU officers, 1,686 times and 10 direct database access officers, 81 times during 2016.

6

NATIONAL ANTI-MONEY LAUNDERING 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 *"an effective and efficient legal system and institutions to prevent and detect money laundering, terrorist financing and other serious financial crimes in Fiji."*

The Council's missions are to:

- i. provide sound and timely advice to the Minister and other relevant stakeholders on the prevention of money laundering and terrorism financing;
- ii. promote a strong legal and institutional AML/CFT framework; and
- iii. facilitate networking and cooperation amongst relevant stakeholders.

The Council seeks to achieve these missions by:

- i. providing sound and timely advice to the Minister and other government agencies on policy and regulatory AML/CFT matters;
- ii. promoting a strong legal, policy and institutional framework to comply with international AML/CFT standards and best practices;
- iii. supporting institutions in their efforts to combat money laundering and terrorist financing;
- iv. encouraging and facilitating networking and cooperation between agencies; and
- v. providing advice to the FIU on AML/CFT issues.

The members of the National AML Council are:

- i. Permanent Secretary for the Ministry for Justice, as Chairperson;
- ii. Director of the ODPP;
- 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. These are:

- Director, Immigration Department;
- Permanent Secretary, Ministry of Economy;
- Permanent Secretary, Ministry of Defence, National Security and Immigration;
- Permanent Secretary, Ministry of Foreign Affairs; and
- Deputy Commissioner, FICAC.

The FIU is the secretariat to the Council.

NATIONAL AML COUNCIL MEMBERS 2016



Sharvada Sharma

Solicitor General &
Acting Permanent Secretary for Justice
(Chairperson)



Barry Whiteside

Governor
Reserve Bank of Fiji



Visvanath Das

Chief Executive Officer
Fiji Revenue and Customs Authority



Christopher Pryde

Director
Office of the Director of Public
Prosecutions



Sitiveni Qiliho

Commissioner
Fiji Police Force



Razim Buksh

Director
Financial Intelligence Unit

NATIONAL AML COUNCIL INVITED MEMBERS 2016



Osea Cawaru

Permanent Secretary
Ministry of Defence, National
Security and Immigration



Makereta Konrote

Permanent Secretary
Ministry of Economy



Yogesh Karan

Acting Permanent Secretary
Ministry of Foreign Affairs



Nemani Vuniwaqa

Director
Immigration Department



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 Unit 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
- iii. Law Enforcement Working Group

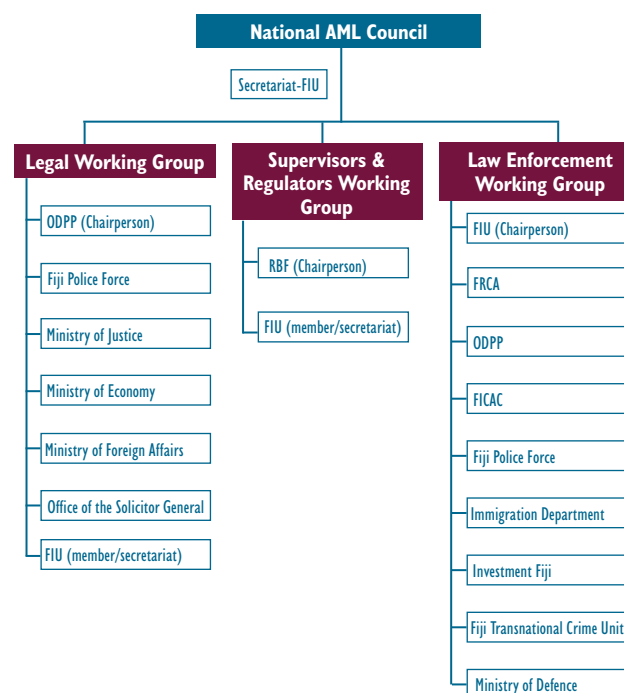
The terms of reference of each Working Group is determined by the Council. The Working Groups provide updates at the National AML Council meetings on its achievements.

Terms of Reference of AML Working Groups

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

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 of the Working Group. The FIU is a member and provides the secretariat of the three Working Groups.

National AML Council and Working Groups



Council's Activities in 2016

The Council met three times during 2016.

Council Meetings 2012-2016

2012	2013	2014	2015	2016
22 February	4 April	12 March	10 February	9 March
23 May	14 August	25 June	3 June	29 June
4 September	26 November	-	12 October	2 December
20 December	-	-	23 October	-

Source: Fiji FIU

In 2016, the Council was involved in providing oversight over the completion of Fiji's mutual evaluation process which commenced in 2015. The Council was involved during the year in the review of the draft mutual evaluation reports provided by the APG to Fiji as part of the reporting phase of the mutual evaluation. The Director FIU, Director ODPP and senior officers representing members of the Council also attended the APG Plenary Meeting in September 2016 in San Diego, USA where Fiji's mutual evaluation report was discussed and tabled before the APG membership for adoption.

Following the adoption of Fiji's mutual evaluation report at the APG Annual Plenary, the Council discussed and endorsed the formulation of a national strategy to implement the recommendations outlined in the Fiji mutual evaluation report.



The Council also endorsed its new Strategic Plan for 2017-2020 during the year. This Strategic Plan sets out the strategic goals of the Council for this period.

The Council also discussed the impact on Fiji of the FATF's global survey on terrorism financing. As a result the Council endorsed the amendment of existing laws to address the gaps identified by FATF.

Also during the year, the Council endorsed requests from FRCA and the Fiji Police Force for utilisation of funds from the Forfeited Assets Fund to fund identified projects for the respective agencies.

Number of Working Group Meetings 2012-2016

Working Group	2012	2013	2014	2015	2016
Legal Working	4	4	7	5	1
Law Enforcement	3	3	4	2	1
Supervisors and Regulators	2	Ad-hoc meeting	Ad-hoc meeting	Ad-hoc meeting	Ad-hoc meeting

Source: Fiji FIU

Key outputs for the Working Groups were:

- appointment of a new chair for the Law Enforcement Working Group;
- review of the draft mutual evaluation report for Fiji and submission of comments on findings;
- discussion on the implementation of the Management and Disposal of Property Regulations.

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 and 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.
Guidelines Issued by the RBF			
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



Fiji FIU

Fiji Financial Intelligence Unit

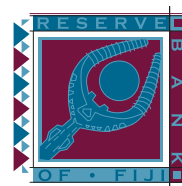
PRESS RELEASE

Press Release No.: 3/2016

Date: 18 February 2016

Telephone: (679) 331 3611 / 322 3333 **Facsimile:** (679) 330 2094 / 331 6454

E-mail: info@rbf.gov.fj or info@fijifiu.gov.fj



ATM SKIMMING IN FIJI

Cases have been brought to the attention of the Financial Intelligence Unit (FIU) involving foreign nationals who have obtained customers' bank card details by fraudulent means using ATM and EFTPOS skimming devices. The Director of FIU, Mr Razim Buksh said that they have noted an increase in the number of skimming cases since June 2015. The last major and carefully orchestrated incident occurred in December 2015 and affected more than 500 credit and debit cardholders. An attempt to conduct ATM skimming in January 2016 was successfully foiled.

Several people have been charged by the Fiji Police Force and investigations are continuing. Fiji's first skimming device case was detected in 2003.

Mr Buksh said that the FIU is assisting the Fiji Police Force in their investigations and is working closely with the Association of Banks in Fiji (ABIF) to ensure that necessary measures are in place to be able to detect and prevent future incidents from occurring.

The FIU would like to advise cardholders to exercise caution and care when using their cards at ATM and EFTPOS machines, when they access their bank accounts online and when conducting on-line purchases or payments. Cardholders must take heed of advisories issued by the ABIF, individual commercial banks in Fiji and the Consumer Council of Fiji. Customers whose cards were used for unauthorised transactions should immediately contact their bank. The Reserve Bank of Fiji is also working closely with the commercial banks and a number of measures have been introduced to ensure safety and protection of customers and their funds.

In addition to advisories issued by the ABIF and commercial banks, we would like to provide further measures for members of the public to note as follows:

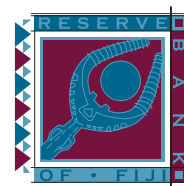
- Always keep your credit or debit card in a safe and secure place.
- If your card is lost or stolen, or if you suspect unauthorised use, contact your bank immediately.
- Do not send your card number through email.
- Do not give out your card number over the telephone unless you initiated the call and you are absolutely sure of the party speaking to you.

- Always review your account statements as soon as you receive them to verify transactions. Contact your bank immediately if you identify any discrepancies.
- To protect your account, it is recommended that you change your Personal Identification Number (PIN) regularly.
- When selecting a PIN, do not use a number or word that appears in your wallet, such as name, birth date, home address, postal box number or telephone number or a number associated with you or your family members.
- Ensure no one sees your PIN when you enter it. Memorise your PIN. Do not write it down anywhere, especially on your card, and never share it with anyone.
- Cancel and cut up unused credit and other bank cards. If you receive a replacement card, destroy your old card.
- If you need to use your card, shop with merchants you know and trust.
- Make sure any internet purchase is secured with encryption to protect your account information. Look for secure transaction symbols such as a lock symbol in the lower right-hand corner of your web browser, or "https://..." in the address bar of the website. The "s" indicates "secured" and means the web page uses encryption.
- Always log off from any website after a purchase transaction is made with your credit or debit card. If you cannot log off, shut down your browser to prevent unauthorised access to your account information.
- Safe-keep all your ATM, EFTPOS and on-line transaction receipts and compare with your monthly card statements before you dispose of the receipts.

The FIU would like to also caution criminals that skimming related activities and money laundering are serious offences in Fiji and all effort will be made to investigate and prosecute such criminals. In the past, people have been convicted in Fiji for such activities including credit card fraud.

Customers may also report any fraudulent or suspicious transactions to the FIU on telephone number 322 3333 or email: info@fijifiu.gov.fj.

RESERVE BANK OF FIJI



PRESS RELEASE

Press Release No.: 15/2016 **Telephone:** (679) 331 3611 / 322 3333 **Facsimile:** (679) 330 2094 / 331 6454
Date: 3 June 2016 **E-mail:** info@rbf.gov.fj or info@fijifiu.gov.fj

BOGUS PHONE SALES – “BUY 3 GET 1 FREE”

The Fiji Financial Intelligence Unit (FIU) would like to warn and advise members of the public to exercise extreme caution when responding to advertisements through the print media, unsolicited emails and communication through social media on cheap mobile phone deals that make promises such as “buy 3 get 1 free”.

The Director of FIU, Mr Razim Buksh said that the FIU has established that the “buy 3 get 1 free” advertisement in the local print media on 27 May 2016 and 1 June 2016 is bogus and a scam.

The advertisement claims to offer a “buy 3 get 1 free” deal on brand new Apple iPhones, Samsung Galaxy Series phones and digital video cameras with prices ranging from AUD\$220 to AUD\$2,000. Interested customers were to contact the following emails: orderproduct@salesperson.net and orderproductbrandnew@gmail.com or Skype: orderproduct.

Mr Buksh said that this was a well-planned scam by international criminal gangs that used a fake email address purporting to be from two legitimate businesses in Australia and three sets of stolen personal credit card details to pay for the advertisement. The FIU was able to verify with the owners of the Australian businesses that they had nothing to do with the bogus phone sales scam. The criminals had also used stolen ID cards and were purporting to be “sales staff” of a legitimate telecommunications related company based in the United Kingdom. The beneficiaries were located in Italy and the United Kingdom there could be other criminal syndicates located elsewhere.

Mr Buksh said that the FIU was able to establish that when contacted by prospective buyers from Fiji, the criminals would respond immediately by providing an order form which the prospective buyer will fill with details of their intended purchase. Upon replying to their initial email, the criminals would provide the total price for the order in FJD and the method of preferred

payment which was through money transfer service and not through a commercial bank.

Mr Buksh reported that on 1 June 2016, the FIU had issued an Alert Notice to all commercial banks and international money transfer service to refrain from processing any payment to the beneficiaries of the scam.

Mr Buksh urged members of the public to remain vigilant and be wary of such bogus deals and take precautionary measures to verify such offers.

Members of the public are requested to take the following steps when responding to such offers through emails, social media or print media:

1. Be sceptical about “too good to be true” deals;
2. Verify that the advertisement is from a legitimate mobile phone company, supplier or source;
3. Do online searches to verify the details of the deal;
4. Ask for basic information about the supplier such as the physical address or business location, phone number, invoice, TIN number, etc;
5. Consider how you will make the payment. Always insist on sending the money into a bank account. Also ensure that you send money in the name of the company and not the individual purporting to represent the company; and
6. If you are unsure, talk to someone who can assist you to make the right decision.

Members of the public may also report any fraudulent or suspicious transactions to the FIU on telephone number 322 3333 or email: info@fijifiu.gov.fj

RESERVE BANK OF FIJI



Fiji FIU

Fiji Financial Intelligence Unit



PRESS RELEASE

Press Release No.: 18/2016 **Telephone:** (679) 331 3611 **Facsimile:** (679) 330 2094 / 331 6454
Date: 11 August 2016 **E-mail:** info@rbf.gov.fj or info@fijifiu.gov.fj

**THE FINANCIAL INTELLIGENCE UNIT SIGNS MEMORANDUM OF UNDERSTANDING
WITH THE FIJIAN ELECTIONS OFFICE**

The Financial Intelligence Unit (FIU) and the Fijian Elections Office (FEO) signed a Memorandum of Understanding [MOU] today.

The MOU would enable the exchange of relevant information and intelligence between the two parties. Through this MOU framework, the parties aim to establish and strengthen cooperation to more effectively perform their respective statutory functions under the Financial Transactions Reporting (FTR) Act, the Electoral Decree 2014 and the Political Parties (Registration, Conduct, Funding and Disclosures) Decree 2013.

The Supervisor of Elections, Mr Mohammed Saneem, said that the MOU will enable FEO to effectively enforce the requirements of the Electoral Decree and the Political Parties Decree.

The Director of the Financial Intelligence Unit, Mr Razim Buksh, said that the role of the FIU is to ensure transparency of financial transactions and accountability of assets and properties acquired by Fijian nationals and businesses. With the increased focus on financial disclosures of political parties and senior public sector officials, the FIU continues to explore ways and opportunities to scrutinise and verify such disclosures. Mr Buksh said that the idea was also to identify unexplained wealth cases.

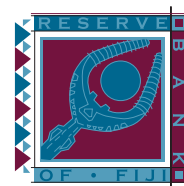
In 2012, the FIU included the FEO issued voter registration card as a formal identification document for the purposes of customer identification requirements under the FTR Regulations. The voter registration card has been the most popular and widely accepted ID document for Fijians living in the rural and maritime areas, as well as for small-micro businesses, when opening bank accounts and accessing financial products and services.

The FTR Act enables the FIU to enter into such arrangements as MOUs with key stakeholders and agencies for information exchange which is subject to strict confidentiality and protection of information requirements.

Mohammed Saneem
Supervisor of Elections
Fijian Elections Office

Razim Buksh
Director
Financial Intelligence Unit

RESERVE BANK OF FIJI



PRESS RELEASE

Press Release No.: 22/2016 **Telephone:** (679) 331 3611 / 322 3333 **Facsimile:** (679) 330 2094 / 331 6454
Date: 23 September 2016 **E-mail:** info@rbf.gov.fj or info@fijifiu.gov.fj

FIJIAN OFFICIALS ATTEND APG MEETING

Fijian Government officials recently attended the annual plenary meeting of the Asia Pacific Group on Money Laundering (APG) which was held from 5-8 September 2016 in San Diego, United States of America. The Fijian delegation was headed by Mr Razim Buksh, Director of Financial Intelligence Unit (FIU) and was accompanied by Mr Christopher Pryde, Director of Public Prosecutions and senior officials from the Reserve Bank of Fiji, Office of the Solicitor General, Fiji Police Force, Fiji Revenue and Customs Authority, Fiji Independent Commission Against Corruption, Office of the DPP and the FIU.

Fiji has been a member of the APG since 1998. As a member, a peer assessment of Fiji's anti-money laundering and combating the financing of terrorism (AML/CFT) framework was conducted by the APG in 2015. Assessors from Australia, New Zealand, India, Macao, China and Malaysia examined Fiji's level of compliance on key AML/CFT areas including adequacy and effectiveness of laws, policies and coordination, implementation of preventive measures, powers and capacity of FIU, supervisory and law enforcement agencies, use of financial intelligence and international cooperation. Mr Buksh said that all countries undergo regular peer assessments using a global assessment methodology and procedures. AML/CFT assessments of Bangladesh, Bhutan, Canada and Singapore were also conducted in 2015/16.

Fiji's assessment report (also called the Mutual Evaluation Report) was tabled and adopted at the APG plenary meeting. The Report outlines the findings of Fiji's technical compliance and effectiveness ratings against the Financial Action Task Force (FATF) 40 international requirements on AML/CFT. The Report also contains recommendations made by the APG assessment team to further improve and strengthen Fiji's compliance and effectiveness with the international AML/CFT requirements.

The Report noted strengths and weaknesses in Fiji's AML/CFT framework. Fiji was noted as having strong laws in the areas of investigation and prosecution of money laundering crimes, supervision of financial institutions, powers of investigators and confiscation of proceeds of crimes. The Report highlighted gaps in Fiji's legal framework to deal with targeted financial sanctions relating to terrorism financing and proliferation financing. The Report also noted some gaps in current laws such as the Financial Transactions Reporting Act and in other areas such as the confiscation of criminal proceeds, investigation of terrorism financing and the capacity and resources of key agencies.

The APG meeting provided an opportunity for Fijian officials to address the APG members and provide high level briefing on Fiji's commitment to address the gaps identified in the Report.

Mr Buksh said that while Fiji generally agreed with the Report, differences were noted with the assessment team relating to:

- i. non-existence of the dealers in precious metals and stones sector in Fiji as defined under the FATF standards;
- ii. exclusion of the cooperatives sector from the analysis as this is not a covered sector in Fiji's context;
- iii. enforceability of FTR Act and Regulations and its impact on assessing AML/CFT preventative measures for financial institutions and other businesses and professions;
- iv. effectiveness of mutual legal assistance to be determined on informal as well as formal mechanisms that works well and exist in Fiji's context;
- v. gaps in Fiji's extradition law which were considered as major gaps by the assessment team.

Mr Buksh also highlighted and criticised countries like Australia, Canada, New Zealand and USA for not fully understanding and applying risk and context issues for Fiji. Fiji continues to emphasise that peer assessments should consider risk and content issues more pragmatically, particularly for smaller economies as they do not pose any significant danger to the international financial system in relation to illicit financial flows for money laundering and for terrorism financing.

Mr Buksh said following the tabling of Fiji's Mutual Evaluation Report at the APG Meeting, relevant Government agencies are now required to implement the recommendations in the Report. These recommendations include, among others, (1) revisions of current laws such as the Financial Transaction Reporting Act, Proceeds of Crime Act, Public Order Act, Extradition Act, and Police Act; (2) seeking additional powers for law enforcement agencies and strengthening the resources of key Government agencies such as the Fiji Police Force; and (3) enhancing preventive and supervision measures particularly for lawyers, accountants and real estate agents.

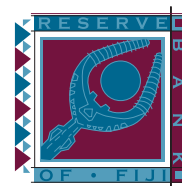
The National AML Council, which is chaired by the Solicitor General and Permanent Secretary for Justice, Mr Sharvada Sharma, will be providing strategic direction in the implementation of these recommendations by various Government agencies.

RESERVE BANK OF FIJI



Fiji FIU

Fiji Financial Intelligence Unit



PRESS RELEASE

Press Release No.: 23/2016 **Telephone:** (679) 331 3611 / 322 3333 **Facsimile:** (679) 330 2094 / 331 6454
Date: 27 September 2016 **E-mail:** info@rbf.gov.fj or info@fjifiu.gov.fj

FINANCIAL INTELLIGENCE UNIT ANNUAL REPORT 2015

The Financial Intelligence Unit (FIU) Annual Report for 2015 was tabled in Parliament yesterday, 26 September 2016 by the Honourable Attorney-General and Minister for Justice, Mr Aiyaz Sayed-Khaiyum.

The report provides information on key achievements and performance of the FIU for 2015. The FIU is responsible for the administration and enforcement of the Financial Transactions Reporting (FTR) Act, a legislation aimed at preventing and detecting money laundering and other proceed generating criminal activities in Fiji such as fraud, corruption and tax evasion.

The Director of the FIU, Mr Razim Buksh said that the FIU, in partnership with key Government agencies and the private sector, continued to implement important anti-money laundering (AML) initiatives during 2015.

In 2015, the FIU handled the following key intelligence and profiling related outputs: -

1. received and analysed 516 suspicious transaction reports;
2. disseminated 255 intelligence reports to law enforcement agencies involving 649 individuals and 116 entities for alleged money laundering, tax evasion and proceeds of crime transactions;
3. conducted 27 due diligence and background checks for Government agencies involving 49 individuals and 40 entities;
4. provided 191 investigative assistance to law enforcement agencies such as the Fiji Police Force, FRCA and FICAC involving 502 individuals and 264 entities;
5. issued 7 Alert Notices to financial institutions on 42 individuals and 1 entity;
6. issued 11 Directives to financial institutions in relation to 11 individuals and 2 entities to monitor their transactions;
7. made 667 enquiries and requests for further information to commercial banks and other financial institutions;

8. received 579,849 cash transaction reports; 1,029,993 electronic fund transfers reports; and 491 border currency reports;
9. provided AML and FTR Act training to 270 officers of financial institutions and 84 officers of law enforcement agencies;
10. enrolled 93 officials at the national AML computer based training centre at the FIU;
11. issued eight ad-hoc policy advisories to commercial banks and other financial institutions on various customer due diligence and FTR Act requirements.

Mr Buksh said that FIU's intelligence has led to several successful investigations of criminal activities, apprehension of suspects and the monitoring and tracing of criminal assets. In 2015, three persons were convicted for money laundering and three persons were convicted for border currency offences. The FIU also prevented Fijians from falling victims of transnational fraud and scams such as cybercrime.

Mr Buksh added that profiling complex cybercrime transactions and suspicious foreign remittance transactions were the key challenges for the FIU in 2015.

In 2015, the FIU also continued to strengthen its information exchange mechanism with partner agencies by signing Memoranda of Agreements (MOA) with three foreign FIUs. These MOAs enable the exchange of information relevant to the investigation and prosecution of a money laundering, terrorist financing or other serious offence.

The FIU contributed to key national AML projects in 2015 such as Fiji's national risk assessment and the mutual evaluation where Fiji was assessed on its compliance with international AML standards.

Mr Buksh said the outcomes in 2015 has been possible through the support of various partners such as the National AML Council, the law enforcement agencies, reporting financial institutions and other relevant agencies including the Reserve Bank of Fiji. The FIU is funded by the Reserve Bank of Fiji.



Fiji FIU

Fiji Financial Intelligence Unit



PRESS RELEASE

Press Release No.: 27/2016 **Telephone:** (679) 331 3611 / 322 3333 **Facsimile:** (679) 330 2094 / 331 6454
Date: 10 November 2016 **E-mail:** info@rbf.gov.fj or info@fijifiu.gov.fj

FIJI FIU HOSTS PACIFIC FIU ATTACHMENT PROGRAM

The Fiji Financial Intelligence Unit (FIU) is hosting four officers from the FIU's of the Cook Islands, Marshall Islands, Papua New Guinea and Vanuatu from the 7-11 November 2016.

The attachment program is jointly supported by the United Nations Pacific Regional Anti-Corruption Project, implemented by the United Nations Development Program (UNDP) Pacific Office in Fiji and the United Nations Office on Drugs and Crime (UNODC).

The Director FIU, Mr Razim Buksh said that the attachment program supports and contributes to the UN's Pacific regional anti-corruption efforts on strengthening national integrity systems and good governance. The FIU plays a central role in promoting inter-agency cooperation and ensures safety of financial systems from illicit transactions.

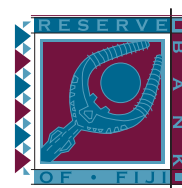
Mr Buksh said that participants undergo an intensive program where they understudy the daily operations of the FIU and have an opportunity to visit a local law enforcement agency and a financial institution to get an idea of the intelligence, networking, and regulatory role the FIU has in Fiji.

Mr Buksh stated that the objective of the attachment is to also strengthen capacity building and enhance knowledge of participating FIU's experience which they can implement or adapt to their own systems and processes when they return home.

Mr Buksh said that the attachment program will contribute to the resilience of respective Pacific financial systems through such training and networking between Pacific FIUs. He added that as a result of the attachment, the participants will have a better understanding of financial analysis and investigation of transactions related to corruption, money laundering and terrorist financing.

The FIU has been providing opportunities for attachment for Pacific Island FIUs since 2013. To-date it has hosted 16 officers from 10 Pacific countries including the Cook Islands, Federated States of Micronesia, Kiribati, Marshall Islands, Nauru, Palau, Papua New Guinea, Solomon Islands, Tonga and Vanuatu.

RESERVE BANK OF FIJI



PRESS RELEASE

Press Release No.: 30/2016 : **Telephone:** (679) 331 3611 / 322 3333 **Facsimile:** (679) 330 2094 / 331 6454
Date: 2 December 2016 : **E-mail:** info@rbf.gov.fj or info@fijifiu.gov.fj

FIU CONDUCTS ANTI-MONEY LAUNDERING COMPLIANCE EXAMINATION OF LAWYERS AND ACCOUNTANTS

The Financial Intelligence Unit (FIU), as Fiji's anti-money laundering regulator, is conducting onsite examinations of law firms and accounting firms from 1–6 December 2016. Lawyers and accountants are required under the Financial Transactions Reporting (FTR) Act to implement certain obligations and preventative measures that aim at detecting illegal and money laundering activities.

The Director FIU, Mr Razim Buksh said, that law firms and accounting firms are covered under the FTR Act when preparing or carrying out transactions for clients relating to buying and selling real estate, managing client money and other assets, managing bank accounts for their clients, creating and managing legal entities, trusts and other business entities. Key requirements include identification and verification of clients and the source of their funds, and reporting of suspicious transactions to the FIU. They are also required to monitor client's financial activities and have internal controls and processes to mitigate fraud and money laundering.

Mr Razim Buksh said that commercial banks and other regulated financial institutions in Fiji undergo such compliance examinations regularly by the Reserve Bank of Fiji. The focus now is on lawyers and accountants as they are seen as the "gatekeepers" to our legal and financial system which, if compromised, will have significant adverse impact for Fiji. The National Risk Assessment that was conducted in 2015 noted that there were gaps and vulnerabilities in these sectors which could be targeted by criminals to launder their tainted money if they are not properly addressed and rectified.

The FIU is aware that certain transactions related to sale and purchase of properties have been processed in the past without proper scrutiny of clients and their source of funds as required under the FTR Act. The onsite examination will ensure that all financial institutions and designated non-financial businesses and professions such as lawyers, accountants and real estate agents understand and comply with the preventative and reporting measures in Fiji.

RESERVE BANK OF FIJI

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SELECTED KEY STATISTICS 2012-2016

	Year	2012	2013	2014	2015	2016
Transaction and Currency Reports Received by FIU	Suspicious Transaction Reports	579	522	383	516	579
	Cash Transaction Reports	200,404	380,430	1,042,074	579,849	591,636
	Electronic Funds Transfer Reports	830,959	1,147,728	1,308,633	1,029,993	1,148,711
	Border Currency Reports	477	459	557	491	547
	Year	2012	2013	2014	2015	2016
Intelligence and Information Reports to Stakeholders	Case Dissemination Reports	246	284	241	255	195
	Information Dissemination Reports	133	160	123	191	213
	Due Diligence Reports	122	46	20	27	41
Notices to Financial Institutions	Alert Notices	8	8	7	7	14
	Directives	4	5	5	11	1
	Year	2012	2013	2014	2015	2016
Education and Awareness	Number of employees of Financial Institution	453	27	147	270	320
	Number of Financial Institutions	8	1	6	3	6
	Employees of Law Enforcement Agencies	135	232	123	84	67
	National AML Learning Centre - Number Completed Courses	39	22	92	88	55

Source: Fiji FIU

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SELECTED KEY EVENTS IN 2016

JANUARY

31-5 Feb Egmont Group Intersessional Meeting, Monaco

FEBRUARY

10 AML Legal Working Group Meeting 1/2016

MARCH

9 National AML Council Meeting (1/2016)
9-11 APG Workshop on Implementing Targeted Financial Sanctions against Proliferation of Weapons of Mass Destruction, Malaysia
16 Meeting with Bankable Frontier Associates
18 FIU Press Release-ATM Skimming in Fiji Meeting on Cyber Crime

APRIL

4-8 IMF Workshop on Implementing the International AML/CFT Standards, Singapore
5-7 Inter-Regional Specialised Workshop on Illicit Finance, and Criminal and Terrorist Networks, United States of America
11-13 Meeting with the APG Assessment Team on Fiji's Draft Mutual Evaluation Report

MAY

13 Annual Networking Meeting with Commissioner, Fiji Police Force
18-19 Egmont Committee Meeting, Fiji

JUNE

3 FIU Press Release-Bogus Phone Sales "Buy 3 Get 1 Free"
7 Annual Networking Meeting with CEO, FRCA
13-15 Money Laundering Detection, Deterrence, Disruption, and Prevention Workshop, Fiji
27 Meeting with Ambassador Shameem and Dr Fernando on Cybercrime Legislation and Cyber Security Strategy
29 National AML Council Meeting (2/2016)

JULY

19-21 Pacific Operational Working Group Meeting on the Southeast Asia Foreign Fighters Project, Indonesia

AUGUST

5 Meeting with UNODC on Possible 2016 FIU Attachment Program at the Fiji FIU
10 Networking Meeting with New Zealand Embassy
10 & 17 Networking Meeting with Westpac Bank Head of Operational Risk & Compliance
11 Signed MOU with Supervisor of Elections Office
FIU Press Release-FIU Signs MOU with the Fijian Elections Office
Meeting of the National Cyber Security Working Group
12 UNODC Regional Representative, Southeast Asia and the Pacific made a courtesy visit to the National AML Learning Centre

SEPTEMBER

5-8 APG Annual Meeting, San Diego, United States of America
8 Fiji's Mutual Evaluation Report tabled and endorsed at the APG Annual Meeting
23 FIU Press Release-Fijian Officials Attend APG Meeting
27 FIU Press Release-FIU Annual Report 2015

OCTOBER

20 Networking Meeting with New Zealand Police Representative.
21 ADB Mission: Private Sector Operations Department Pacific Mission - Trade Finance Program meeting
26 AML Law Enforcement Agencies Working Group Meeting 1/2016

NOVEMBER

7-11 FIU Pacific Attachment Program (Cook Islands, Papua New Guinea, Vanuatu and Marshall Islands)
9 Courtesy meeting with Australian High Commission
11 FIU Press Release-FIU Hosts Pacific FIU Attachment Program

DECEMBER

2 National AML Council Meeting (3/2016)
FIU Press Release-FIU Conducts AML Compliance Examination of Lawyers and Accountants
9-10 18th Attorney-General's Conference 2015, Fiji
13-15 Workshop to Identify Challenges in Understanding and Implementing the FATF Standards, Korea

**FIJI FINANCIAL
INTELLIGENCE UNIT
STRATEGIC ANALYSIS REPORT 2016**



Fiji FIU
Fiji Financial Intelligence Unit



1

STRATEGIC ANALYSIS OVERVIEW

Overview

The FIU undertakes additional detailed analysis of financial transaction information and converts it into meaningful outputs. This is called strategic analysis.

This report provides highlights of strategic analysis on the types of reports that the FIU receives and a summary of the trends and case studies identified in 2016.

Strategic analysis outcomes enable the FIU and its stakeholders to understand the patterns and trends on money laundering and related issues. It has also 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 systems.

2

OUTCOMES

Suspicious Transaction Reports

In 2016, majority of the STRs continued to be reported by commercial banks followed by the money remittance service providers (MRSPs). The STRs reported by the MRSPs showed an increase of 12 percent in 2016 compared to 2015. The total annual value of suspicious transactions that were reported to the FIU in 2016 decreased to \$74.7 million from \$82.7 million in 2015 due to a decrease in the value of the STRs reported to the FIU in 2016. Majority of the STRs were reported on the grounds of suspected advanced fee fraud followed by tax evasion and inconsistent customer profiles. Approximately 76 percent of the STRs submitted by financial institutions in 2016 were reported on transactions valued below \$50,000, out of which 41 percent of STRs were on transactions valued below \$5,000. 'Cash' continued to be the primary financial instrument type that is reflected in the STRs reported to the FIU. The majority, 62 percent of the STRs reported in 2016 involved Fijian currency. There were 503 (87 percent) STRs reported on transactions conducted by individuals/personal customers. 48 percent of STRs on individuals were reported on customers over the age of 40 years. 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.

Cash Transaction Reports

The FIU received 590,385 CTRs in 2016 averaging around 49,199 CTRs per month. The majority (99 percent) of the CTRs received during 2016 were reported by commercial banks. The majority (42 percent) of CTRs received by the FIU were for cash transactions between \$10,001 and \$20,000.

Electronic Funds Transfer Reports

The FIU received 1,148,711 EFTRs in 2016 averaging around 95,726 EFTRs per month. Majority (69 percent) of EFTRs were received from the money remittance service providers. EFTRs may involve remittances into Fiji (inward) or remittances out of Fiji (outward). Majority (77 percent) of EFTRs received during 2016 were inward remittance transactions.

Border currency Reports

In 2016, 546 BCRs were submitted to the FIU compared to 491 BCRs in 2015. There were more declarations made by outbound travellers compared to inbound travellers in 2016. The total value of currency.

3

SUSPICIOUS TRANSACTION REPORTS

Reporting Financial Institutions

STRs were reported to the FIU by various financial institutions including members of the public. The majority of the STRs continue to be reported by commercial banks (2016:63 percent; 2015:77 percent) followed by the money remittance service providers (2016:29 percent; 2015:17 percent). The STRs reported by the money remittance service providers in 2016 was 166 while 86 STRs were reported by this sector in 2015. The STRs reported by the MRSPs almost doubled in 2016 compared to 2015. The increase is due to greater level of awareness that was provided by the Fiji FIU through press releases and alert notices in relation to advance fee fraud and other scams. STRs received from the members of the public more than doubled due to enhanced media awareness.

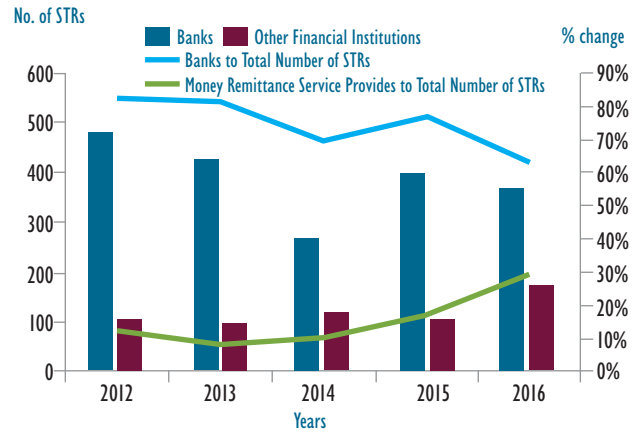
Summary of Reporting Financial Institutions

Financial Institutions and Persons Reporting	No. of STRs Received				
	2012	2013	2014	2015	2016
Commercial Banks	477	425	267	397	367
Money Remittance Service Providers	68	42	43	86	166
Finance Companies	0	5	4	2	3
Members of the Public	22	40	58	18	39
Regulatory Authorities	3	3	3	5	0
Law Firms	4	0	1	0	2
Accounting Firms	1	2	1	0	0
Insurance Companies and Superannuation	2	3	2	0	1
Securities, Unit Trusts	0	0	1	3	1
Real Estate Businesses	1	1	1	2	0
Others	1	1	2	3	0
TOTAL	579	522	383	516	579

Source: Fiji FIU

One STR was reported from the securities and unit trusts sector and two were reported by law firms in 2016.

Summary of Reporting Financial Institutions



Source: Fiji FIU

Value of Transactions Reported as Suspicious

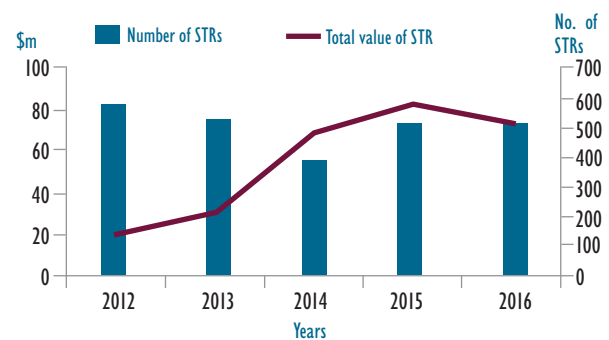
The total annual value of suspicious transactions that were reported to the FIU in 2016 decreased to \$74.7 million from \$82.7 million in 2015. The decrease is attributed to the decrease in the number of STRs reported to the FIU in 2016. The average value of a transaction reported to the FIU in 2016 as suspicious was \$128,968 compared to \$160,373 in 2015.

Total Value of Transactions Reported as Suspicious

	2012	2013	2014	2015	2016
Total Value (\$ million)	20.0	29.4	69.4	82.7	74.7
Number of STRs	579	522	383	516	579
Average Value reported (\$ per STR)	35,000	56,000	181,205	160,373	128,968

Source: Fiji FIU

Total Value of Transactions Reported as Suspicious



Source: Fiji FIU

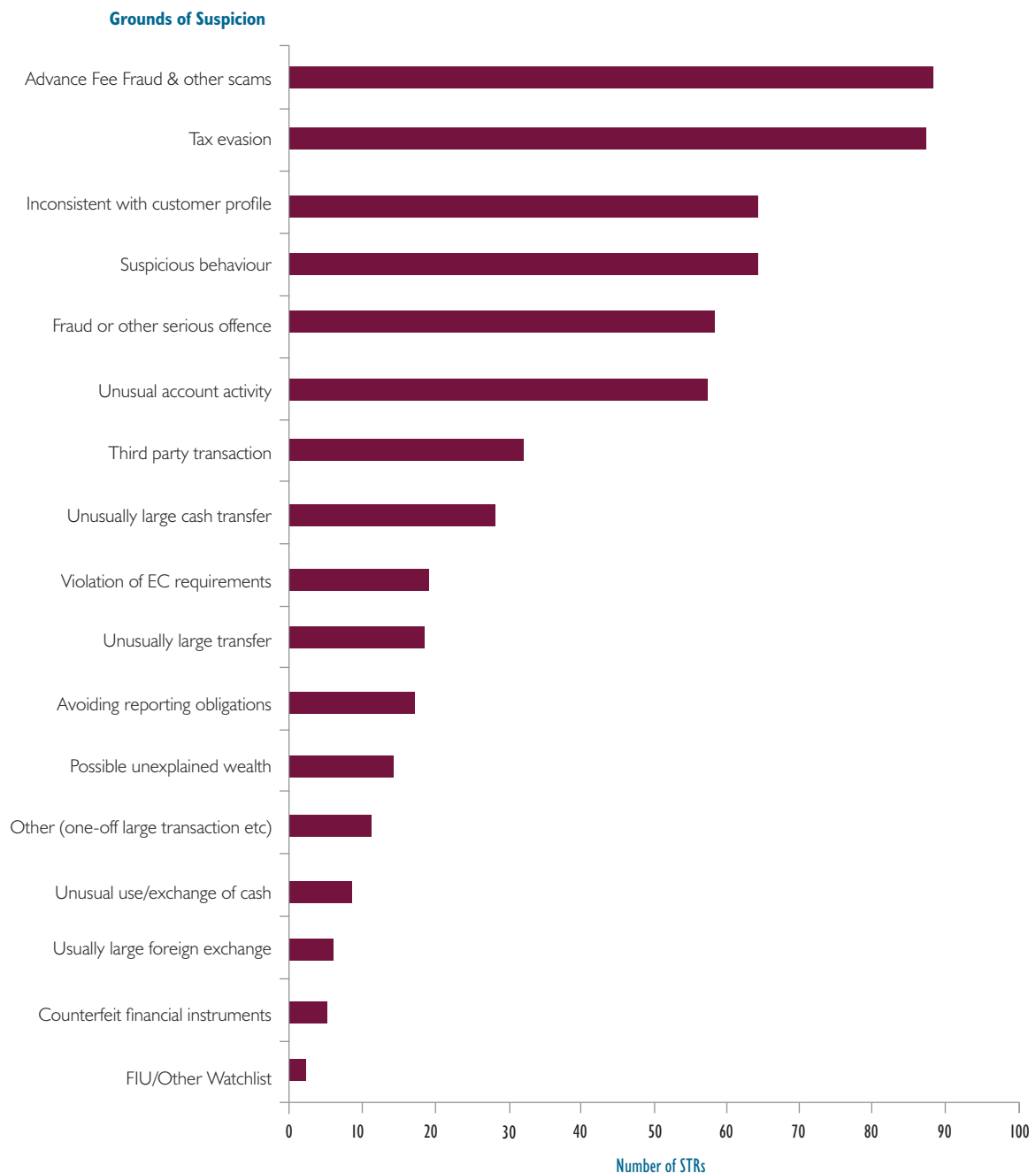
“Grounds for Suspicion” in Suspicious Transaction Reports

In 2016, majority of the STRs were reported on the grounds of advanced fee fraud and other scams. Suspected tax evasion and inconsistent customer profiles were prevalent contributing

to approximately 26 percent of the total STRs reported to the FIU in 2016.

Reporting financial institutions also clearly highlighted suspicious behaviour and suspected fraud as common grounds of suspicion detected and reported by financial institutions in 2016.

Grounds for Suspicion on STRs Received 2016



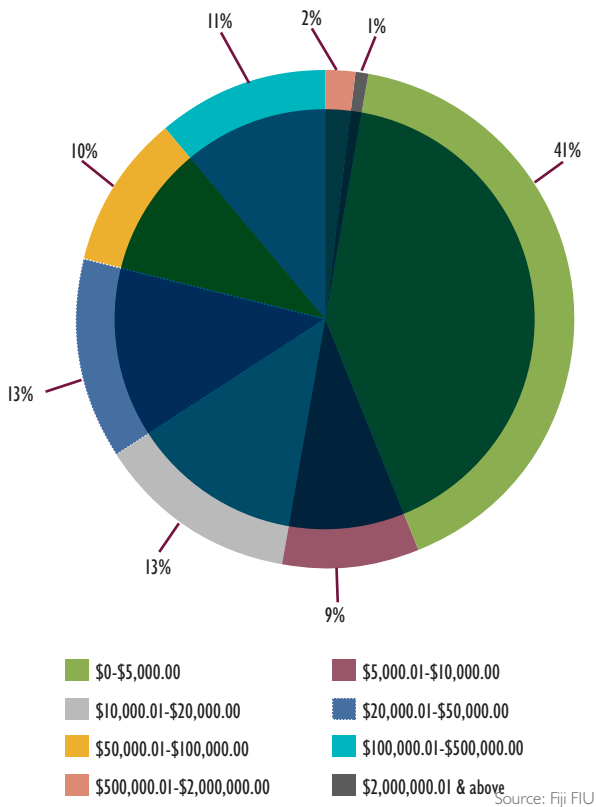
Source: Fiji FIU

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.

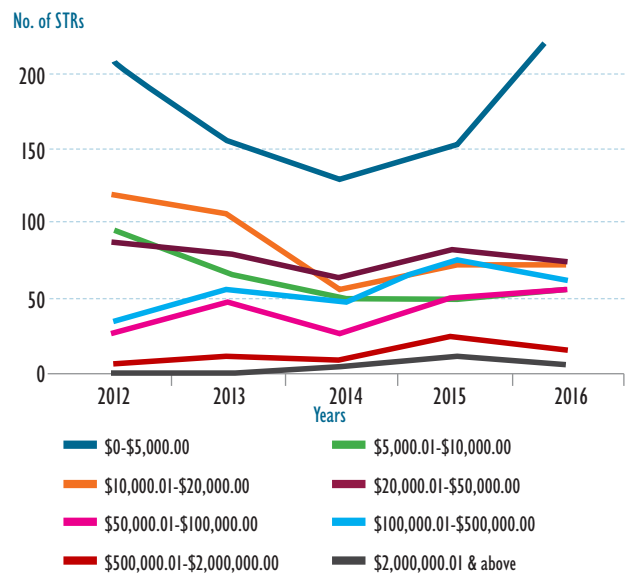
The majority (76 percent) of the STRs submitted by financial institutions in 2016 were reported on transactions valued below \$50,000, out of which 41 percent of STRs were on transactions valued below \$5,000. STRs involving large value transactions of \$0.5 million and more accounted for 4 percent of total STRs reported in 2016 compared to 7 percent in 2015.

Suspicious Transactions by Transaction Value



Transaction Value	Number of STRs	Percentage of STRs
\$0 - \$5,000.00	237	41
\$5,000.01 - \$10,000.00	55	9
\$10,000.01 - \$20,000.00	73	13
\$20,000.01 - \$50,000.00	74	13
\$50,000.01 - \$100,000.00	56	9
\$100,000.01 - \$500,000.00	63	11
\$500,000.01 - \$2,000,000.00	15	3
\$2,000,000.01 & above	6	1
TOTAL	579	100

Suspicious Transactions by Transaction Value



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 2016. Out of the 579 transactions reported as suspicious in 2016, 398 (69 percent) involved cash transactions.

The types of financial instruments involved in STRs include:

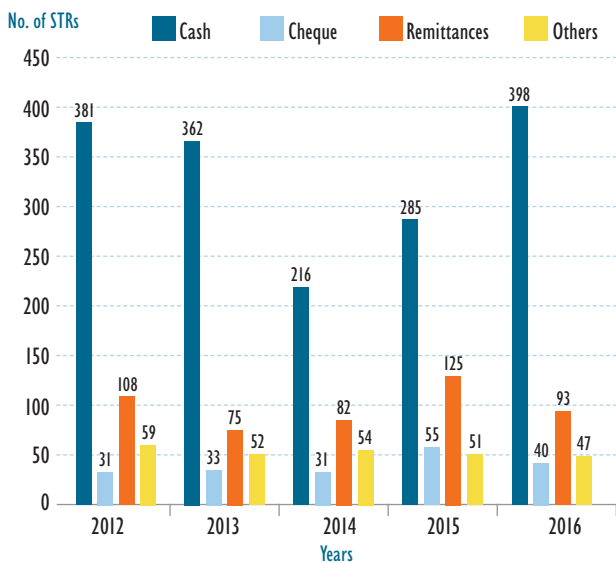
1. Cash (local and foreign currency);
2. Cheque (bank cheques/drafts, personal and company cheques);
3. Remittances; and
4. Other instruments (account-to-account transfers, credit cards and travellers cheques).

There has been an increase in the number of STRs reported in 2016 on cash and a decline in the number of STRs reported on cheque and remittance transactions.

Suspicious Transactions by Instrument Type

Year	Cash	Cheque	Remittances	Others	TOTAL
2012	381	31	108	59	579
2013	362	33	75	52	522
2014	216	31	82	54	383
2015	285	55	125	51	516
2016	398	40	93	48	579

Suspicious Transactions by Instrument Type



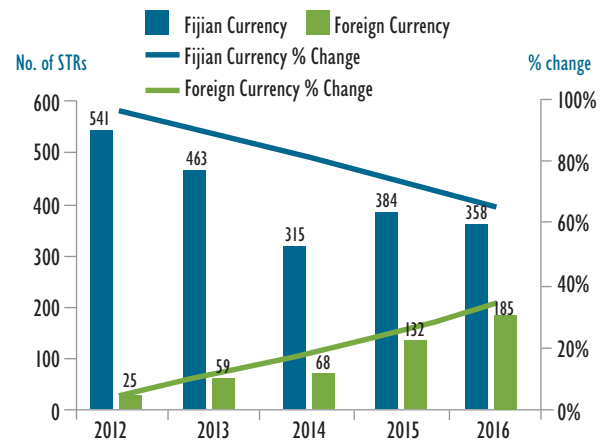
Source: Fiji FIU

Suspicious Transactions by Currency Type

The majority (65 percent) of the STRs reported in 2016 involved Fijian currency.

The suspicious transactions that involved foreign currency increased to 34 percent of total STRs in 2016 compared to 26 percent in 2015.

The increase in use of foreign currency reported in STRs reflects the increased usage of foreign currency cash as reported in the 2016 STRs.

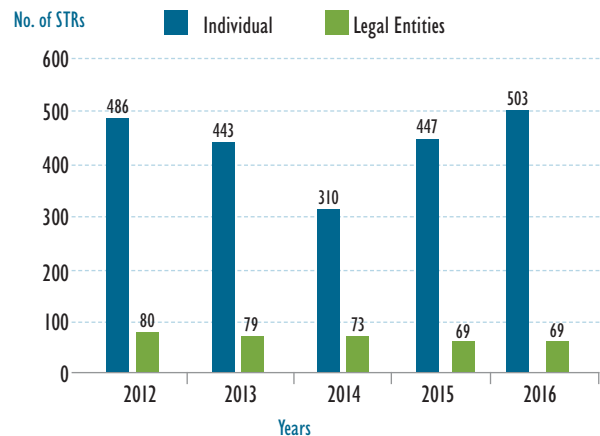


Source: Fiji FIU

Suspicious Transaction Reports by Customer Type

There were 503 (87 percent) STRs reported on transactions conducted by individuals/personal customers and 69 (12 percent) by corporate and business entities in 2015. There were 7 (1 percent) STRs reported on counterfeit instruments and ATM skimming devices.

The number of STRs reported in 2016 on legal entities such as companies remained at 69 (2015, 69 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.



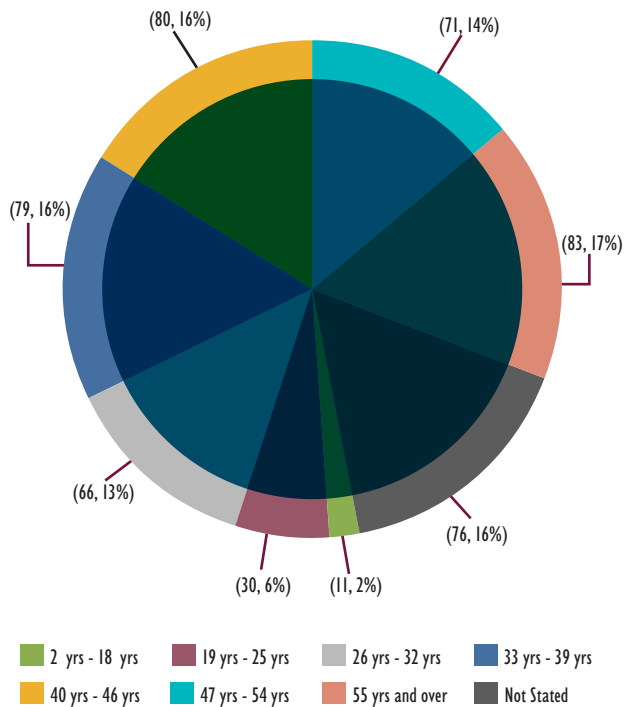
Source: Fiji FIU

Suspicious Transaction Reports by Customer Age

47 percent of STRs on individuals were reported on customers over the age of 40 years. Age unstated increased from 11 in 2015 to 76 in 2016 because of the increase in reports on advanced fee fraud.

Year	2yrs - 18yrs	19yrs - 25yrs	26yrs - 32yrs	33yrs - 39yrs	40yrs - 46yrs	47yrs - 54yrs	55yrs and over	Not Stated	TOTAL
2012	16	31	59	63	68	72	47	140	496
2013	12	34	53	72	66	59	61	86	443
2014	5	15	45	37	41	42	45	80	310
2015	13	24	58	75	68	78	84	11	411
2016	11	30	66	79	80	71	83	76	496

Source: Fiji FIU



Source: Fiji FIU

Age of Convicted Money Launderers

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

Name of Individual	Year STR was Reported	Age at the time of the offence
Manoj Khara	2004	31 years old
Timothy Aaron O'Keefe	2005	25 years old
Monika Arora	2007	28 years old
Salendra Sen Sinha	2008	30 years old
Anand Kumar Prasad	2008	28 years old
Deo Narayan Singh	2008	40 years old
Atisma Kirti Singh	2008	23 years old
Johnny Albert Stephen	2009	39 years old
Doreen Singh	2009	31 years old
Kapil Kushant Samy	2010	24 years old
Nirmala Devi	2011	46 years old
Natasha Nilma Singh	2012	20 years old
Vikash Mehta	2013	29 years old
Tuimoala Raogo	2013	41 years old
Fazeel Razid Ali	2015	27 years old
Nitesh Kumar	2016	23 years old

Name of Individual	Year of FIU assistance	Age at the time of the offence
Deepak Rajneel Kapoor	2008	25 years old
Robin Surya Subha Shyam	2010	38 years old

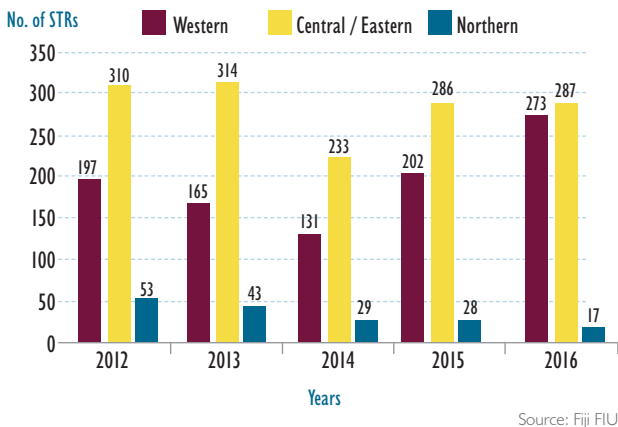
Name of Individual	Year of Conviction	Age at the time of the offence
Faiyaz Khan	2013 ¹	38 years old
Savita Singh	2015	32 years old
Chris Ronil Singh	2015	38 years old
Mukeshwar Narayan Singh	2016	21 years old
Sakiusa Vakarewa	2016	31 years old
Josefa Saqanavere	2016	41 years old
Savenaca Batibawa	2016	47 years old
FIU Katarine Gounden	2016	31 years old

Source: Fiji FIU

¹ Year of conviction – FIU was not directly involved in the investigation of this individual.

Suspicious Transaction Reports by Geographical Location of Reporting Institutions

The FIU receives STRs from various commercial centres in Fiji. 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. The number of STRs received from the Western division has been increasing. In 2016, STRs from the Western Division increased to 273 from 202 STRs received in 2015.



CASE STUDY: Local Company falls victim to a Payment Intercept Scam

The FIU received a STR from a local based entity. The company personnel lodged a complaint that it had fallen victim to a "payment intercept" scam.

The company had received a fraudulent email purporting to be from its legitimate supplier based in Shanghai, China. The local company was instructed to redirect a payment of around US\$54,000.00 to a company with a bank account in Hong Kong.

The managing director of the local entity reportedly referred the matter to the Hong Kong Police.

The FIU issued a report to the Hong Kong FIU for further investigations on the alleged beneficiary of the funds

Possible Offence:

- Electronic Fraud
- Business Email Compromise

Indicators:

- Payment intercept via electronic communication

Reasons for Suspicious Reporting

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

- customer's usual occupation or business activity;
- customer's transaction history;
- income level and source of income of the customer;
- 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.

CASE STUDY: 27 Year old DVD Shop owner not declaring business income to tax authority

The FIU received a STR on a 27 year old, Person Y who was receiving significant deposits into his personal bank account.

Upon conducting further checks, the FIU established that Person Y is reportedly the managing director of a DVD shop.

Person Y had maintained about 5 personal bank accounts at different banks and was transferring funds between the bank accounts.

The FIU also established that there were no bank accounts under the company's name.

A report was disseminated to the tax authority for possible tax offences

Possible Offence:

- Tax Evasion

Indicators:

- Using personal bank account to conduct business like transactions
- Maintaining several bank accounts and conducting significant transactions
- Transferring funds between his personal bank accounts
- No bank account established for the business for which Person Y is a managing director together with a business associate.

Examples of Reasons for Reporting Transactions as Suspicious

1.	Individual has been identified as a sanctioned individual as per Dow Jones;
2.	Individual is a machinist and received 2 large (telegraphic transfers) from China into an inactive account;
3.	Requesting to open a business account for a foreign registered company. The company is registered in Seychelles and is expecting a large amount of Euros from a Swiss holding company. Directors are Americans;
4.	Customer deposited old design hundred dollar bills amounting to \$10,000.00. Her Husband was also identified conducting similar deposit into his bank account;
5.	Director of a company is sending funds to Burma with narration stated as medical funds;
6.	Illegal undeclared foreign investments made under the corporate veil of a local company;
7.	EFTPOS machine to facilitate large transactions for donations through EFTPOS without card being present;
8.	Large (telegraphic transfers) from high risk country into bank account of a school. The Chairman of the school is a PEP;
9.	Transfer of funds from solicitors trust account to operating account;
10.	Customer buying travel fund frequently. Usually used Fiji passport to buy travel fund but now using NZ passport;
11.	Night club proceeds being deposited in to personal account;
12.	Withdrew funds to invest in voluntary membership savings. Business proprietor so possibly engaging in tax evasion;
13.	Unable to determine customer financial capacity due to lack of further information. Mentioned by the teller that the customer is known to have been selling drugs from his shop;
14.	Customer brought in \$55,500.00 in cash wrapped in newspaper. She lives in the US and said she brought in USD and did money exchange to FJD;
15.	Reports received that a group of ATM skimmers moving around Pacific Countries through Fiji;
16.	Customer sends money to Ukraine as a gift to a beneficiary whom they have unestablished relationship;
17.	Email sent by customer, 17 year old to travel agent to purchase airline tickets. Sent a copy of internet banking receipt showing payment details which was altered;
18.	Customer not disclosing where he got the money from and gets angry when teller asks and says "it is none of your concern";
19.	Complaints from member of the public on real estate sector being used for money laundering;
20.	Insurance agent receiving tax refunds from tax authority which amounts to a substantial amount.

Source: Fiji FIU

The above are extracts from STRs reported to the FIU in 2016.

Other STR Analysis

Members of Public

Voluntary suspicious information can be provided to the FIU pursuant to section 25 of the FTR Act.

In 2016, there was an increase in the number of voluntary information that was reported by members of the public compared to 2015.

The FIU received an STR from a member of the public that cybercriminals/scammers have created several fake Facebook profiles of "Barry Whiteside", Governor of the RBF.

The Governor does not have any Facebook profile under his name. Few Cases have been brought to the attention of the FIU and the RBF that these false personations were used to provide fake RBF approvals for victims to remit funds to secure proceeds of fake lotteries, investments and loans.

Scam Emails:

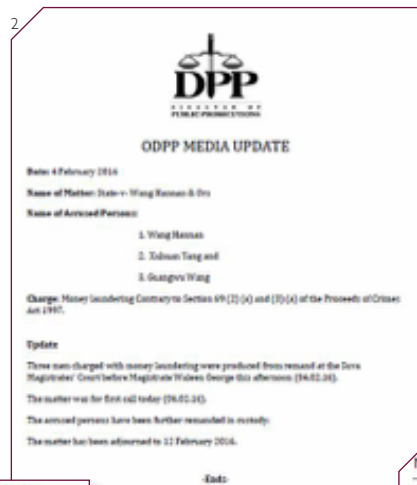
A number of incidents of scam emails have also surfaced claiming to be from Governor Whiteside with fake messages and documents

Bogus Loans and Grants:

The letterhead and logo of the RBF was used by criminals on documents purporting to offer loans and grants to victims who began to correspond with the criminals using fake social media profiles and emails.

The FIU conducted background and credibility checks on the fake facebook profile of the Governor. The FIU linked up with the relevant law enforcement officials. The FIU also issued a case dissemination report to the Fiji Police Force in August 2016. The FIU issued a joint press release with the RBF. The FIU disseminated the press release widely to more than 6,000 GOVNET users, 80 AML compliance officers and their networks as well as to our partner law enforcement teams and their networks.

Media Buzz on Money Laundering Charges 2016



Source:
Article 1: Fiji Village Online (<http://fijivillage.com/>)
Article 2: Office of the Director of Public Prosecutions Media Update
Article 3: The Fiji Sun Online (<http://fijisun.com/fj/2016/10/26/woman-faces-56272-post-fiji-money-laundering-charges/>)
Article 4: The Fiji Sun Online (<http://fijisun.com/fj/2016/04/15/health-issues-taken-into-account/>)

4

CASH TRANSACTION REPORTS

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 coin or paper money, bank drafts, bank cheques, bearer bonds, travelers cheques, postal notes and money orders.

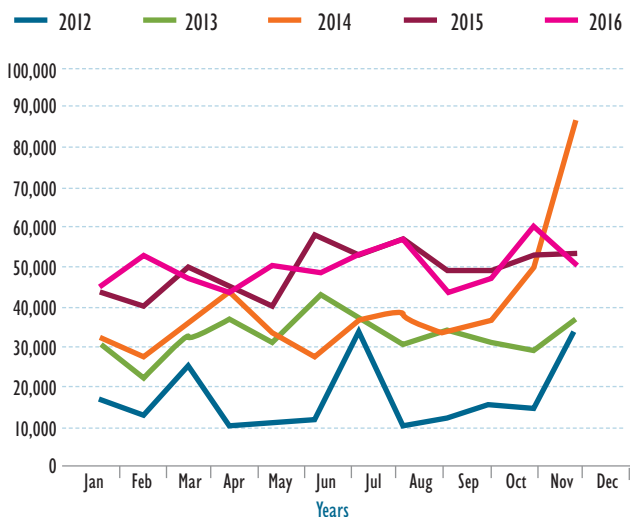
The FIU received 591,636 CTRs in 2016 or an average of around 49,303 CTRs per month.

Cash Transactions Reported

Year	Total CTRs	Monthly Average CTRs
2012	200,404	16,700
2013	380,430	31,703
2014	1,042,074	86,840
2015	579,849	48,321
2016	591,636	49,303

Source: Fiji FIU

Monthly Cash Transaction Reports



Source: Fiji FIU

CTRs Received by Sector

The majority (99 percent) of the CTRs received during 2016 were reported by commercial banks.

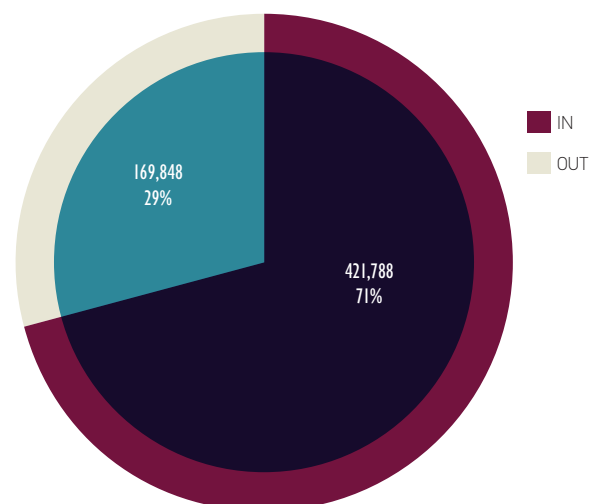
Cash Transactions Reported by Sector

Sector	2012	2013	2014	2015	2016
Commercial Banks	198,427	376,564	1,038,011	575,987	587,269
Foreign Exchange Dealers & Money Remitters	854	2,387	2,763	2,296	2,774
Finance Companies	520	708	673	815	754
Insurance & Superannuation Fund	553	657	470	405	420
Law Firms	49	84	116	227	283
Securities/Brokers/Advisors	1	30	37	118	134
Accountants	0	0	4	1	2
TOTAL	144,191	200,404	380,430	579,849	591,636

Source: Fiji FIU

CTRs by Direction of Cash Payment

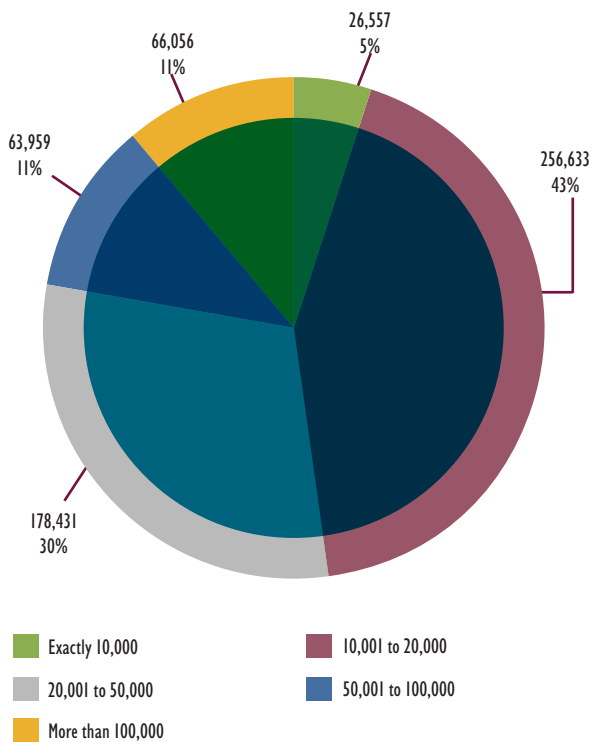
Majority (71 percent) of CTRs were reported on cash transactions into the financial institutions (that is, cash was deposited into bank accounts).



Source: Fiji FIU

CTRs by Value of Transactions

The majority (43 percent) of CTRs received by the FIU in 2016 were for cash transactions between \$10,001 and \$20,000. Approximately 73 percent of CTRs reported are for cash transactions between \$10,001 to \$50,000.



Source: Fiji FIU

5

ELECTRONIC FUNDS TRANSFER REPORTS

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 EFTRs.

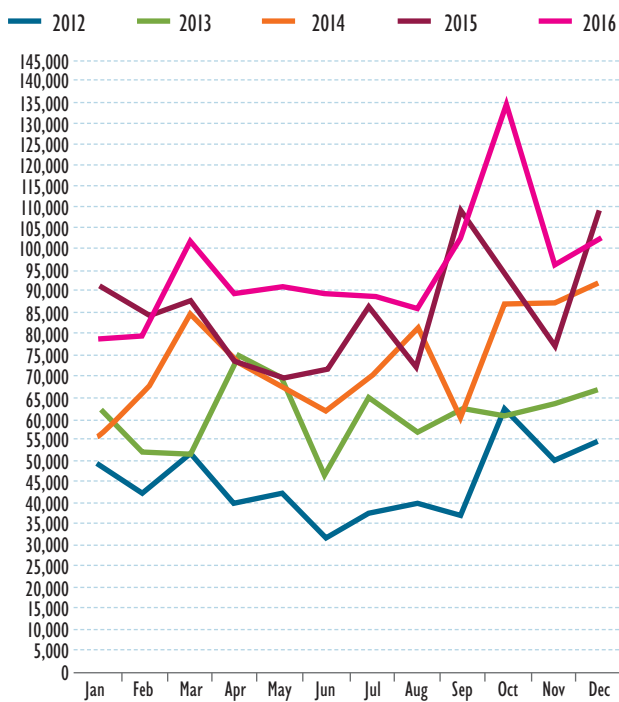
The FIU received 1,148,711 EFTRs in 2016 or an average of around 95,726 EFTRs per month. This is an increase of 12 percent from 2015. The increase in number of EFTRs received in 2016 was partly due to the receipt of back dated EFTRs from financial institutions.

Electronic Funds Transfer Transactions Reported

Year	Total EFTRs	Monthly Average EFTRs
2012	830,959	69,247
2013	1,147,728	95,644
2014	1,308,633	109,053
2015	1,029,993	85,833
2016	1,148,711	95,726

Source: Fiji FIU

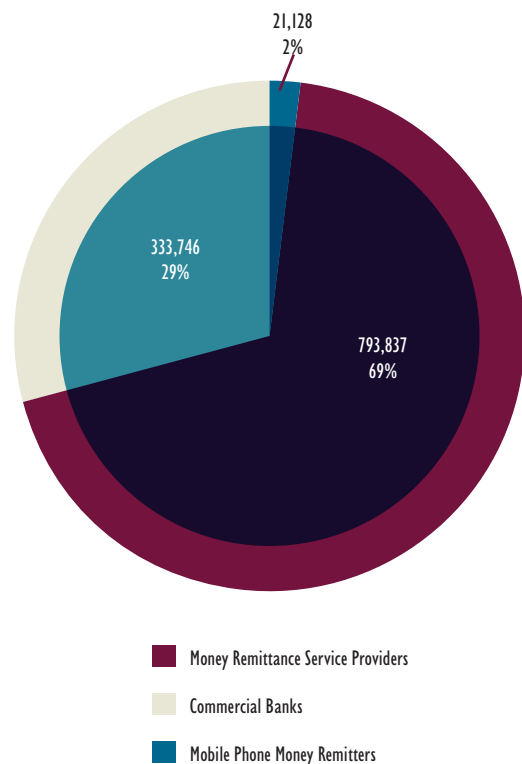
Monthly Electronic Funds Transfer Reports



Source: Fiji FIU

EFTRs Received by Sector

Majority (69 percent) of EFTRs were received from the MRSPs. There was a notable increase of 174 percent in the number of EFTRs received from the mobile phone money remittance sector. Mobile phone operators can only process inward remittances to Fiji. The increase in the volume of inward remittances using the mobile phone sector, and subsequently the increase in EFTRs from this sector was due to opening up of new corridor for inward remittances by one of the mobile phone companies and significant increases in the volume of transfers from other traditional sending countries such as Germany, Canada, Sweden and Cyprus.



Source: Fiji FIU

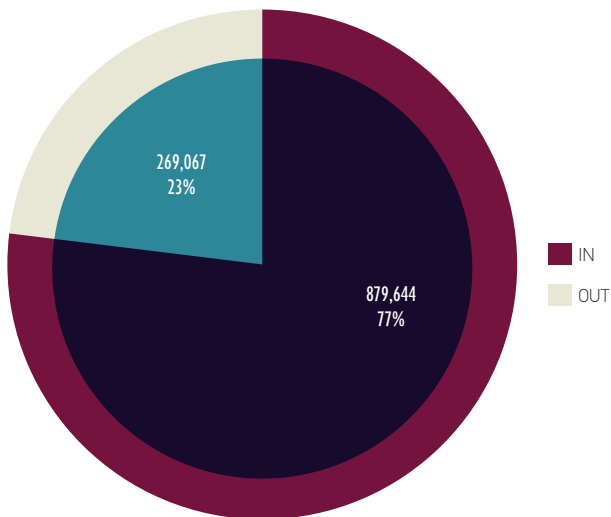
EFTRs Received by Sector

Sector	2012	2013	2014	2015	2016
Money Remittance Service Providers	264,953	832,108	886,744	697,676	793,837
Commercial Banks	563,142	313,232	419,357	324,604	333,746
Mobile Phone Money Remitters	2,864	2,388	2,532	7,713	21,128
TOTAL	830,959	1,147,728	1,308,633	1,029,993	1,148,711

Source: Fiji FIU

EFTRs by Direction of Remittances

EFTRs may involve remittances into Fiji (inward) or remittances out of Fiji (outward). Majority (77 percent) of EFTRs received during 2016 were for inward remittances.



Source: Fiji FIU

EFTRs by Direction of Remittances

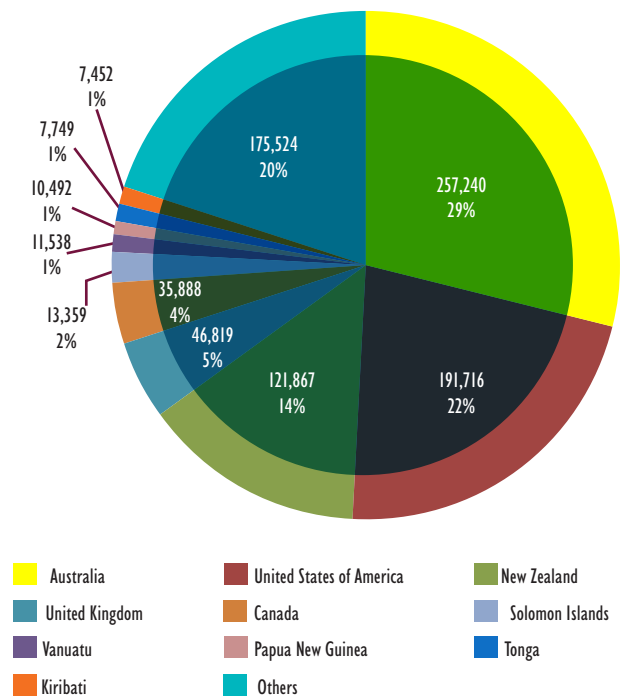
	2012	2013	2014	2015	2016
Inwards	582,909	894,026	1,030,405	773,264	879,644
Outwards	243,210	253,702	278,228	256,729	269,067
TOTAL	830,959	1,147,728	1,308,633	1,029,993	1,148,711

Source: Fiji FIU

EFTRs by Sending and Receiving Country

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

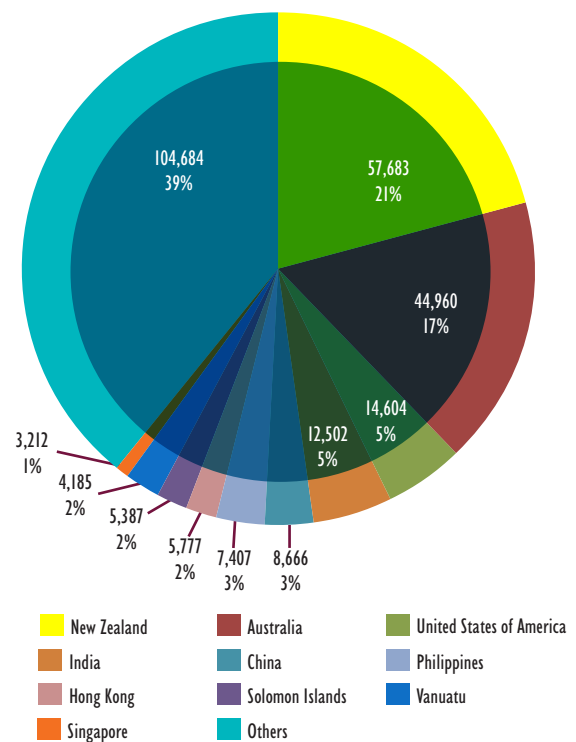
EFTRs: Countries Involved in Inward Remittances to Fiji



Source: Fiji FIU

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

EFTRs: Countries Involved in Outward Remittances from Fiji



Source: Fiji FIU

6

BORDER CURRENCY REPORTS

All travellers coming into Fiji or going out of Fiji are required to declare if they are carrying currency or negotiable bearer instruments of \$10,000 or more (or its equivalent in foreign currency).

Travellers are required to make a declaration in the first instance on the arrival or departure cards and then fill out a BCR form which is available at all ports of entry and exit in Fiji. The completed BCRs are collected by Customs FRCA officials at the ports and submitted to the FIU for central recording, analysis and for its intelligence purpose.

In 2016, 547 BCRs were submitted to the FIU compared to 491 BCRs in 2015.

BCRs by Direction of Travel

There were more declarations made by outbound travellers compared to inbound travellers in 2016.

Border Currency Reports Received

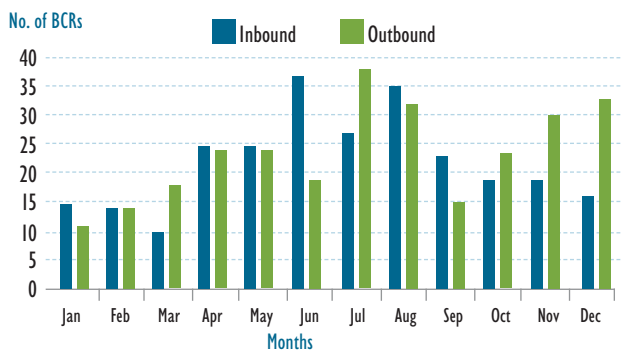
The FIU has noted an increase in declarations made by inbound travellers. In 2016, 48 percent of declarations were made by inbound travellers while 38 percent of declarations were made by inbound travellers in 2015.

BCR Declarations by Direction of Travel 2012-2016

Persons Declaring	2012	2013	2014	2015	2016
Declarations made by inbound travellers	117	141	231	187	265
Declarations made by outbound travellers	360	318	326	304	282
TOTAL	477	459	557	491	547

Source: Fiji FIU

Comparison of Declaration made by Travellers by Month in 2016



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 2016 was \$30.2 million compared to \$31.9 million in 2015.

Value of Border Currency Reports Received 2012-2016

Persons Declaring	Value of Currency Declared (\$million)				
	2012	2013	2014	2015	2016
Travellers Arriving in Fiji	3.9	6.7	10.3	11.0	13.1
Travellers Departing Fiji	10.7	15.4	19.6	20.9	17.1
TOTAL	14.6	22.1	29.9	31.9	30.2

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.

In 2016, there were 12 reported cases of BCR non declaration compared to 3 cases of persons brought before the court for failing to declare currency in 2015.

CASE STUDY: Non Declaration of Border Currency Report

The FIU received a STR from a foreign exchange dealer involving a Fijian citizen, Person A who is 60 years of age and is an American resident. The Fiji FIU conducted checks on the immigration database and established that Person A had travelled to Fiji three times in 2016. He exchanged substantial amounts of USD into FJD during his visits.

A report was disseminated to the FRCA Customs Unit to examine the possibility of non-declaration of BCR.

Possible Offence:

- Non-reporting of Border Currency Reporting requirements

Failure to Declare Currency Cases in 2016

	Date of Travel	Details	Amount Failed to Declare	Date of Conviction	Judgment in Court
1.	24 February	Passenger arrived to Nadi from South Korea	US\$10,000.00 CNY\$16,700.00 equivalent to FJ\$26,269.13	25 February	Fined \$3,000.00 Cash released to accused
2.	24 February	Passenger arrived to Nadi from South Korea	US\$10,000.00 equivalent to FJ\$21,762.78	25 February	Fined \$3,000.00 Cash released to accused
3.	26 February	Passenger arrived to Nadi from Hong Kong	US\$21,000.00 equivalent to FJ\$42,706.21	29 February	Fined \$5,000.00 Cash released to accused
4.	26 February	Passenger arrived to Nadi from South Korea	US\$30,400.00 equivalent to FJ\$61,800.00	1 March	Fined \$10,000.00 Cash released to accused
5.	6 March	Passenger arrived to Nadi from Nauru	AUD\$8,350 HKD220.00 CNY\$479 equivalent to FJ\$13,124.00	9 March	Fined \$3,000.00 Cash released to accused
6.	23 June	Passenger departing for New Zealand from Nadi Airport	EURO\$2,000.00 US\$8,329.00 AU\$920.00 FJ\$830.00 equivalent to FJ\$22,603.58	5 July	Fined \$5,000.00 Cash released to accused
7.	27 June	Passenger arrived to Nadi from Hong Kong	US\$20,000.00 AU\$5,000.00 equivalent to FJ\$50,293.47	28 June	Fined \$5,000.00 Cash released to accused
8.	14 October	Passenger arrived to Nadi from Samoa	US\$11,270.00		
9.	4 November	Passenger arrived to Nadi from Seoul, Korea	EURO cash of 3,730 GBP 25 Travellers cheques worth GBP 6,600	6 December	Charged under section 137(c) of the Customs Act. Settled by the Comptroller outside of court, passenger was fined \$1,000
10.	9 November	Passenger was departing for Hong Kong	USD cash of 7,166 THAI 1,210 HKD cash of 500 IDN 100,000 TWN 300 EURO 120 CHN YUEN 1,125 FJD cash of 130	6 December	Charged under section 137(c) of the Customs Act. Settled by the Comptroller outside of court, passenger was fined \$1,000
11.	12 November	Passenger arrived from Tuvalu transiting through to South Korea	US\$4,900.00, AU\$1,700.00, FJ\$15.00 JPY\$14,000.00 SBD\$10.00 INR6,300.00 equivalent to FJ\$17,626.60	1 December	Charged under section 137(c) of the Customs Act. Settled by the Comptroller outside of court, passenger was fined \$3,500
12.	12 November	Passenger arrived from Tuvalu transiting through to Vietnam	US\$6,890.00 equivalent to FJ\$14,165.84	7 December	Fined \$1,000.00

Source: FRCA & Border Police & FIU

7

EMERGING AND CONTINUING MONEY LAUNDERING TRENDS

Emerging Trend

ATM Skimming

The FIU noted an increase in the number of skimming cases from late 2015 to 2016. Cases were brought to the attention of the FIU involving foreign nationals who obtained customers bank card details by fraudulent means using ATM and EFTPOS skimming devices. In December 2015, more than 500 credit and debit cardholders were affected by a carefully orchestrated skimming scheme. An attempt to conduct ATM skimming in January 2016 was successfully foiled.

In August 2016, the FIU received information that three Asian nationals were using stolen and counterfeit Visa and Mastercard cards at a bank's ATMs in Tonga and Samoa. Two of the Asian nationals were in custody in Samoa whilst the third national reportedly left for Fiji. The trend of ATM skimming appears to have emerged not only in Fiji but across the Pacific.

Continuing Trend

Advance Fee Fraud

The FIU issued 6 alert notices to commercial banks and money remittance service providers to conduct enhanced due diligence procedures for suspected possible advance fee fraud, lottery scam related remittances and email spoofing activities.

The FIU continued to receive cases related to unsolicited emails promising attractive job opportunities, payment of lottery awards, inheritance of large amounts of funds, lucrative investment opportunities and other "get-rich-quick" schemes.

Tax Evasion

The FIU continues to note STR cases for possible tax evasion such as the use of family members (including minors) personal bank accounts to hide business proceeds.

Prison terms for six Chinese nationals

Shayal Devi
Monday, June 27, 2016

THE Magistrates Court in Lautoka has handed a two-year 11 months prison terms to six Chinese nationals charged with theft and dishonestly dealing in personal financial information.

Appearing before Magistrate Raramasi Salakubou on Monday were Sanlin Xie, Changbao Xie, Liu Jinling, Zhong Chenhua, Weiqiang Liu and Yanyan Yang.

The court heard the men were apprehended in different locales throughout Lautoka last December.

They had arrived in the country as tourists and were found making suspicious withdrawals at an ANZ ATM in Lautoka.

Upon capture, police found more than 400 ATM cards on the men.

While delivering the sentence last week, Mr Salakubou said he had taken into account the seven months the men had spent in remand.

He said the men had shown remorse for their crimes and had co-operated with police.



Some of the Chinese nationals outside court. Picture: REPEKA NASIKO

Source: The Fiji Times Online (<http://fijitimes.com/story.aspx?id=359920>)

8

CASE STUDIES

The following cases studies identified by the FIU during 2016 highlights suspicious transaction indicators and money laundering typologies.

Money Laundering Cases: Success Stories in Fiji

University Student and Mother received funds stolen from an Australian company

Between April and May 2012, Indra Singh (the mother of Natasha Singh), befriended a "Steven Ham" on facebook and commenced an online romantic relationship. Natasha Singh managed her mother's facebook account and communicated with Steven Ham through her and her mum's facebook account and email. Steven Ham had reportedly promised Natasha Singh and her mother that he would marry Indra Singh (mother) and they would settle in the United States of America.

After eight months of chatting, Natasha Singh received \$72,128.74 into her bank account. Two transactions were received from an Australian company. The second transaction was recalled by the bank and the funds were frozen. Natasha Singh claimed that the funds were sent by her step father for purchase of a house in Fiji.

The bank referred the matter to the Fiji Police Force and investigations revealed that the Australian company had not sent the funds to Natasha Singh.

She transferred funds to her mother's bank account. She withdrew funds and remitted funds to different beneficiaries in South Africa upon instructions from Steven Ham. She also used her mother and her friends to send funds to these beneficiaries in South Africa. Natasha Singh also used her boyfriend to seek approval to send funds.

Singh stated that she was blackmailed by Ham that the funds which she was sending overseas to different beneficiaries was for the treatment of his son who was dying. His son was reportedly residing in South Africa. There were telephone conversations between Steven Ham, his son and Natasha Singh. She was also asked to remit funds to beneficiaries in South Africa as he claimed that he had a business in South Africa and some funds were for payment of his workers.

Natasha Singh spent a portion of the funds received to buy groceries.

On 4 November 2016, Natasha Singh was convicted for one count of "Possession of Property suspected of being proceeds of crime". Natasha Singh was sentenced to eight months imprisonment suspended for two years. Any offence committed

within the two year period would incur charges under the Sentencing & Penalty Decree.

Refer to the FIU website for court judgment: <http://www.fijifiu.gov.fj/Pages/Money-Laundering-Conviction/State-vs-Natasha-Nilma-Singh.aspx>.

Government Employee colludes with bank officer to facilitate Money Laundering

Nitesh Kumar was employed by the Registrar of Titles Office. He became friends with a Kapil Samy who was an employee at ANZ Bank. Kapil Samy was responsible for attending to company searches and titles searches for bank customers.

Nitesh Kumar provided his ATM card and PIN number to Kapil Samy who deposited \$9,888.67 (239 transactions) from 22 April 2009 to 12 April 2010 into Kumar's bank account.

There was no evidence that Kumar had directly benefited from the offending. Kapil Samy, the co-accused was already given a suspended sentence.

Nitesh Kumar was sentenced to two years imprisonment and will be suspended for three years.

The Court also ordered Kumar to pay a fine of \$2,000.00.

On 8 July 2016, Nitesh Kumar was convicted for one count of "Money Laundering".

Refer to the FIU website for court judgment: <http://www.fijifiu.gov.fj/getattachment/Pages/Case-Laws/ML-Case/2016/State-vs-Nitesh-Kumar-Sentence.pdf.aspx>

Sophisticated and high degree of planning to create fictitious tax records leads to imprisonment of FRCA officials for money laundering offence

Mukeshwar Narayan Singh between 1 May 2005 and 30 November 2009 derived \$102,843.50 by creating fictitious records of 27 tax payers on the FRCA database. Each tax payer was allocated a tax identification number. The tax payers lodged tax returns under salary and wage earner category. The 27 tax payers shared the same postal address of P.O. Box 1671, Nabua. The same postal address of the tax payers triggered internal investigations by FRCA. The tax returns lodged showed that certain amount was deducted as income tax.

Sakiusa Vakrewa who was an auditor with FRCA had accessed the tax payer accounts and altered certain information. FRCA refunded the deductions and issued refund cheques which were posted to the address: P.O. Box 1671, Nabua.

The refund cheques were collected by Mukeshwar Singh. 56 refund cheques were encashed by Mukeshwar Singh. The names of the fictitious tax payers were the acquaintances of Mukeshwar Singh and he used their identity details by lying to them.

The significant degree of planning and execution over a long period of time and the fact that the sum of \$102,843.50 was not recovered by FRCA were considered as aggravating factors.

Mukeshwar Singh was convicted for one count of money laundering and was sentenced to seven years imprisonment and not eligible for parole until he completes five years and six months imprisonment term.

Refer to the FIU website for court judgment: <http://www.fijifiu.gov.fj/getattachment/Pages/Case-Laws/ML-Case/2016/State-vs-Mukeshwar-Narayan-Singh-Sentence.pdf.aspx>

Sakiusa Vakarewa

Sakiusa Vakarewa was employed by FRCA as an auditor created 27 fictitious tax payers and tax identification numbers on FITS. Over a period of four and a half years, bogus tax returns were lodged under the fake TINs with false certification from certain companies for PAYE deductions. Sakiusa Vakarewa had manipulated the data under false tax payers and enabled tax refunds to be paid to bogus tax payers. Sakiusa Vakarewa together with his accomplice, Mukeshwar Singh collected these refund cheques and encashed them.

The significant degree of planning and execution over a long period of time and the fact that the sum of \$117,111.00 was not recovered by FRCA were considered as aggravating factors.

Sakiusa Vakarewa was convicted for two counts of money laundering and was sentenced to six years imprisonment and not eligible for parole until he completes four years and six months imprisonment term.

Refer to the FIU website for court judgment: <http://www.fijifiu.gov.fj/getattachment/Pages/Case-Laws/ML-Case/2016/State-vs-Sakiusa-Vakarewa-Sentence.pdf.aspx>

Breach of Employers trust and defrauding landowners leads trio in jail

Between 2009 and 2012, Josefa Saqanavere in his position as Acting Accountant Landowners Affairs headed the "Trust Unit" of the iTaukei Land Trust Board (TLTB). Josefa Saqanavere was heading a unit consisting of six distribution clerks.

The Trust Unit was responsible for paying iTaukei landowners lease money on a monthly basis via their TLTB computer system. It was the responsibility of the Trust Unit to pay the iTaukei landowners lease money on time and ensure the correct amount was paid.

Josefa Saqanavere together with his work associate, Tuimoala Raogo and another distribution clerk stole a total of \$309,124.50 from the iTaukei landowner's lease money. The funds were deposited into the bank account of Tuimoala Raogo. The funds were withdrawn and used by themselves. In the process, the three tampered with the TLTB computer system and created numerous fraudulent TLTB cheques.

The same modus operandi was repeated by Josefa Saqanavere and Savenaca Batibawa and the same distribution clerk. Josefa Saqanavere and the distribution clerk tampered with the TLTB computer system data and created numerous TLTB fraudulent cheques to steal \$329,777.76 of iTaukei landowners lease money. Savenaca Batibawa provided his brother's two bank accounts to deposit the stolen funds into. The three then withdrew the money and used it on themselves.

A total of \$638,902.26 worth of landowner's lease money was stolen and laundered by the 3 accused and not a single cent was recovered.

All three of the accused were convicted of five counts of money laundering and were sentenced to thirteen years, non-parole period of twelve years imprisonment.

The sentence was to deter future TLTB staff who handle TLTB trust money and iTaukei landowners lease money from committing any such criminal offence.

Refer to the FIU website for court judgment: <http://www.fijifiu.gov.fj/getattachment/Pages/Case-Laws/ML-Case/2016/State-vs-Josefa-Saqanavere-Sentence.pdf.aspx>

Bank employee sentenced for money laundering

On 9 July 2015, Fazeel Razid Ali stole a sum of \$65,000.00 from HFC Bank. Between 9 to 13 July 2015, Fazeel Ali as a treasury administration clerk at HFC Bank dishonestly appropriated \$110,000.00 from the bank. He was responsible for the sale of currency and also dealing with telegraphic transfers and payments for the bank.

On 9 July 2015, he created a fake email correspondence between him and Wing Sang Fiji Limited for purchase of foreign currency. Based on the fake email correspondence, the request

created by him was approved. Ali used the approval to request a bank cheque for FJ\$65,000.00. The bank cheque was payable to Morris Hedstrom Money Express branch at MHCC, Suva, a licensed foreign exchange dealer. Ali collected the cheque and cashed it at the MH Money Express branch at MHCC and obtained AU\$41,275.00. He kept the money in his possession.

On 13 July 2015, he created another fake email between himself and a "Hazreh Prasad" of United Apparel claiming to be for sale of foreign currency. He then forwarded the email to a work colleague to prepare a bank cheque. He collected the bank cheque and cashed it at MH Money Express outlet at MHCC branch. He obtained US\$21,240.00. The Head of HFC Treasury detected the fraud and reported the matter to the Fiji Police Force. FJ\$72,170.27 was recovered from the stolen amount of FJ\$110,000.00. Fazeel Ali was convicted for two counts of theft and one count of money laundering and was sentenced to thirty four months in prison.

Refer to the FIU website for court judgment: <http://www.fijifu.gov.fj/getattachment/Pages/Case-Laws/ML-Case/2016/State-vs-Fazeel-Rasid-Ali-Sentence.pdf.aspx>

Case Study: Breach of Employer's Trust by processing false cheque payment for staff wages

Katarine Gounden Fiu was employed in the finance office of Pacific Theological College from 1998 to 2006. In November 2012, the Director Finance and Administration at the College received a query from the auditors in relation to electricity bills. The Director Finance and Administration went to the finance office and found a large number of unopened envelopes and hidden documents. An investigation thus commenced.

The investigation revealed that from June-December 2006 Katarine Gounden Fiu was responsible for preparing cheques and requisitions for payment of wages for the staff of Pacific Theological College. Katarine Gounden Fiu was able to fraudulently obtain \$15,628.31 by substituting genuine bank deposit sheets with false bank deposit sheets. These deposit sheets were used to advise the bank which employee's accounts the wages and salary cheque should be divided amongst. Katarine Gounden Fiu inflated the amounts to be deposited into her account on four different occasions. On 17 April 2015 Katarine Gounden Fiu paid Pacific Theological College \$15,000.00 as restitution.

On 27 January 2016, Katarine Gounden Fiu plead guilty and was convicted of one count of money laundering and was sentenced to four years imprisonment and not eligible for parole until she completes one year imprisonment term.

Refer to the FIU website for court judgment: <http://www.fijifu.gov.fj/getattachment/Pages/Case-Laws/ML-Case/2016/State-vs-Fiu-Katarine-Gounden,-Case-No-1370-2015-Sentence.pdf.aspx>

CASE STUDY: Alleged Breach of Immigration Permit Status

Two Asian nationals, Person C and Person W arrived into Fiji and were issued a "residence under assured income" permit. They both opened bank accounts with a local commercial bank. Both received large telegraphic transfer of FJ\$100,000.00 each from different remitters from China on the same date.

Once the funds were remitted, Person C attempted to remit FJ\$90,000.00 to China but the transfer was denied. He withdrew the funds on the next day stating that it was payment for goods supplied.

Person W also attempted to remit the same value of funds to China and was also unsuccessful. He withdrew the funds on the next day stating that he intended to purchase a motor vehicle.

It is questionable as to why the funds would be remitted offshore as soon as it was received into the bank account. It appears that there is a clear breach of the permit issued to Person C & Person W.

A report was issued to the Transnational Crime Unit at the Fiji Police Force and the Fiji Immigration Department to conduct further profiling.

Possible Offence:

- Money Laundering
- Immigration offences. Violation of permit status

Indicators:

- Attempt to remit funds received from offshore into a recently opened account immediately after funds were received.
- Reasoning provided by individuals to withdraw funds is not in line with the permit status granted to the individuals.

CASE STUDY: Millions remitted from local based entity to offshore entity which is not registered with the official Companies Registry.

The FIU received a STR linked to alleged trade based money laundering racket involving a 34 year old Chinese national, Person X and three entities.

The FIU conducted financial checks and established that between January 2014 to December 2015, a local based entity, Company A remitted approximately FJ\$7 million to Company O which was registered in New Zealand and Company P which is reportedly registered in China but supposedly conducting business operations from the same address as Company O in New Zealand.

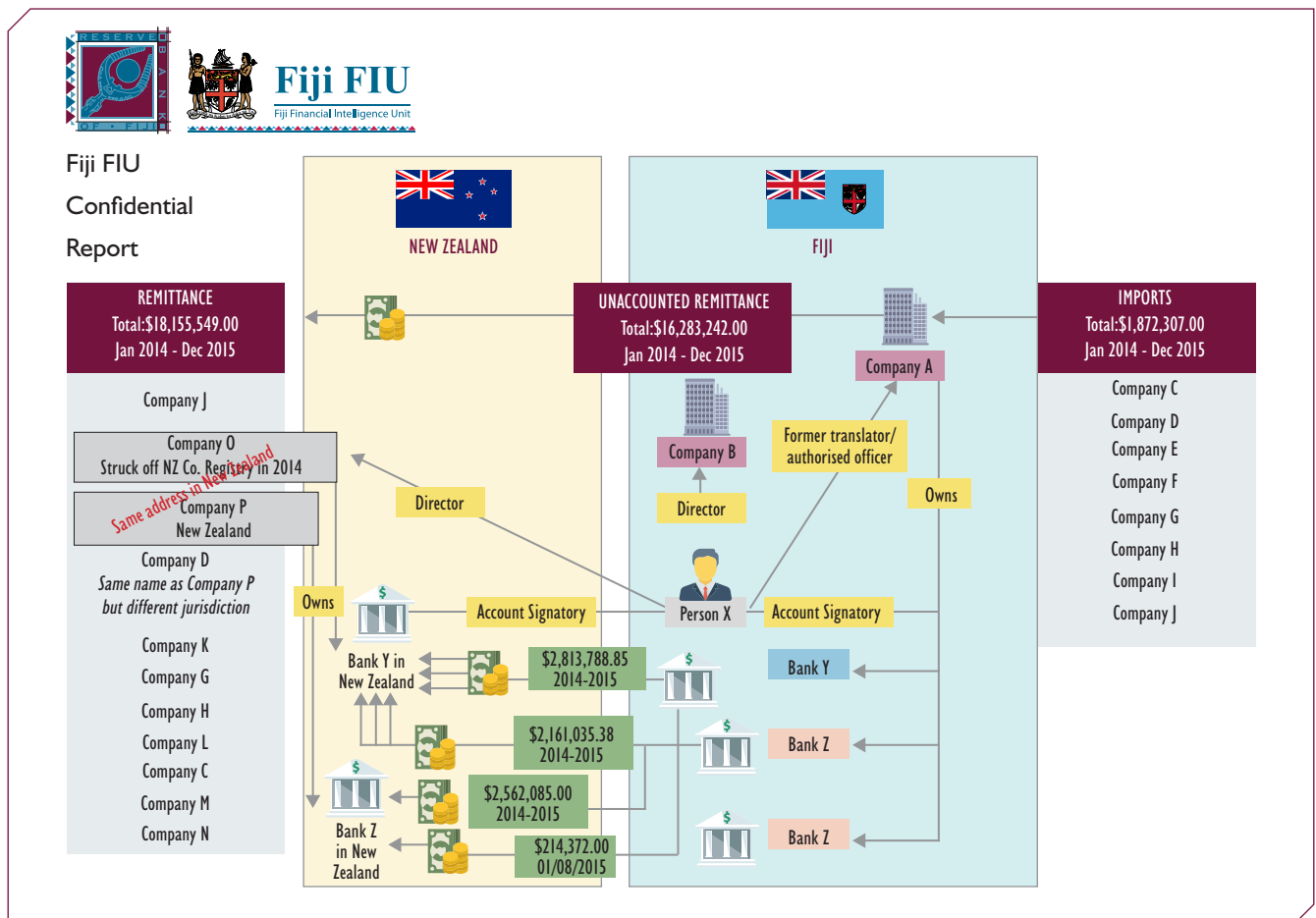
Further enquiries revealed that Company O was reportedly struck off the New Zealand Company Registry in July 2014.

Person X was previously brought to the attention of the FIU in 2015 in relation to illegal cash smuggling and alleged money laundering.

The FIU also established that Person X has adverse travel records in New Zealand.

The FIU conducted checks with the Customs agency and established that there were no records of imports recorded from Company O to Company A. There was approximately FJ\$4 million remitted from the bank account of Company A to Company O. It is unusual for such significant exchange of funds between the two companies without any apparent trade relationships established. The Fiji FIU established that Person X was the director of Company O in 2009.

A report was disseminated to the FRCA to investigate for alleged trade based money laundering.



Possible Offence:

- Trade based money laundering
- Customs related offences
- Tax Evasion

Indicators:

- Significant exchange of funds between local and overseas based entities without any apparent established trade relationships
- Remitting funds offshore to a company which was struck-off the Company Registry and maybe operating illegally

CASE STUDY: Alleged Trade Based Money Laundering Scam exposed by a Member of the Public

The FIU received a STR from a member of the public in March 2016 on Company A.

Person X & Y (foreigners) were reportedly using Person Z to set up a “construction company”, Company A in Fiji. The name of the company Person Z was trading as (XYZ) was similar to Company A.

The FIU conducted financial checks and established that Person X & Y were sending funds via three separate FX dealers to Person Z between Dec 2015 and March 2016 from Australia.

The FIU conducted checks with FRCA Customs and established that two excavators were sent from “Company B” in Australia to Person Z (T/A Company XYZ) in Fiji

The FRCA Customs officials interviewed Person Z and established that there may have been possible undervaluation of invoices for the excavators.

Moreover, the FIU established that the excavators were intended to be used for Company A's operations.

The FIU established that Company A was not yet registered with Investment Fiji & Registrar of Companies. It was only registered after the excavators came in the country and funds were exchanged between the parties.

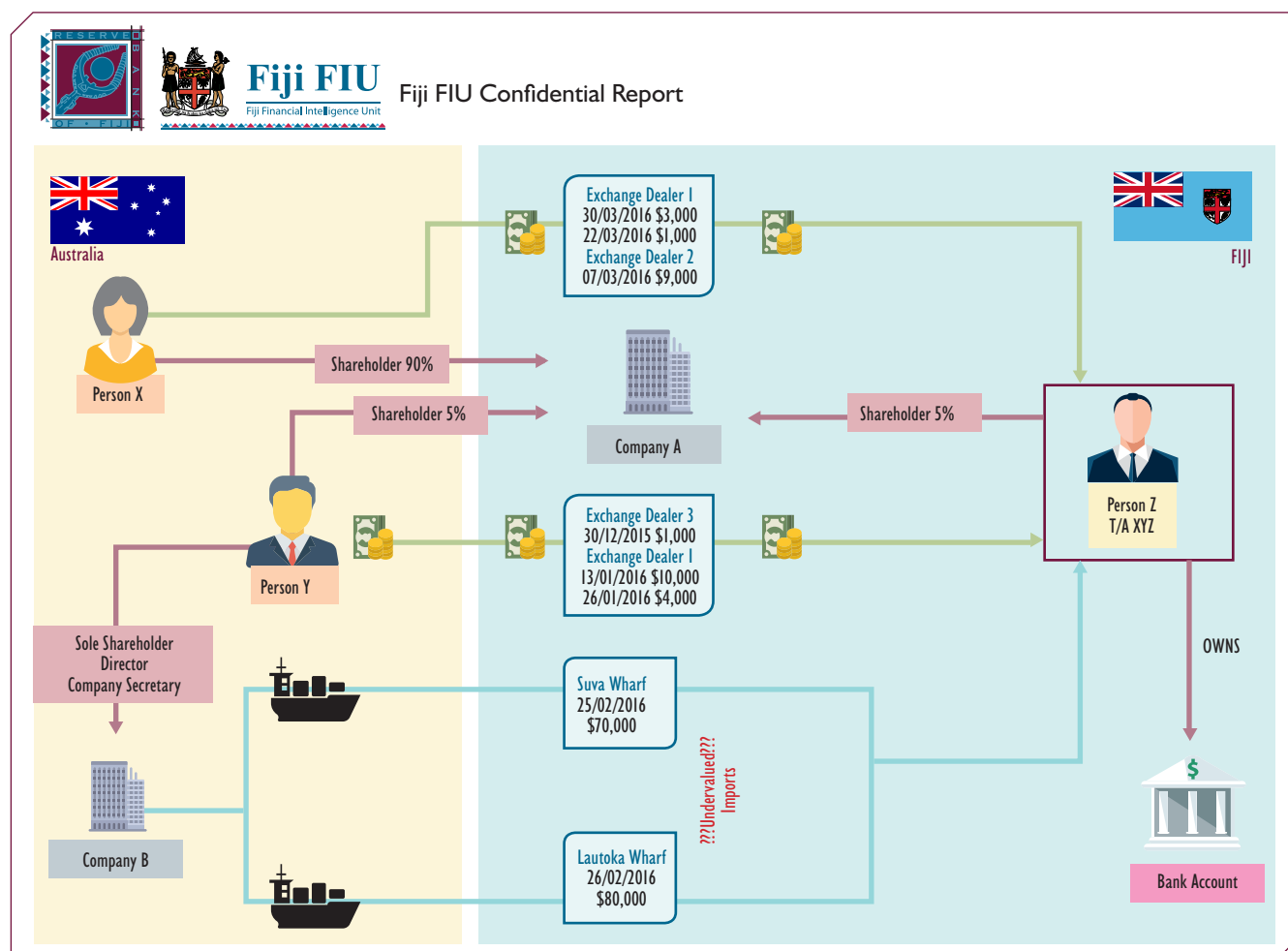
Suspicion: “Business transactions were conducted between the foreigners and Person Z without proper business registration”.

Possible Offence:

- Trade based money laundering
- Customs related offences

Indicators:

- Use of Person Z as a mule to facilitate alleged trade based ML.
- Engaging in alleged tax/vat evasion by Person Z and Company XYZ as funds sent from Australia to Person Z via FX Dealers could be business funds which were not remitted to the bank account of Person Z.
- Possible manipulation of invoices by understating the value of the machinery.



CASE STUDY: Internet Banking Fraud Combined with Advance Fee Fraud unveils widespread use of social media and gullible money mules

Between November 2015 and March 2016, the FIU received 8 suspicious transaction reports from two commercial banks whereby 27 bank account holders accounts were affected by fraudulent internet banking transfers. The total amount of funds fraudulently transferred via internet banking for both banks amounted to approximately \$54,000.00.

An interesting fraudulent pattern was observed by the FIU whereby approximately \$19,000.00 from the fraudulent internet banking transfers were initially deposited into local bank accounts which were subsequently remitted via foreign exchange dealers to beneficiaries offshore who had no apparent established relationships with the senders.

The nature of the fraud involved internet banking transfers combined with advance fee fraud (job scams, romance scams) utilising the social media and other electronic communication. The use of "money mules" to remit funds offshore is clearly evident in certain scenarios.

Possible Offence:

- Money Laundering
- Possession of property suspected of being proceeds of crime
- Fraud

Indicators:

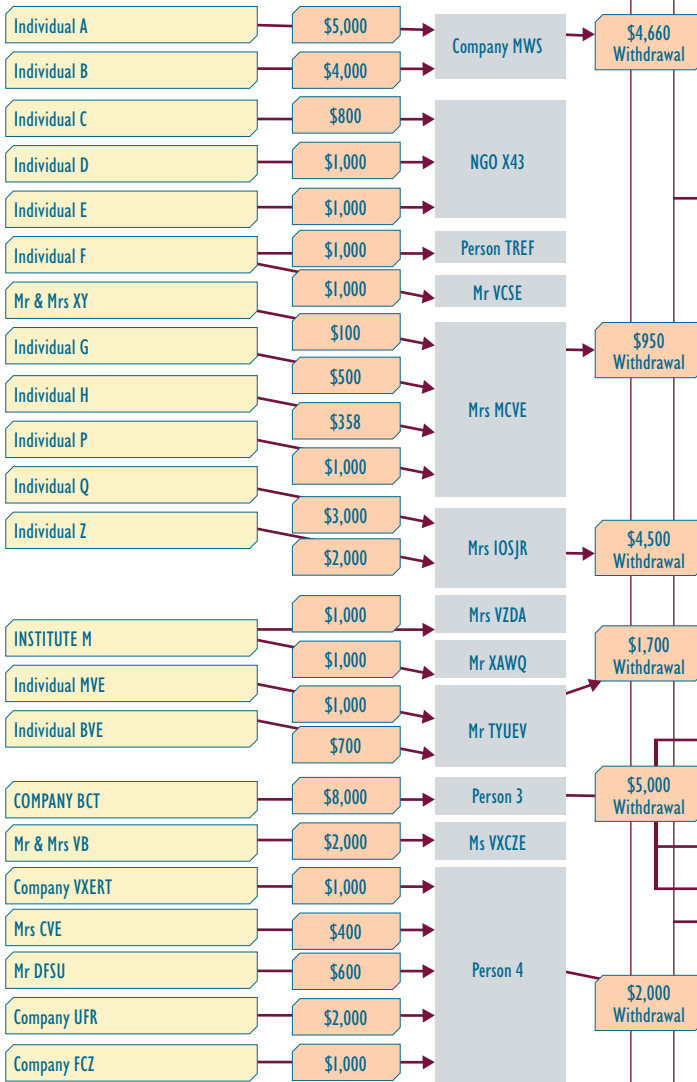
- Use of money mules to remit funds offshore
- No apparent relationship established between sender and beneficiary
- Fraudulent internet banking transfers
- Use of social media and electronic communication to facilitate fraudulent activity.



Fiji FIU
Fiji Financial Intelligence Unit

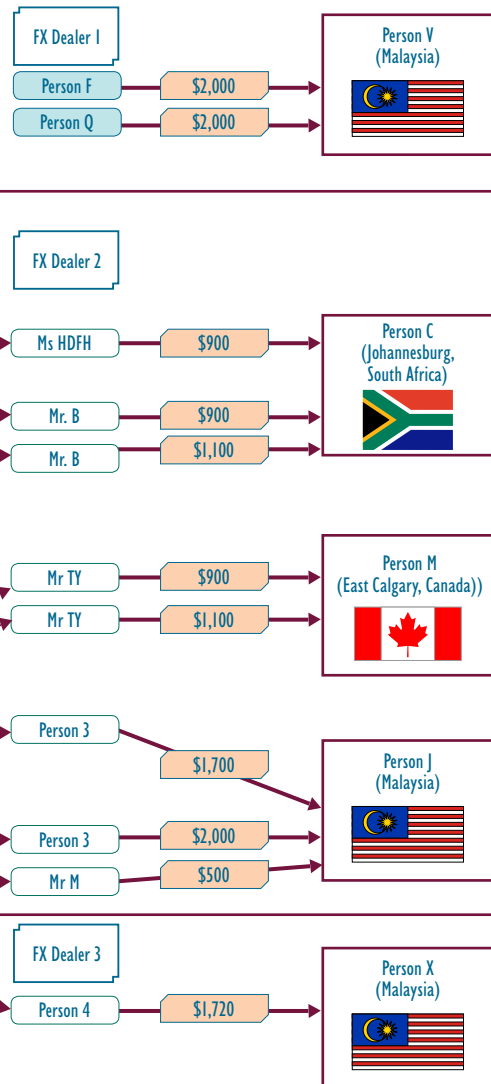
Fiji FIU Confidential Report

INTERNET BANKING FRAUD AT BANK A

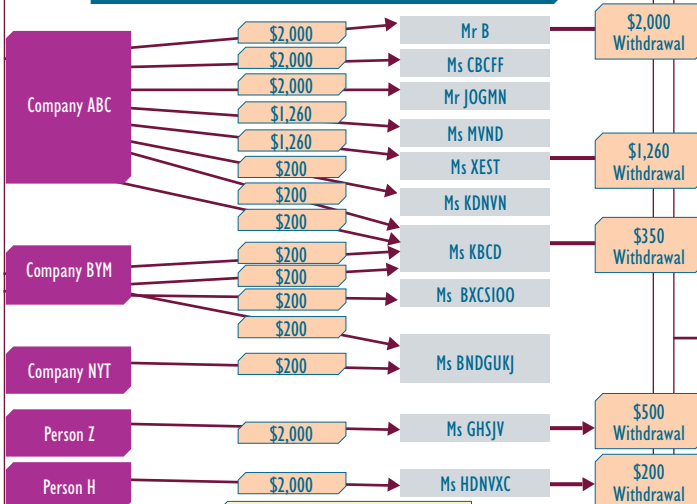


Timeline: 20/11/2015 - 07/03/2016

ADVANCED FEE FRAUD



INTERNET BANKING FRAUD AT BANK A



Timeline: 27/01/2016 - 08/02/2016

Number of Victim Accounts: 27
Number of Fraud Transfers: 15
Value of Fraud Transfers: \$19,070

CASE STUDY: Use of gatekeeper to potentially layer funds

The FIU received an STR from a commercial bank on two individuals, Person K and Person L.

Person K is an foreign national reported as one of the directors of Company J. Person K is reportedly a student. Person K arrived to Fiji on 1 February and departed Fiji on 5 February 2016.

Person L is an foreign national reported as one of the directors of Company J. Person L is reportedly retired. Person L arrived to Fiji on 1 February and departed Fiji on 5 February 2016.

The FIU conducted checks and established that Company J was incorporated and is registered in the Republic of Seychelles.

There was a mention of another entity, Company R which is reportedly based in Switzerland. Both Person K and Person L mentioned that they are expecting a transfer of 29 million EUROS from Company R to Company J's bank account in Fiji.

Person K and Person L engaged a local accounting firm in Fiji to assist with the opening of the bank account of Company J with a local commercial bank in Fiji.

On 5 February 2016, the local accounting firm requested that bank officers meet with Person K and Person L at the office of the accounting firm to open a foreign currency euro bank account. The local bank was informed of the 29 million euros transfer from Company R. On 11 February 2016, the local bank closed the bank account as there was insufficient documentation provided to open the account.

On 19 February 2016, Person K engaged another local bank to open a EURO account.

The FIU issued a case report to a foreign FIU for possible attempted layering activities by the individuals and associated entities.

Possible Offence:

- Money Laundering
- Fraud

Indicators:

- Use of accountant as a gatekeeper to facilitate alleged layering of funds
- Occupation of investors is unclear.

CASE STUDY: Alleged Layering of Funds by a 53 year old housewife via large telegraphic transfers sent from Australia

A former Fiji citizen aged 53 years was reported to the FIU for sending large telegraphic transfers from her bank account in Country P to her local bank account with Bank D in Fiji. Person M is reportedly engaged in domestic duties. Once the substantial amounts were transferred to bank account with Bank D, she withdrew FJ\$560,000.00 and deposited into her bank account held at Bank E.

It appears that Person M maybe layering funds originating from Country P.

A report was disseminated to the relevant foreign FIU for further profiling.

Possible Offence:

- Money Laundering
- Layering

Indicators:

- Client is engaged in domestic duties
- Telegraphic transfers of substantial amounts not commensurate with occupation
- Movement of funds between local bank accounts as soon as large amount of funds received from offshore.

CASE STUDY: Fake Airline Tickets generated by 53 year old Asian Businessman to obtain financial gain

A 53 year old Asian businessman, Person N and his associate, Person V allegedly falsified airline tickets with the intention of dishonestly obtaining US\$3,500.00 from a local commercial bank in July 2016.

We suspected that Person N may have two passports issued under his name.

A report was disseminated to the Fiji Immigration Department for further profiling and investigation.

Person N and Person V were charged with one count each of general dishonesty and remanded by the Magistrates Court.

Possible Offence:

- Obtaining financial advantage through deception
- General Dishonesty

Indicators:

- Intent to defraud authorities based on false documentation.

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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
CBT	Computer Based Training
CDR	Case Dissemination Report
CFT	Combating the Financing of Terrorism
CTOG	Counter Terrorism Officials Working Group
CTR	Cash Transaction Report
DNFBP	Designated Non-Financial Businesses and Professions
DMS	Data Mining System
DPR	Detailed Progress Report
EFTR	Electronic Funds Transfer Report
ESW	Egmont Secure Website
FATF	Financial Action Task Force
FIA	Fiji Institute of Accountants
FFIMSO	Fiji FIU Information Management System Online
FICAC	Fiji Independent Commission Against Corruption
FIU	Financial Intelligence Unit
FRCA	Fiji Revenue and Customs Authority
FTR	Financial Transactions Reporting
GSPWG	Global Standards Proportionality Working Group
IDR	Information Dissemination Report
TLTB	iTaukei Land Trust Board
IMF	International Monetary Fund
MER	Mutual Evaluation Report
ML/TF	Money Laundering and Terrorist Financing
MOA	Memorandum of Agreement
MRSP	Money Remittance Service Providers
ODPP	Office of the Director of Public Prosecutions
PEP	Politically Exposed Person
RBF	Reserve Bank of Fiji
SPEC	Skilled Professionals Evaluation Committee
STR	Suspicious Transaction Report
UNODC	United Nations Office on Drugs and Crime



Fiji FIU
Fiji Financial Intelligence Unit



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