



**Fiji FIU**

Fiji Financial Intelligence Unit

**FIJI FINANCIAL INTELLIGENCE UNIT**  
ANNUAL REPORT 2019



## 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; and
5. Enhance operational governance and communication.

## OUR KEY STRATEGIC GOALS

Our strategic goals for achieving the missions are:

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

# Table of Contents

## 2019 ANNUAL REPORT FIJI FINANCIAL INTELLIGENCE UNIT

1. FIU ROLE AND RESPONSIBILITIES	2
2. DIRECTOR'S FOREWORD	3
3. GOVERNANCE STRUCTURE	6
4. EXPENDITURE STATEMENT & NOTES	8
5. OUR ACHIEVEMENTS	10
A. Analysis of Financial Information Received	10
B. Dissemination of Financial Intelligence	13
C. Supporting and Supervising Financial Institutions' Compliance	16
D. Domestic Coordination and Engagement	19
E. International Engagement and Contribution	21
6. OPERATIONAL GOVERNANCE AND COMMUNICATION	26
7. NATIONAL ANTI-MONEY LAUNDERING COUNCIL	29
8. APPENDICES	32
9. SELECTED KEY STATISTICS 2015-2019	36
10. SELECTED KEY EVENTS 2019	37

## STRATEGIC ANALYSIS REPORT 2019 FIJI FINANCIAL INTELLIGENCE UNIT

1. STRATEGIC ANALYSIS OVERVIEW	41
2. SUMMARY OUTCOMES	43
3. OUTCOMES - SUSPICIOUS TRANSACTION REPORTS	44
4. OUTCOMES - CASH TRANSACTION REPORTS	51
5. OUTCOMES - ELECTRONIC FUNDS TRANSFER REPORTS	53
6. OUTCOMES - BORDER CURRENCY REPORTS	55
7. EMERGING AND CONTINUING MONEY LAUNDERING TRENDS	59
8. CASE STUDIES	61
9. GLOSSARY	69

# 1 FIU ROLE AND RESPONSIBILITIES

The Financial Intelligence Unit (FIU) is established under the Financial Transactions Reporting (FTR) Act. The role and functions of the FIU are provided under the FTR Act. The FIU is one of the leading agencies in Fiji that is 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<sup>1</sup> in Fiji must implement in order to prevent the use of Fiji's financial system from money laundering, terrorist financing and other serious criminal activities.

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 criminal activities 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, FIU enforceable guidelines and advisories under the FTR Act;
8. comply with international AML/CFT standards;
9. supervise financial institutions for compliance with the FTR Act;

10. take appropriate enforcement action in case of non-compliance;
11. provide education and training to its stakeholders;
12. lead and facilitate national coordination; and
13. 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 programmes, policy discussions and information exchange network.

The FIU is modelled as an "administrative FIU" that is currently administered by the Reserve Bank of Fiji.

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 also conducts periodic strategic analysis and its outcomes are used by FIU partners including the private sector financial institutions and designated non-financial businesses and professions (DNFBP).

The FIU shares its intelligence and information both spontaneously and upon request to 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 RBF provides funding and general administrative support for the FIU's operations. The Fiji Police Force (FPF) and the Fiji Revenue and Customs Service (FRCS) provide additional staffing support to the FIU.

<sup>1</sup> The definition of "financial institutions" under the FTR Act includes DNFBPs and other non-traditional financial institutions such as non-banks, mobile money remitters, lawyers, accountants and real estate agents.

# 2 DIRECTOR'S FOREWORD



I am pleased to present the 2019 Annual Report of the FIU. This is the 14th Annual Report of the FIU.

As the lead agency in Fiji for managing the strategic risk of ML/TF, the FIU develops, implements and enforces AML/CFT preventive measures, financial intelligence management, information exchange, and creates awareness on ML and TF trends and typologies.

In the last 14 years of our existence we have seen the AML/CFT landscape evolve and become more challenging nationally, regionally and globally. As a result of these challenges and changes we launched our first Case Management System (CMS) in 2019. CMS is an online central database for all suspicious transaction reports and analysis. The system can also automatically generate case dissemination reports and link charts.

The FIU continued to engage with the designated non-financial businesses and professions, such as, lawyers, accountants and the real estate agents while at the same time the FIU further strengthened its engagement with other industry stakeholders and enforcement and regulatory authorities to ensure that the requirements under the FTR Act and Regulations are effectively implemented.

The evolving nature of the AML/CFT landscape makes it more apparent that serious illicit financial transactions generates a shared risk which can be managed with effective coordination and collaboration with domestic and international partners. In 2019, the FIU continued as the

secretariat for the National AML Council and working groups. We continued in our role as Fiji's primary contact point for APG and I led the Fijian delegation to the APG plenary meeting in Canberra, Australia where Fiji's third follow-up report was discussed and a compliance rating was upgraded.

The 2019 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 FIU finalized its 2020 – 2024 strategic plan in 2019 and will introduce it in 2020. The new strategic plan will focus on the five pillars of:

- i. Financial Intelligence;
- ii. Preventive Measures;
- iii. Technology Driven Processes;
- iv. Partnerships; and
- v. Our People.

While we have retained our vision of "Protecting Fiji from Money Laundering", the strategic plan will also reflect the environment in which the FIU will operate in the next five years, particularly, redefining and advancing our technology driven, data quality and intelligence data mining processes.

The FIU will continue to engage with its key partner agencies and reporting institutions in 2020 and collaborate with the National AML Council on the implementation of APG recommendations and the findings of the national risk assessment.

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 2019.

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

I look forward to working more closely with our stakeholders in 2020 in achieving our vision of "Protecting Fiji from Money Laundering".



**Razim Buksh**  
Director  
Financial Intelligence Unit



# 2019 AT A GLANCE

Received

**1,515,681**

Electronic Fund Transfer Reports

Received

**622**

Suspicious Transaction Reports

Received

**794,044**

Cash Transaction Reports



Handled **89** requests for due diligence on 99 entities and 162 individuals

Disseminated

**84**

Intelligence reports



Issued

**56**

Ad-hoc policy advisories



Handled

**1,102**

Border currency reports

Managed

**141**

Authorised users of the FIU's online IT system



More than

**16** Million

Financial transaction reports in our database



Analysed

**216**

Suspicious transaction reports



Handled

**222**

Requests for investigative assistance from law enforcement agencies



Provided training to **79 officers** of financial institutions and **152 officers** of law enforcement agencies

Made

**603**

Enquiries to financial institutions



Managed network of

**131**

registered AML Compliance Officers of financial institutions (since 2006)



Conducted

**3**

AML on-site compliance examinations of law firms



Conducted

**4**

AML on-site compliance examinations of real estate agents



# 3 GOVERNANCE STRUCTURE

## Statutory Agency

The FIU is an independent and administrative statutory agency of the Fijian Government. The powers, duties and functions of the FIU are clearly defined in the FTR Act. The FIU was established in January 2006 under the FTR Act.

## Minister for Justice

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

Pursuant to section 23(3) of the FTR Act, the Minister is directly responsible for the performance of the Director FIU. The Minister is also responsible for appointing the Director 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 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 and annual funding of the FIU.

## Director of the FIU

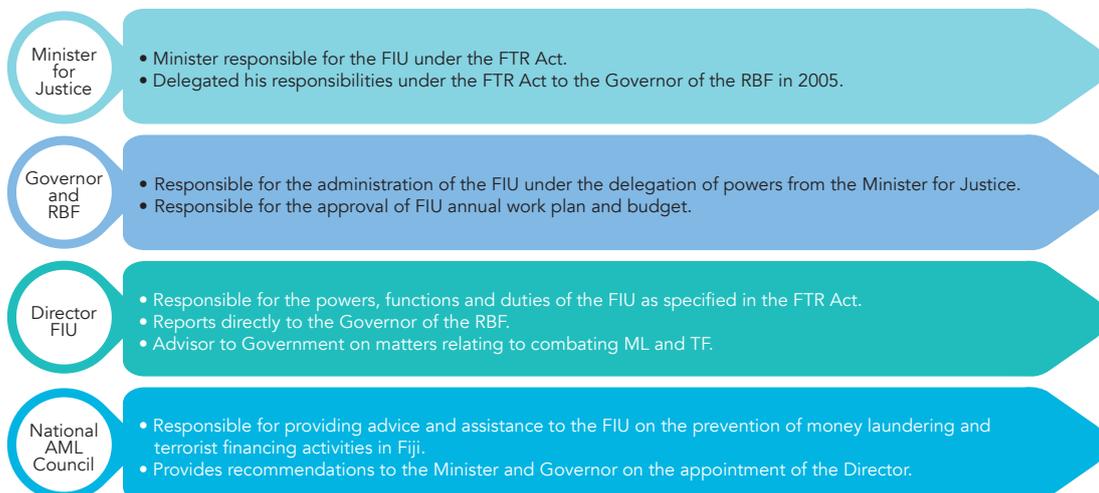
The Director FIU is responsible for exercising the powers, duties and functions of the FIU as specified in the FTR Act. The Director FIU is responsible to the Minister for Justice or such other person as the Minister may appoint, in the performance of his duties. Following the Minister's delegation of his responsibility in 2005, the Director is now directly responsible to the Governor of the RBF in the performance of his duties. Director FIU 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, human resources and other 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



### 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 annual 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 (refer to the section on Expenditure Statement and Notes for more information).

The FIU also receives indirect financial support from the FPF and the FRCS through staff secondment to the FIU on a full-time 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 Fiji FIU implements world class operating standards, protocols and procedures on the following key responsibilities:

#### Egmont Group FIU Responsibilities



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 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. 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.

# 4 EXPENDITURE STATEMENT & NOTES

The RBF continued to fund the operations of the FIU in 2019. The FIU's total expenditure for 2019 was \$878,000 compared to \$882,000 in 2018.

The expenditure of the FIU is incorporated into the financial statements of the RBF and is audited as part of its annual accounts.

The RBF also provided other administrative support services to the FIU in 2019 in the areas of human resource management, accounting, information technology services, security services and other general administrative services.

## Financial Intelligence Unit

### Statement of Expenditure

For the year ended 31 December 2019

	Note	31 December 2019 \$	31 December 2018 \$
<b>Expenses</b>			
Salaries & wages	1	748,000	738,000
Meetings	2	73,000	77,000
IT expense	3	16,000	15,000
Consultancy	4	22,000	24,000
Insurance	5	10,000	8,000
Printing, publications & stationery	6	5,000	17,000
Other expenses	7	4,000	3,000
<b>Total expenses</b>		<b>878,000</b>	<b>882,000</b>

The statement of expenditure has been audited up to 31 July 2019. The figures from 1 August 2019 to 31 December 2019 will be audited as part of the financial statement of the RBF in 2020.

## Financial Intelligence Unit

### Notes

For the year ended 31 December 2019

#### 1. Salaries & Wages

The total salaries & wages expense amounts to \$748,000 for the financial year ended 31 December 2019 (2018: \$738,000). These include all the payments related to salaries (FNPF, TPAF, acting allowance, bonus) paid to Director FIU, two Managers and six technical and support staff.

31 December 2019	31 December 2018
\$	\$

#### 2. Meetings

Overseas	67,000	72,000
Local	6,000	5,000
	<b>73,000</b>	<b>77,000</b>

This cost encompasses local and overseas meetings including the Egmont Plenary and APG Annual Meeting, congresses, conferences, conventions, seminars, attachments, external and in-house training.

31 December 2019	31 December 2018
\$	\$

#### 3. IT Expense

Oracle Database Maintenance	12,000	11,000
Internet	4,000	4,000
	<b>16,000</b>	<b>15,000</b>

The computer cost is related to the database maintenance, licence and internet expense for the year.

#### 4. Consultancy

The consultancy expense amounts to \$22,000 for the financial year ended 31 December 2019 (2018: \$24,000). The cost includes the subscription of databases for intelligence gathering and Egmont Group membership fees.

#### 5. Insurance

The insurance expenditure is related to the term life insurance scheme that is provided to all staff. This amounts to \$10,000 for the financial year ended 31 December 2019 (2018: \$8,000).

31 December 2019	31 December 2018
\$	\$

#### 6. Printing, Publications & Stationery

Printing	1,000	-
Publication	4,000	17,000
	<b>5,000</b>	<b>17,000</b>

The above expense included the cost for printing and publication of the annual report, border currency reports and other relevant publications.

31 December 2019	31 December 2018
\$	\$

#### 7. Other Expenses

Vodafone	2,000	1,000
Advertising	1,000	1,000
General Expense	1,000	1,000
	<b>4,000</b>	<b>3,000</b>

# 5 OUR ACHIEVEMENTS

## A. Analysis of Financial Information Received

A key function of the FIU is to analyse suspicious transaction reports and other financial transaction reports that it receives from financial institutions<sup>2</sup>, members of the public and other agencies in Fiji.

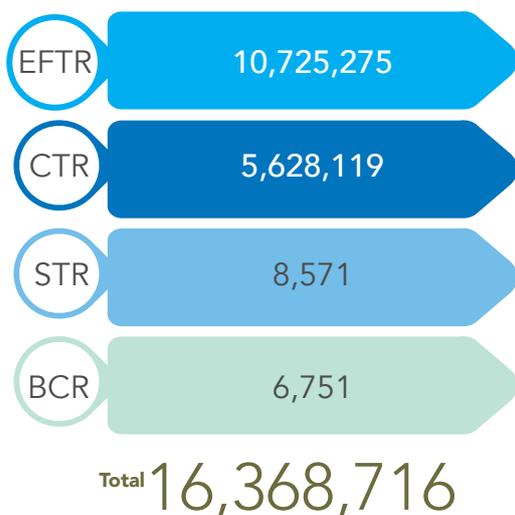
In 2019, the FIU received a total of 2,311,449 financial transaction and other reports. These reports consisted of suspicious transaction reports (STR); cash transaction reports (CTR); electronic fund transfer reports (EFTR) and border currency reports (BCR).

### Financial Transaction Reports Received 2015-2019

Year	2015	2016	2017	2018	2019
STR	516	579	650	632	622
CTR	579,849	591,636	623,213	968,693	794,044
EFTR	1,029,993	1,148,711	1,220,602	1,357,246	1,515,681
BCR	491	547	792	969	1,102
TOTAL	1,610,849	1,741,473	1,845,257	2,327,540	2,311,449
Monthly Total Average	134,237	145,123	153,771	193,962	192,621

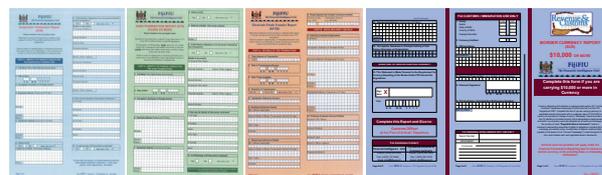
Source: Fiji FIU

### Financial Transaction Reports Received 2000-2019



Highlights of financial transaction reports received by the FIU in 2019 are provided below.

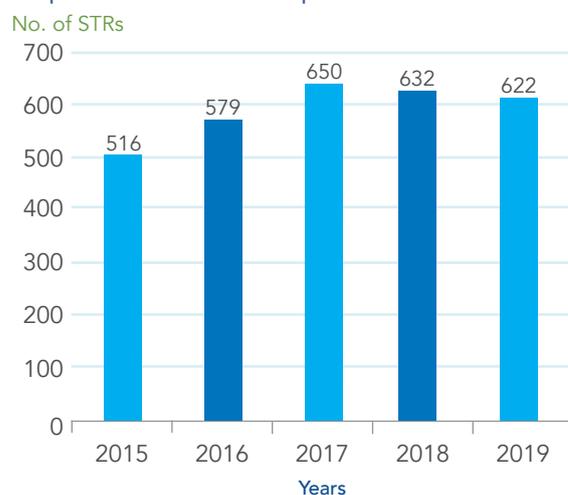
The FIU also conducts strategic analysis of financial transaction reports received which is provided in the strategic analysis section of this Annual Report.



### Suspicious Transaction Reports

The FIU received 622 STRs<sup>3</sup> in 2019 or an average of 52 STRs per month compared to 632 STRs reported in 2018.

### Suspicious Transactions Reported 2015-2019



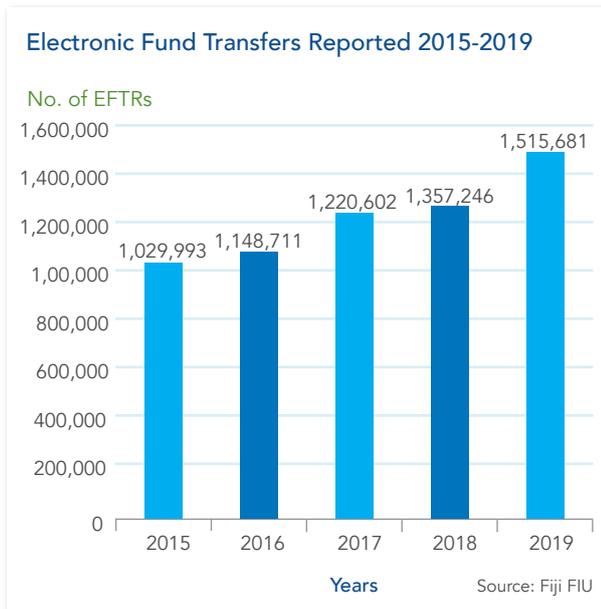
Financial institutions are required under section 14 of the FTR Act and regulation 24 of the FTR Regulations to report suspicious transactions to the FIU. A suspicious transaction is a transaction or attempted transaction which a financial institution has reasonable grounds to suspect may be related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

<sup>2</sup> Financial institutions include designated non-financial businesses and professions.

<sup>3</sup> The number of STRs reported and the funds that are involved in suspicious transactions do not necessarily indicate the size of money laundering activity in Fiji. However, these transactions have been subject to a greater level of scrutiny by reporting financial institutions and have been flagged and reported as questionable, unusual and suspicious transactions. The figure suggests money laundering symptoms, risk and vulnerabilities in Fiji.

### Electronic Fund Transfer Reports

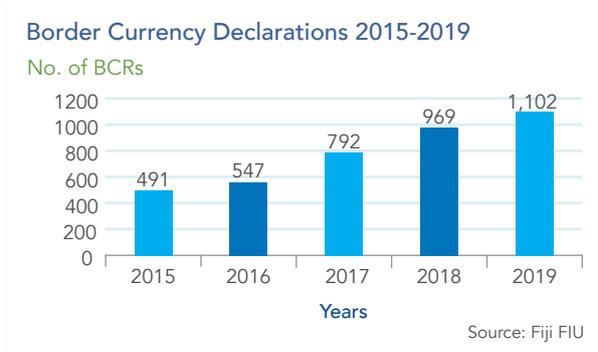
The FIU received 1,515,681 EFTRs in 2019 or an average of around 126,307 per month. This is an increase of 12 percent compared to 1,357,246 EFTRs reported in 2018.



Commercial banks and remittance service providers (including mobile phone money remitters) are required under section 13(2) of the FTR Act and regulation 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 2019, the FIU received 1,102 BCRs. This is an increase of 14 percent compared to 969 BCRs received in 2018. There were more declarations made by outbound travellers compared to inbound travellers.



### BCR Declarations by Direction of Travel 2015-2019

Persons Declaring	2015	2016	2017	2018	2019
Declarations made by inbound travellers	187	265	375	434	436
Declarations made by outbound travellers	304	282	417	535	666
<b>TOTAL</b>	<b>491</b>	<b>547</b>	<b>792</b>	<b>969</b>	<b>1,102</b>

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 including information that is received from members of the public. The FIU uses tactical analysis procedures as set out in its standard operating manual 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 2019, the FIU continued to use FFIMSO in

its intelligence processes. The FIU uses its Alert and Monitoring System (AMS) which monitors all financial transaction reports maintained on the FFIMSO database for identifying 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.

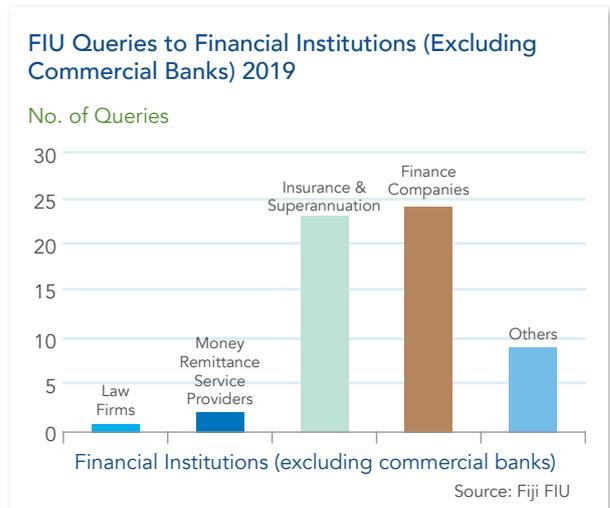
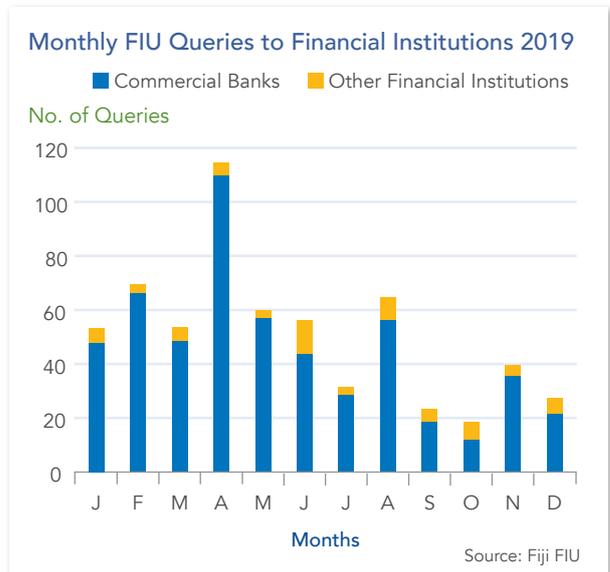
The FIU launched its Case Management System (CMS) on 7 February 2019. The system centrally stores all STR cases, analysis and reports. The system also automatically generates case dissemination reports, link charts, and queries resulting in more streamlined processes.

BCRs are collected by FRCS and sent to the FIU for data mining and analysis for possible currency smuggling, tax evasion, 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 sections 14(3), 25(1)(c), 25(1)(h) and 28 of the FTR Act.

In 2019, 603 queries for further information were made by FIU to commercial banks (90 percent) and other financial institutions (10 percent).



The queries sent to financial institutions included requests for:

- i. customer transaction history;
- ii. customer identification details;
- iii. customer account details;

- iv. copies of documents such as identification documents;
- v. customer transaction queries;
- vi. follow ups and clarifications;
- vii. originator information enquiries;
- viii. payment instrument (cheque) details; and
- ix. customer payment and asset details.

In 2019, the majority of the queries sent to financial institutions were for customer transaction history (i), customer identification details (ii) and customer account details (iii).

## 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.

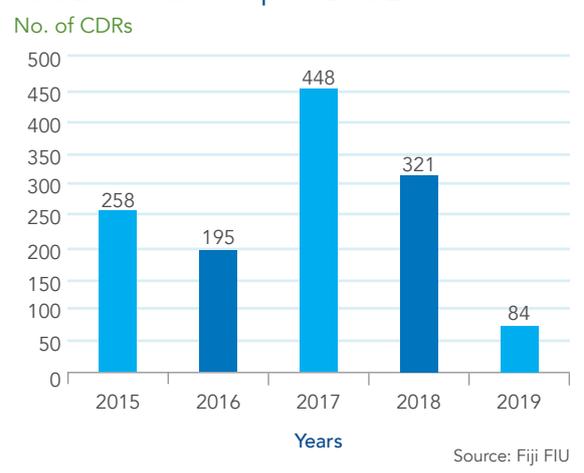
The FIU’s intelligence reports also provide profiling of suspected proceeds of crime and proceeds linked to tax evasion.

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 2019, 84 CDRs were referred to law enforcement agencies compared to 321 CDRs in 2018<sup>4</sup>. The CDRs were developed from reports of suspicious transactions received in 2019 and prior to 2019.

Case Dissemination Reports 2015-2019



Case Dissemination Reports to Law Enforcement Agencies 2015-2019

Law Enforcement Agency and Reason for Dissemination	2015	2016	2017	2018	2019
<b>FRCS - Inland Revenue Services</b>					
Possible violations under the Income Tax Act and VAT Decree.	166	83	310	193	44
<b>FPF*</b>					
Possible violations under the Proceeds of Crime Act and serious offences under the Crimes Decree.	66	58	84	62	8
<b>Immigration Department</b>					
Possible violations under the Immigration Act and Passport Act.	1	5	2	8	0

<sup>4</sup> 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.

Law Enforcement Agency and Reason for Dissemination	2015	2016	2017	2018	2019
FRCS - Customs Division					
Possible violations under the Customs Act.	5	12	7	14	7
Others <sup>5</sup>	20	37	45	44	25
<b>TOTAL</b>	<b>258</b>	<b>195</b>	<b>448</b>	<b>321</b>	<b>84</b>

Source: Fiji FIU

In 2019, 61 percent of the CDRs were disseminated to FRCS while ten percent of CDRs were disseminated to the FPF. 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.

After detailed analysis, the FIU also, filed away 132 STRs during 2019 compared to 248 STRs in 2018. 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 offence or other serious offence.

### Alert & Instruction 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 & Instruction Notices to financial institutions, in order to protect the financial system from being used by adversely reported individuals and business entities. An Alert & Instruction 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 & Instruction Notice, financial institutions are advised to circulate the Alert & Instruction Notices internally with caution.

There were nine Alert & Instruction Notices issued by the FIU in 2019.

### Alert & Instruction Notices Issued 2019

Date	Alert Notice Number	Issued To	Details
6 February	1/2019	Commercial banks	Request For Pre-Authentication EFTPOS Machine
20 February	2/2019	BSP Bank (all branches)	Enhanced Account Scrutiny
15 April	3/2019	All Commercial Banks and Money Remittance Service Providers	Possible Advance Fee Fraud
16 May	4/2019	All Commercial Banks and Money Remittance Service Providers	Possible Advance Fee Fraud
5 July	5/2019	Commercial banks and money remittance service providers	Possible Advance Fee Fraud
10 July	6/2019	ANZ & BOB (all branches)	Enhanced Account Scrutiny
7 October	7/2019	Westpac Bank (all branches)	Enhanced Account Scrutiny
23 October	8/2019	All Commercial Banks and Money Remittance Service Providers	Possible Investment Scam
25 December	9/2019	BSP and Westpac Bank (all branches)	Possible Advance Fee Fraud

Source: Fiji FIU

### Directives to Financial Institutions

The FIU has powers under section 25(1)(h) of the FTR Act to issue enforceable directives to financial institutions to take appropriate steps in relation to any information or report received by the FIU and

<sup>5</sup> Other law enforcement agencies include FICAC, RBF and other foreign law enforcement agencies.

to enforce compliance with the FTR Act or facilitate any investigation anticipated by the FIU or a law enforcement agency.

The FIU issued three such directives in 2019 to commercial banks. The directives issued were in relation to the following:

- i. undertaking enhanced due diligence on customers;
- ii. establishing source of funds;
- iii. ascertaining the ultimate destination of any subsequent withdrawal transaction(s);
- iv. identifying any third party transaction(s);
- v. seeking approval in writing from the FIU before proceeding with any transaction(s).

In 2019, the FIU cancelled one directive that was previously issued due to successful investigations by a law enforcement agency. 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 FTR Regulations.

Section 7 of the FTR Act and regulation 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.

The Alert & Instruction Notices and directives are enforceable instructions of the FIU and must be implemented by the financial institutions as directed.

### 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 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 CDR that was disseminated to a law enforcement agency.

The FIU received 222 requests in 2019 compared to 260 requests in 2018 from local law enforcement agencies such as the FPF, FICAC, Department of Immigration and FRCS.

### Requests for Investigative Assistance 2019

Requesting Agency	Number of Requests	Number of Checks on Individuals	Number of Checks on Entities
FICAC	30	34	9
Fiji Police Force	85	177	18
FRCS	97	73	31
Immigration	8	26	8
Others	2	8	1
<b>TOTAL</b>	<b>222</b>	<b>318</b>	<b>67</b>

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 2019, the FIU received 12 requests for information from foreign FIUs through the Egmont Secure Web (ESW) and other formal communication compared to 13 requests received in 2018.

The FIU also sent five requests for information to foreign FIUs through the ESW in 2019.

**Information Exchanges with Other FIUs 2015-2019**

	2015	2016	2017	2018	2019
Number of requests made to Fiji FIU	22	11	25	13	12
Number of requests made by Fiji FIU	6	7	10	10	5

Source: Fiji FIU

**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 2019, the FIU received 89 requests for background and credibility checks compared to 118 requests in 2018. The checks were conducted on 162 individuals and 99 entities.

**Requests for Background Checks 2019**

Requesting Agency	Number of Requests	Number of Checks on Individuals	Number of Checks on Entities
Office of the Prime Minister	1	2	1
Office of the Attorney General	2	1	2
Supreme Court of Fiji	1	1	1
Investment Fiji	6	13	3
Fiji Pharmaceutical and Biomedical Services	12	3	22
Ministry of Civil Service	1	0	1
Ministry of Economy	5	7	9
Ministry of Industry, Trade & Tourism	22	54	25
Water Authority of Fiji	1	3	1
Fijian Competition & Consumer Commission	1	8	0
FRCS - Policy	22	43	24
REALB	2	2	0
South Pacific Stock Exchange	1	1	0
RBF	12	24	10
<b>TOTAL</b>	<b>89</b>	<b>162</b>	<b>99</b>

Source: Fiji FIU

**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 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

In 2019, the FIU continued to provide financial institutions with advice and guidance on the requirements under the FTR Act and Regulations.

The FIU provides advisories and guidelines aimed at helping financial institutions gain a better understanding of their obligations under the laws. During 2019, the FIU issued one Enforceable Guideline.

#### Enforceable Guideline Issued by FIU in 2019

Guideline Title	Date Issued	Purpose of Guideline
AML Compliance Obligations of Real Estate Agents and Businesses (FIU Enforceable Guideline #8)	1 October 2019	To provides guidance to real estate agents and businesses on their obligations under the FTR Act and Regulations. This Guideline may also be used by real estate agents and businesses as a basis for developing their internal procedures, policies, systems and controls on AML/CFT.

Source: Fiji FIU

The FIU also issued one Policy Advisory in 2019.

#### Policy Advisory Issued by FIU in 2019

Policy Advisory Title	Date Issued	Purpose of Guideline
Establishing Source of Funds	20 September 2019	To provide further guidance and clarification on establishing a customer's source of funds.

Source: Fiji FIU

Appendix 1 lists the Enforceable Guidelines issued by the FIU and RBF to date. The Enforceable 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 2019, the FIU issued 56 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 in 2019

Nature of Advisory	Number of Ad-hoc Advisories Issued
Customer Due Diligence Requirements	27
Transaction Reporting Requirements	21
Other Issues (FIU Alert Notices, role of compliance officer, AML developments)	8
<b>TOTAL</b>	<b>56</b>

Source: Fiji FIU

The FIU continued to engage with the AML Compliance Officers of the various financial institutions during the year. The FIU held two interactive forums for AML Compliance Officers during the year. The sectors covered in these forums included banks, finance companies, restricted foreign exchange dealers, real estate agents, lawyers and insurance companies and brokers. These forums provided a platform for the FIU to update the AML Compliance Officers on new regulatory developments and money laundering trends and to clarify policy requirements.

During 2019, the FIU continued its engagement with the real estate and legal sector to enhance industry level awareness and compliance. The

engagement was through one-on-one meetings and forums with AML Compliance Officers.

### 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 comply with the FTR Act and Regulations.

The FIU conducted on-site compliance visits of three law firms and four real estate agents to assess these businesses' compliance with the FTR Act and Regulations. Key findings from the FIU on-site examination of the law firms and real estate agents included:

- no written AML policies or procedures in place;
- most of the firms were not fully aware of their reporting obligations under the FTR Act, thus, failed to report CTRs and STRs;
- staff were not provided with AML training; and
- there was lack of monitoring of client's engagements or transactions for any complex, unusual or large transactions.

The results of the assessments were shared with the management of the respective businesses with recommendations for further improvements in internal processes.

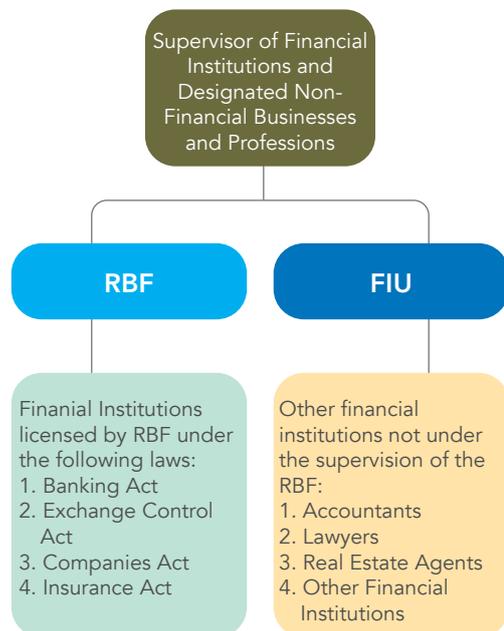
The FIU also continued with its off-site assessment and review of transaction reporting and record keeping obligations of financial institutions in Fiji. The FIU relied on the on-site supervision programme of the RBF to assess the compliance of RBF licensed financial institutions with the FTR Act and Regulations.

The FIU provided policy advice to RBF supervisors as and when needed on the AML/CFT compliance issues. The FIU also provided assistance to the

RBF on the AML/CFT section of the on-site examinations of RBF licensed financial institutions.

In 2019, the FIU and RBF conducted joint on-site AML/CFT compliance examinations of seven restricted foreign exchange dealers.

### AML/CFT Supervision



### Training and Awareness Programme for Financial Institutions

In 2019, the FIU provided training and awareness presentations to various financial institutions which were attended by a total of 79 employees. The training covered the financial institutions' obligations under the FTR Act and Regulations.

#### Training to Financial Institutions 2019

Sector	Number of Employees
Accounting Firms	30
Real Estate Agents	13
Commercial Banks	36
<b>TOTAL</b>	<b>79</b>

Source: Fiji FIU

## D. Domestic Coordination and Engagement National AML Council

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

There were two meetings of the National AML Council in 2019. It continued to progress key national outputs during the year. Its work was also 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 2019. Other FIU staff also actively contributed to the work of the AML Working Groups.

The FIU provided high level updates to the Council on key issues such as the FIU's membership in the G7 24/7 Network, and updates on Fiji's compliance with the FATF Recommendations. During 2019, the FIU also provided advice to the Council on measures needed to address the deficiencies raised in Fiji's 2016 mutual evaluation report (MER) relating to transparency of companies' beneficial owners, review of the non-profit organisation sector and financial sanctions relating to terrorist financing and proliferation financing.

### Engagement and Exchange of Information with Partner Agencies

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

The FIU has signed MOAs with 12 local partner agencies to date. The FIU continued to engage with these partner agencies during 2019.

As part of these MOA arrangements, authorised officers from the FPF, FRCS and FICAC continued to have direct access to the FIU database. In 2019, there were 28 officers who had this direct access to the FIU database. The officers used this arrangement to obtain intelligence on persons or entities of interest who are subject to their investigations.

Officers from FRCS and the FPF continued to be seconded to the FIU in 2019 as provided under the MOA arrangement. One of the seconded officers was from FRCS and one officer was from the FPF.



Secondment Officers for 2019 from left: Sunita Segran (FRCS) and PC Hanisi Semisi (FPF)

### MOAs with Domestic Partner Agencies

Agency	Date MOA Signed	Type of MOA
Immigration Department	12 July 2007	Information exchange
FRCS	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

Agency	Date MOA Signed	Type of MOA
Land Transport Authority	5 October 2009	Information exchange
FICAC	3 November 2009	Information exchange
Joint Taskforce RBF/FRCS/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
Real Estate Agents Licensing Board	24 April 2017	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. The NCLASA framework is to create an environment for information sharing and co-operation between members.

### Unexplained Wealth Taskforce

The FIU contributed to the work of the Taskforce during 2019. The Taskforce is made up of representatives from the FIU, FPF, FRCS and FICAC. The objective of the Taskforce is to enable member agencies to network and collaborate on cases of unexplained wealth. In 2019 the National AML Council approved the Unexplained Wealth Taskforce Standard Operating Procedure.

### Cyber Security Working Group

The FIU is part of Fiji's national cyber security working group on technical, legal and security issues. The FIU contributed to the discussions of the Working Group during 2019.

### 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 2019, the FIU continued to contribute to the meetings, policy discussions and work of CTOG.

### Fijian National Identity Card (FNIC) Taskforce

The FNIC Taskforce was endorsed by cabinet in October 2019 to provide input for the review of the Fijian national identification (ID) management strategy, requirements for a national ID and possible solutions. The FIU was invited to contribute to the Taskforce and attended two meetings in 2019. The FIU advised the Taskforce on the identification and verification requirements under the FTR Act. The FIU will continue to contribute to the work of the FNIC Taskforce in 2020.

### 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 152 law enforcement officials attended these training sessions.

### FIU Training Provided to Law Enforcement Agencies and Prosecutors 2019

Date	Particulars of Training	Participating Agencies	Number of Participants
20 June	Role of the FIU	FPF	25
26 November	Role of the FIU	FICAC	67

Date	Particulars of Training	Participating Agencies	Number of Participants
29 November	Terrorist Financing	FPF, Ministry of Defence, FRCS, Immigration Department	40
26 November	Role of the FIU	FPF, Ministry of Defence, Immigration	20
<b>TOTAL</b>			<b>152</b>

Source: Fiji FIU

## E. International Engagement And Contribution

### Fiji Mutual Evaluation - Progress Update

Fiji's mutual evaluation report (MER) was tabled at the 2016 APG Annual Meeting and identified key gaps and deficiencies for Fiji to address. The MER noted that Fiji had 23 non-compliant/partially compliant ratings with the FATF 40 Recommendations and 11 low or moderate levels of effectiveness on the 11 Immediate Outcomes on effectiveness.

### Fiji's Compliance Ratings and Upgrades

Rec.	Description	Rating MER 2016	Ratings Upgraded in 2017	Ratings Upgraded in 2018	Ratings Upgraded in 2019	Current Rating as end 2019
1	Assessing Risks & Applying a Risk Based Approach	PC	LC			LC
2	National Co-operation & Co-ordination	PC		LC		LC
3	ML Offence	LC				LC
4	Confiscation & Provisional Measures	C				C
5	Terrorist Financing Offence	PC	C			C
6	Targeted Financial Sanctions related to Terrorist Financing	NC	PC			PC
7	Targeted Financial Sanctions related to Proliferation Financing	NC	PC			PC
8	Non Profit Organisations	PC				PC
9	Financial Institutions Secrecy Laws	C				C
10	Customer Due Diligence	PC	LC			LC
11	Record Keeping	PC	C			C
12	Politically Exposed Persons	PC		C		C
13	Correspondent Banking	C				C
14	Money or Value Transfer Services	C				C
15	New Technologies	PC		C		C

Fiji submitted its first and second Follow-Up Report (FUR) in January 2017 and 2018. Its third FUR was submitted in January 2019.

The key findings of Fiji's third FUR noted that Fiji has made good progress in addressing the technical compliance with the implementation of processes to collect and maintain relevant statistics. Therefore, the APG upgraded Fiji's technical compliance ratings for one FATF Recommendation (which was previously rated partially compliant in the 2016 MER) to compliant.

FATF Rec	Description	Rating 2016 MER	Rating After 2019 Plenary Meeting
R.33	Statistics	Partially Compliant	Compliant

Since submissions of the three FURs (2017, 2018 and 2019), the APG has upgraded Fiji's compliance ratings for 17 FATF Recommendations to a "largely compliant" or "compliant" ratings (from either a non-compliant or partially compliant rating).

## FIJI FINANCIAL INTELLIGENCE UNIT ANNUAL REPORT 2019

Rec.	Description	Rating MER 2016	Ratings Upgraded in 2017	Ratings Upgraded in 2018	Ratings Upgraded in 2019	Current Rating as end 2019
16	Wire Transfers	PC	LC			LC
17	Reliance on Third Parties	PC	LC			LC
18	Internal Controls	PC	LC			LC
19	High Risk Countries	NC		C		C
20	Reporting of Suspicious Transactions	LC				LC
21	Tipping Off and Confidentiality	LC				LC
22	Designated Non-Financial Businesses and Professions (DNFBP)	NC		LC		LC
23	DNFBP- Other Measures	PC		LC		LC
24	Transparency and Beneficial Ownership of Legal Persons	PC				PC
25	Transparency and Beneficial Ownership of Legal Arrangements	PC				PC
26	Regulation and Supervision of Financial Institutions	LC				LC
27	Powers of Supervisors	LC				LC
28	Regulation and Supervision of DNFBPs	PC		LC		LC
29	FIU	C				C
30	Responsibilities of Law Enforcement & Investigative Authorities	C				C
31	Powers of Law Enforcement & Investigative Authorities	LC				LC
32	Cash Couriers	LC				LC
33	Statistics	PC			C	C
34	Guidance and Feedback	LC				LC
35	Sanctions	PC	LC			LC
36	International Instruments	PC		LC		LC
37	Mutual Legal Assistance	LC				LC
38	Mutual Legal Assistance Freezing and Confiscation	C				C
39	Extradition	PC				PC
40	Other Forms of International Cooperation	LC				LC

	Immediate Outcomes	Rating MER 2016
	IO - 1 Risk, policy and coordination	Moderate
	IO - 2 International cooperation	Moderate
	IO - 3 Supervision	Moderate
	IO - 4 Preventive measures	Moderate
	IO - 5 Legal persons and arrangements	Low
	IO - 6 Financial intelligence	Moderate
	IO - 7 ML investigation & prosecution	Moderate
	IO - 8 Confiscation	Low
	IO - 9 TF investigation & prosecution	Low
	IO - 10 TF preventive measures & financial sanctions	Low
	IO - 11 PF financial sanctions	Low
<b>Key:</b>	C: Compliant LC: Largely Compliant PC: Partially Compliant NC: Not Compliant	
	High level: IO is achieved to a very large extent; Minor improvements needed	
	Substantial level: IO is achieved to a large extent; Moderate improvements needed	
	Moderate level: IO is achieved to a large extent; Moderate improvements needed	
	Low level: IO is not achieved or achieved to a negligible extent; Fundamental improvements needed	

Source: Fiji FIU

## 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 29 foreign FIUs to date.

### MOA with Foreign FIUs

Agency	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
Cambodia	Cambodia FIU	5 December 2017
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
Papua New Guinea	Papua New Guinea FIU	29 January 2018
Philippines	The Anti-Money Laundering Council, The Financial Intelligence Unit of the Republic of the Philippines	13 July 2011
Samoa	Samoa FIU	8 March 2013
Solomon Islands	Solomon Islands FIU	12 July 2011

Agency	Name of FIU	Date
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
Republic of Marshall Islands	Banking Commission-Financial Intelligence Unit	24 July 2017
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

### Association of Pacific Island FIUs

The 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 served as the APIFIU Secretariat in 2019 and participated in its meeting during the year. 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 of 41 member countries.

The FIU, as the designated lead agency for Fiji, liaised closely with the APG in 2019 on various

national outputs, APG governance and other policy and mutual evaluation matters including the submission of the 3rd Follow Up Report.

During 2019, the FIU participated in the following key APG activities:

- i. liaised with APG on Terms of Reference for APG technical assistance on NPO Sector Review;
- ii. contributed to the discussions of the Governance Committee;
- iii. contributed to the APG mutual evaluation programme by reviewing the MERs of other APG members;
- iv. attended the APG Annual Plenary Meeting held in Canberra, Australia; and
- v. participated in various APG surveys and contributed to discussion papers.

The FIU also prepared and submitted Fiji's country report and technical assistance report for the 2019 APG Annual Plenary Meeting. The FIU continued to liaise with the APG on various AML/CFT issues relevant to Fiji during the year.



The Fijian delegation to the APG Annual Meeting 2019. Back from left to right: Muni Ratna (FRCS); Loraini Seru (FPF); Jayneeta Prasad (ODPP); Sophina Ali (Ministry of Justice); Mohammed Ali (FICAC); Seated front from left to right: Sam Savumiramira (FICAC); Christopher Pryde (ODPP); Razim Buksh (FIU) head of Fijian delegation.

## Egmont Group



The FIU is a member of the Egmont Group of FIUs. The FIU continued to participate in the activities of the Egmont Group during 2019. 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 2019, the FIU continued to provide assistance and information to other Egmont Group members upon request via the ESW.

The FIU fully complies with the Egmont Group key governance instruments, namely the:

1. Egmont Charter;
2. Operational Guidance;
3. Principles of Information Exchange; and
4. Support and Compliance Process;



Source: Egmont Group

## Alliance for Financial Inclusion



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 standards set by global standard setting bodies. The FIU participated in the meetings of the GSPWG which were held in Egypt and Rwanda during the year.

# 6 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 FRCS and the FPF who joined the FIU during the year as part of the secondment rotation programme.

## Trainings, Meetings and Conventions 2019

Month	Course	Venue	Organiser
January	Egmont Group Meeting	Jakarta, Indonesia	Egmont Group
March	FATF Standards Training Course	Auckland, New Zealand	FATF TREIN/APG
	OCO National Workshop on Criminal Business Entities	Suva, Fiji	OCO
	AFI 10th Global Standards Proportionality Working Group Meeting	Cairo Egypt	AFI
	FATF Assessor Training	Auckland, New Zealand	APG
April	United Nations Convention on Transnational Organized Crime	Suva, Fiji	Office of the Attorney General/ UNODC
April	MDNS Intelligence Training	Suva, Fiji	Ministry of Defence & AFP
	Recall of 2017 Intelligence Training	Suva, Fiji	Ministry of Defence & AFP
May	Pacific Roundtable on Correspondent Banking Relations Workshop	Auckland, New Zealand	IMF
	Women Against ML Conference	Canberra, Australia	Australian Department of Home Affairs
June	IMF STI Course on Correspondent Banking	Singapore	IMF

Month	Course	Venue	Organiser
	Pacific Workshop on Targeted Financial Sanctions Related to Terrorism Financing and Proliferation	Suva, Fiji	PIFS/APG
July	Egmont Plenary Meeting	The Hague, Netherlands	Egmont Group
	Cash Courier Workshop	Rarotonga, Cook Islands	APG
August	22nd APG Annual Meeting and Technical Assistance Forum 2019	Canberra, Australia	APG
September	Joint FATF/APG Assessor Training Workshop	Bandung, Indonesia	FATF/APG
	11th Global Policy Forum (GPF)	Kigali, Rwanda	AFI
October	NZ FIU Annual Conference	Wellington, New Zealand	NZ FIU
	Workshop on Drafting and Application of Cybercrime Legislation	Suva, Fiji	Council of Europe
November	Workshop on Intelligence Support to Policy Makers and Framework for SPID Cooperation	Brisbane, Australia	SPID
December	Counter Terrorism Workshop	Nadi, Fiji	Ministry of Defence
	Proliferation Financing Workshop	Nadi, Fiji	US Embassy
	AG's Conference	Natadola, Fiji	Office of the AG

Source: Fiji FIU

**Governance**

The FIU continued to provide monthly reports on its operations to the Governor of the RBF and the Chairman of the National AML Council. The FIU also provided regular updates to the National AML Council on key AML/CFT national initiatives and projects.

**Communication**

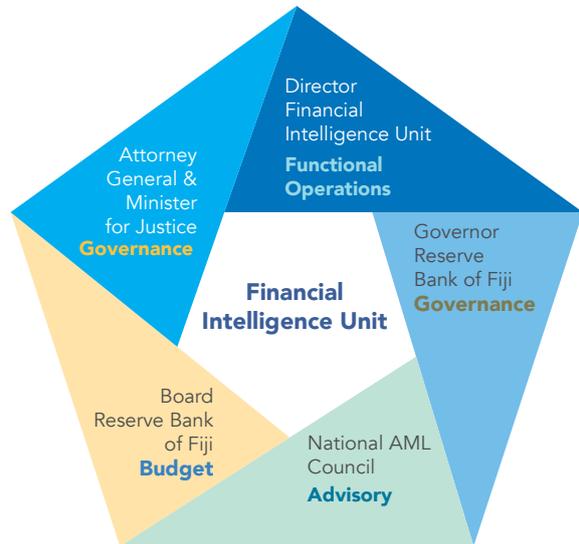
The FIU uses the media and its website to communicate key AML/CFT initiatives to the general public. In 2019, the FIU issued two press releases on the 2017 and 2018 FIU Annual Report (Refer to Appendix 3). The FIU also used media interviews to provide awareness to the public on AML/CFT issues and money laundering risks.



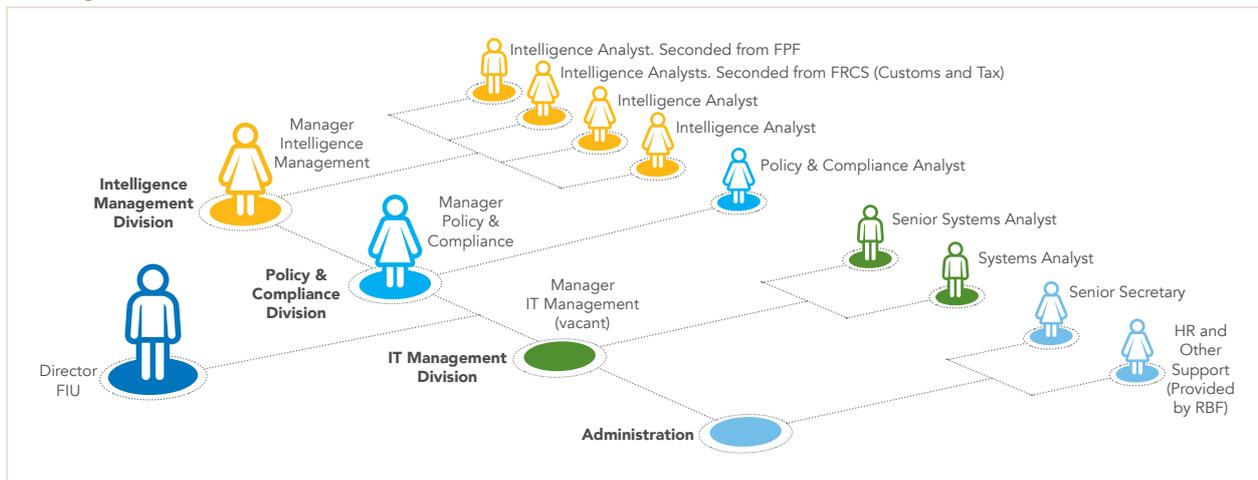
**Staffing**

As at the end of 2019, the FIU had nine permanent staff and two officers on secondment from partner agencies (one FPF officer and one FRCS officer). The FIU engaged two project officers to assist in the FIU data migration project. The FIU also engaged a temporary worker as part of the RBF's and National Employment Centre attachment programme.

**Governance Structure 2019**



**FIU Organisation Structure 2019**



### Other Assistance Provided to the FIU

The FIU received indirect funding assistance from FRCS and the FPF through the secondment of their staff with the FIU in 2019. The salaries of the seconded officers were fully funded by their respective agencies.

In 2019, the FIU also received assistance from various organisations to fund staff attendance at technical AML/CFT trainings, conventions and meetings. These included the APG, AFI, NZFIU and the IMF.

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

FFIMSO consists of two online web application systems, namely Online Data Delivery System (ODDS) and Transaction Query System (TRAQ).

ODDS is used by financial institutions to securely report financial transaction reports online. TRAQ is used by FIU staff and direct data access (DDA) officers for search, analysis and profiling purposes.

Financial institutions continued to use ODDS to report their transactions (STR; CTR; EFTR) electronically to the FIU.

As at the end of 2019, 138 financial institutions had registered on FFIMSO.

#### FFIMSO Registration

Sector	No of Reporting Entities Registered for Online Reporting to the FIU
Commercial Banks	6
Foreign Exchange Dealers & Money Remitters	10
Mobile Phone Money Remitters	2

Sector	No of Reporting Entities Registered for Online Reporting to the FIU
Finance Companies	11
Law Firms	48
Insurance & Superannuation	12
Accounting Firms	10
Securities and Brokers	3
Real Estates	25
Money Lenders	1
Others	10
<b>TOTAL</b>	<b>138</b>

Source: Fiji FIU

FFIMSO received an average of 192,529 financial transaction reports per month in 2019. As at the end of 2019, the FFIMSO database had received over 16 million financial transaction reports from financial institutions since on-line reporting commenced in 2008.

As at the end of 2019, there were 141 authorised users of FFIMSO.

ODDS was accessed by 111 authorised users, 8,321 times during 2019.

TRAQ was accessed by 13 FIU officers, 1,327 times and 17 direct database access officers, 209 times during 2019.

# 7 NATIONAL AML COUNCIL

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

The vision of the National AML Council is "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 FRCS; 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 2019



**Sharvada Sharma**  
Solicitor-General and Acting Permanent Secretary for Justice



**Ariff Ali**  
Governor Reserve Bank of Fiji



**Fane Vave**  
Acting Chief Executive Officer Fiji Revenue and Customs Service



**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 2019



**Manasa Lesuma**  
Permanent Secretary Ministry of Defence and National Security



**Makereta Konrote**  
Permanent Secretary Ministry of Economy



**Yogesh Karan**  
Acting Permanent Secretary Ministry of Foreign Affairs



**Litia Saumaka**  
Acting Director Immigration Department



**Rashmi Aslam**  
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; and
- iii. Law Enforcement Working Group;

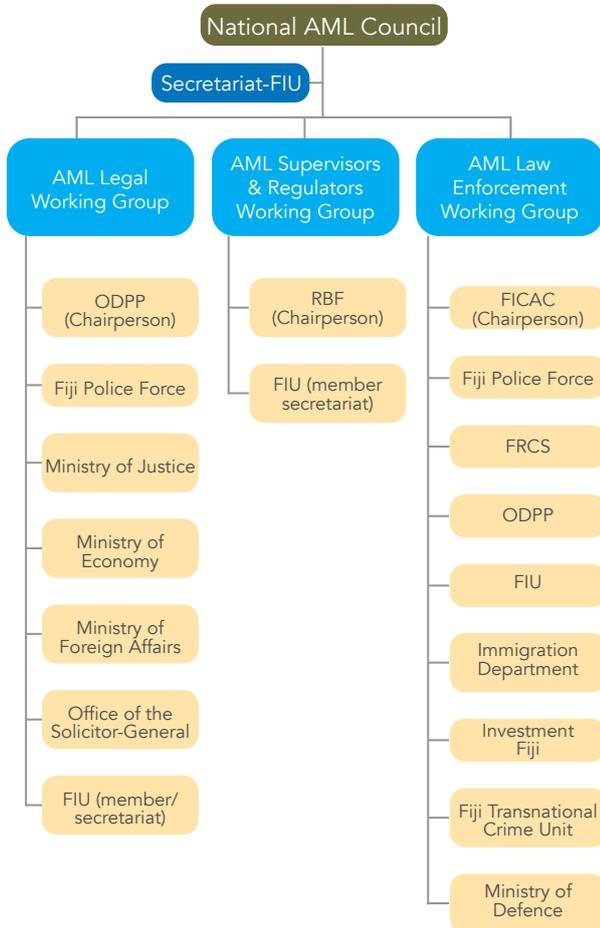
The terms of reference of each Working Group is determined by the Council. The Working Groups provide updates at the National AML Council meetings on its achievements.

### Terms of Reference of AML Working Groups

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

The members of the Working Groups are representatives from relevant agencies who contribute towards Fiji’s AML/CFT initiatives. The chairpersons of the Working Groups are elected by the members 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 2019

Key outputs driven by the National AML Council in 2019 were as follows:

- i. submission of Fiji’s 3rd progress report to the APG on 31 January 2019. The report outlined measures Fiji had taken since 2016 to implement the recommendations of the mutual evaluation report.

- ii. the Council endorsed the Unexplained Wealth Taskforce Standard Operating Procedure.
- iii. the Council proposed technical assistance for Targeted Financial Sanctions legislations and implementation.
- iv. NPO Sector Review was provided by APG.
- v. Amendment of the Companies Act to include beneficial ownership details.
- vi. representatives of the Council attended the APG annual plenary meeting held in Australia.
- vii. APG Ministerial letter of endorsement of the APG Mandate was issued.
- viii. supported Fiji’s capacity building and skills enhancement opportunities by participating in the following programmes:
  - Pacific Workshop on Targeted Financial Sanctions Related to Terrorism Financing and Proliferation.
  - APG/FATF Assessor Training Workshops.
- ix. ongoing support and contribution to APG work, namely, Fiji’s contribution to the APG mutual evaluation programme, APG mandate paper and other governance issues.

Number of Working Group Meetings 2015-2019

Working Group	2015	2016	2017	2018	2019
Legal	5	1	1	2	1
Law Enforcement	2	1	2	3	2
Supervisors and Regulators	Ad-hoc meeting	Ad-hoc meeting	1	1	Ad-hoc meeting

Source: Fiji FIU

# 8 APPENDICES

## APPENDIX 1: ENFORCEABLE 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.
Guideline 5	Risk Assessment of New Products, New Business Practices and Technologies	31 January 2018	Requires financial institutions to identify and assess the money laundering, terrorist financing and proliferation financing risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms.
Guideline 6	Dealing with Higher Risk Countries	31 January 2018	Outlines further requirements relating to dealing with higher risk countries and countries that have been identified as having inadequate systems in place to detect or prevent money laundering, terrorist financing and proliferation financing risks emanating from these countries.
Guideline 7	Politically Exposed Persons	27 March 2018	Outlines requirements for dealing with domestic politically exposed persons and international organisation politically exposed persons.
Guideline 8	AML Compliance Obligations of Real Estate Agents and Businesses	1 October 2019	Provides guidance to real estate agents and businesses on their obligations under the FTR Act and Regulations.
<b>Guidelines Issued by the RBF</b>			
Banking Supervision Policy No. 6	Minimum Requirements for Licensed Financial Institutions for the Management of Money Laundering and Terrorist Financing Risk	November 2014	The Policy sets out the minimum requirements on establishing a risk management framework comprising of systems, structures, processes and people within which licensed financial institutions identifies, assesses, mitigates and monitors money laundering and terrorist financing risk.
Restricted Foreign Exchange Dealers and Money Changers Supervision Policy Statement No: 4	Minimum Requirements for the Management of Money Laundering and Terrorist Financing Risk	October 2018	The Policy sets out the minimum requirements for foreign exchange dealers and money changers in establishing a risk management framework comprising of systems, structures, processes and people within which a licensed entity identifies, assesses, mitigates and monitors money laundering and terrorist financing risk.
Insurance Supervision Policy Statement No:13	Minimum Requirements for the Management of Money Laundering and Terrorist Financing Risk	November 2018	The Policy sets out minimum requirements for insurance companies and brokers on establishing a risk management framework, comprising of systems, structures, processes and people within which the institution identifies, assesses, mitigates and monitors money laundering and terrorist financing risk.

Source: Fiji FIU and RBF

**APPENDIX 2: POLICY ADVISORIES ISSUED BY THE 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/FRCS Joint Identification Card	To advise financial institutions of the inclusion of the FNPF/FRCS Joint Identification card for identification and verification of their customers and clients.	15 November 2013
1/2018	Parenthood Assistance Payment Programme	To provide clarification on the application of CDD requirements on bank account opening for recipients of the Parenthood Assistance Payment Programme.	8 August 2018
2/2018	Change in Account Name for Existing Private Companies	To provide clarification on the customer due diligence (CDD) requirements under the Financial Transactions Reporting (FTR) Act and how it aligns to the requirements under the Companies Act on changes to names of existing Private Companies.	23 November 2018
1/2019	Establishing Source of Funds	To provide further guidance and clarification on establishing a customer's source of funds.	20 September 2019

Source: Fiji FIU

APPENDIX 3: PRESS RELEASES



**PRESS RELEASE**

Press Release No.: 16/2019

FIU Telephone: (679) 331 3611/322 3333

FIU Facsimile: (679) 330 2094/331 6454

Date: 12 February 2019

Email: [info@rbf.gov.fj](mailto:info@rbf.gov.fj) or [info@fjifiu.gov.fj](mailto:info@fjifiu.gov.fj)

**FINANCIAL INTELLIGENCE UNIT ANNUAL REPORT 2017**

The Financial Intelligence Unit (FIU) Annual Report for 2017 was tabled in Parliament yesterday, 11 February 2019 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 2017. The FIU is responsible for implementing and enforcing the Financial Transactions Reporting (FTR) Act, a legislation aimed at preventing and detecting money laundering and other proceeds generating criminal activities in Fiji.

The Director of the FIU, Mr Razim Buksh said that the FIU, in partnership with key government agencies and the private sector financial institutions, continued to implement important anti-money laundering (AML) and combating financing of terrorism (CFT) initiatives during 2017.

In 2017, the FIU received and analysed 650 suspicious transaction reports and disseminated 448 intelligence reports to law enforcement agencies for further investigation of possible tax evasion, money laundering and other serious offences. The total value of funds that were identified by the FIU as possible tainted proceeds in the 448 intelligence reports was approximately \$241.3million. There were four successful money laundering convictions, 46 border currency smuggling cases, and several successful tax evasion and predicate crime investigations in 2017.

In 2017, the FIU provided 205 investigative assistance and 75 due diligence assistance on 836 entities and 783 individuals to law enforcement and other Government relating to ongoing criminal investigations and background checks.

In carrying out its “functions, duties and powers” in 2017, the FIU continued to:

- Ensure the safety and integrity of Fiji’s financial system from financial crimes and money laundering activities;
- Ensure that local businesses, ordinary Fijians and foreign investors are protected from illicit financial transactions and they conduct their trade and personal financial transactions in a secure environment;
- Contribute to the investigation and prosecution of fraud, corruption, tax evasion and other complex financial crimes by providing timely and credible financial intelligence and information to law enforcement authorities, such as, Fiji Police Force, FRCS and FICAC;
- Conduct background and due diligence checks on individuals and entities for the Fijian Government and statutory agencies;
- Ensure that financial institutions (including lawyers, accountants and real estate agents) implement preventative customer due diligence measures and report suspicious and other transactions to the FIU;
- Ensure that Fiji complies with international requirements on AML and CFT; and
- Contribute to national and inter-agency coordination and international networking, particularly on transnational crimes such as human and drug trafficking cases, currency smuggling and cyber fraud.

Mr Buksh said that the achievements of the FIU in 2017 were only possible through the tremendous support and contributions of its staff, law enforcement and regulatory partners, and the financial institutions and businesses that are covered under the FTR Act.

RESERVE BANK OF FIJI



## PRESS RELEASE

Press Release No.: 16/2019

FIU Telephone: (679) 331 3611/322 3333

FIU Facsimile: (679) 330 2094/331 6454

Date: 3 September 2019

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

## FINANCIAL INTELLIGENCE UNIT ANNUAL REPORT 2018

The Financial Intelligence Unit (FIU) Annual Report for 2018 was tabled in Parliament yesterday, 02 September 2019 by the Honourable Attorney-General and Minister for Justice, Mr Aiyaz Sayed-Khaiyum. The report provides information on key achievements and the performance of the FIU for 2018. The FIU is responsible for implementing and enforcing the Financial Transactions Reporting (FTR) Act.

Director of the FIU, Mr Razim Buksh said that the FIU is the lead agency in Fiji that is tasked to prevent and detect money laundering and related predicate criminal activities. "We ensure the safety and integrity of Fiji's financial system by implementing important anti-money laundering (AML) and combating financing of terrorism (CFT) initiatives." Mr Buksh said.

Mr Buksh said that FIU's intelligence products have supported and contributed to significant positive outcomes of its partner agencies, such as the Fiji Police Force, Fiji Revenue and Customs Service and Fiji Independent Commission Against Corruption. "Investigation and prosecution of complex financial crimes, such as fraud, drug trafficking, corruption, tax evasion and cybercrime requires a concerted effort. The FIU provides timely and credible financial intelligence and information to its partner agencies," Mr Buksh said.

In 2018, the FIU received and analysed 632 suspicious transaction reports and disseminated 321 intelligence reports to law enforcement agencies for further investigation of possible tax evasion, money laundering and other serious offences. The total value of funds that were identified by the FIU as possible tainted proceeds in the 321 intelligence reports was approximately \$175million. There were six successful money laundering convictions, 50 border currency smuggling cases, and several successful tax evasion and predicate crime investigations in 2018.

During the year, the FIU provided 260 investigative assistance and 118 due diligence assistance on 1,172 entities and 1,500 individuals to law enforcement and other Government agencies relating to ongoing criminal investigations and background checks.

In undertaking its regulatory function in 2018, the FIU conducted industry specific outreach and training, issued AML/CFT guidelines and policy advisories, and conducted on-site compliance examination of law firms and real estate agents. The FIU also contributed towards improving Fiji's compliance ratings with the international AML/CFT standards.

Mr Buksh said that the FIU continued to contribute to national and inter-agency coordination and international networking, particularly on transnational crimes such as drug trafficking cases.

Mr Buksh further said that the achievements of the FIU in 2018 were only possible through the support and contributions of its staff, law enforcement and regulatory partners, and the financial institutions and businesses that are covered under the FTR Act.

RESERVE BANK OF FIJI

# 9 SELECTED KEY STATISTICS 2015-2019

## SELECTED KEY STATISTICS 2015-2019

	Year	2015	2016	2017	2018	2019
Transaction and Currency Reports Received by FIU	Suspicious Transaction Reports	516	579	650	632	622
	Cash Transaction Reports	579,849	590,385	623,213	968,693	794,044
	Electronic Fund Transfer Transaction Reports	1,029,993	1,148,711	1,220,602	1,357,246	1,515,681
	Border Currency Reports	491	547	792	969	1,102
	Year	2015	2016	2017	2018	2019
Suspicious Transaction Reports	Filed Away for future intelligence and analysis	515	284	314	248	132
	Case Dissemination Reports	255	195	448	321	84
Intelligence and Information Reports to Stakeholders	Information Dissemination Reports	191	210	205	260	222
	Due Diligence Reports	27	41	75	118	89
Notices to Financial Institutions	Alert Notices	7	14	10	15	9
	Directives	11	1	1	2	3
Queries	Request for further information from financial institutions	667	464	502	446	603
	Year	2015	2016	2017	2018	2019
Education and Awareness	Number of employees of Financial Institution	270	320	202	376	79
	Number of Financial Institutions	3	6	8	5	1
	Employees of Law Enforcement Agencies	84	67	80	65	152

Source: Fiji FIU

# 10 SELECTED KEY EVENTS 2019

<b>JANUARY</b>	
9	Meeting of the National AML Council
28-31	Egmont Committee Meeting, Indonesia
31	Fiji's Follow Up Report to APG
<b>FEBRUARY</b>	
1	AML Law Enforcement Working Group Meeting
7	Case Management System (CMS) launched
12	AML Legal Working Group Meeting FIU Press Release – Financial Intelligence Annual Report 2017
<b>MARCH</b>	
11-15	AFI Global Standards Proportionality Working Group Meeting, Egypt
<b>APRIL</b>	
11	New AML Compliance Officers Induction
<b>MAY</b>	
21	AML Forum for Real Estate Agents
<b>JUNE</b>	
17-19	Pacific Workshop on Targeted Financial Sanctions relating to Terrorist Financing & Proliferation Financing
<b>JULY</b>	
1-5	Egmont Group Plenary Meeting, Netherlands
<b>AUGUST</b>	
14	AML Law Enforcement Working Group Meeting
16	Aidong Zhang convicted of money laundering offence
18-23	APG Annual Meeting and Forum on Technical Assistance and Training, Australia
<b>SEPTEMBER</b>	
3	FIU Press Release – Financial Intelligence Annual Report 2018
11-13	AFI 11th Global Policy Forum, Rwanda
20	Policy Advisory 1/2019: Source of Funds
27	Aidong Zhang returned \$1 million to Mr Yong Chen as per High Court Direction
<b>OCTOBER</b>	
1	Guideline 8: AML Compliance Obligations of Real Estate Agents and Businesses
17	FNIC Taskforce Meeting
31	Aidong Zhang sentenced to 3 years imprisonment, suspended for 18 months
<b>DECEMBER</b>	
5	Nousheen Mezabeen Nisha convicted of money laundering offence
5	FNIC Taskforce Meeting





**Fiji FIU**

Fiji Financial Intelligence Unit

# STRATEGIC

## ANALYSIS REPORT 2019





## STRATEGIC ANALYSIS REPORT 2019 FIJI FINANCIAL INTELLIGENCE UNIT

1. STRATEGIC ANALYSIS OVERVIEW	41
2. SUMMARY OUTCOMES	43
3. OUTCOMES - SUSPICIOUS TRANSACTION REPORTS	44
4. OUTCOMES - CASH TRANSACTION REPORTS	51
5. OUTCOMES - ELECTRONIC FUNDS TRANSFER REPORTS	53
6. OUTCOMES - BORDER CURRENCY REPORTS	55
7. EMERGING AND CONTINUING MONEY LAUNDERING TRENDS	59
8. CASE STUDIES	61
9. GLOSSARY	69

# 1 STRATEGIC ANALYSIS OVERVIEW

## Overview

The Fiji FIU undertakes detailed analysis of financial transaction information and converts it into meaningful outputs. This is called Strategic Analysis.

This Report provides the key outcomes of Strategic Analysis on the various categories of reports that the FIU receives as well as a summary of the trends and case studies identified in 2019.

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

FIU analysis should add value to the information received and held by the FIU. While all the information should be considered, the analysis may focus either on each single disclosure received or on appropriate selected information, depending on the type and volume of the disclosure received, and on the expected use after dissemination. FIUs should be encouraged to use analytical software to process information more efficiently and assist in establishing relevant links. However, such tools cannot fully replace the human judgement element of analysis. FIUs should conduct the following types of analysis:

- Operational analysis uses available and obtainable information to identify specific targets (e.g. persons, assets, criminal networks and associations), to follow the trail of particular activities or transactions, and to determine links between those targets and possible proceeds

of crime, money laundering, predicate offences or terrorist financing.

- Strategic analysis uses available and obtainable information, including data that may be provided by other competent authorities, to identify money laundering and terrorist financing related trends and patterns. This information is then also used by the FIU or other state entities in order to determine money laundering and terrorist financing related threats and vulnerabilities. Strategic analysis may also help establish policies and goals for the FIU, or more broadly for other entities within the AML/CFT regime.



Source: FATF Recommendation 29, Interpretive Note Paragraph 3

Strategic analysis aims to decipher the underlying patterns and trends that would enable an FIU to draw conclusions for the strategic prevention of money laundering and the financing of terrorism, and to provide input for policy formulation and for setting operational priorities. In FIU context, this implies developing knowledge (strategic intelligence) as it relates to money laundering, the financing of terrorism and other threats to the security of a country's financial systems. Some components of strategic analysis include:

- examining data for patterns and similar concepts;
- developing a working hypothesis that addresses the "who", "what", "when", "where", "how", and "why" of the activity;
- collecting, evaluating and collating further information as required;
- identifying connections or links between pieces of information, also used to support an inference;

- developing inferences (an inference is the best estimate of the truth that can be drawn from facts, opinions or other inferences); and
- constructing the argument, that is the logical flow of elements leading to the inference.

The sophistication of Strategic Analysis may vary based on the capacity and resources of the FIU. Product ranges of Strategic Analysis may include:

- Typologies and trends - this is a systematic classification of a number of schemes that appear to be constructed in a similar fashion. These are built on a series of indicators that show how money was laundered, which in turn increases general understanding of an issue or method of money laundering or the financing of terrorism. When a typology occurs for any given event over a period of time, this can be classed as a trend. Changes in crime types or the way in which money is moved are examples of trends.
- Patterns - this is a recurring characteristic or trait that helps in the identification of a phenomenon/problem and that serves as an indicator or model for predicting future behaviour.

- Synthesis - This includes identifying connections that identify break-through ideas and opportunities in the detection of money laundering or the financing of terrorism.
- Geographical/regional analysis - This shows the area of influence or location of the phenomenon.
- Behavioural analysis - This shows the type of operations, institutions and products used by the group.
- Activity analysis - This focuses on identifying weaknesses of an economic sector or activity.
- Advanced intelligence products - These may include vulnerability assessments, risk assessments and significant event assessments.

Source: *Egmont Group of Financial Intelligence Units Operational Guidance for FIU Activities and the Exchange of Information*



# 2 SUMMARY OUTCOMES



# 3 OUTCOMES - SUSPICIOUS TRANSACTION REPORTS

## Reporting Financial Institutions

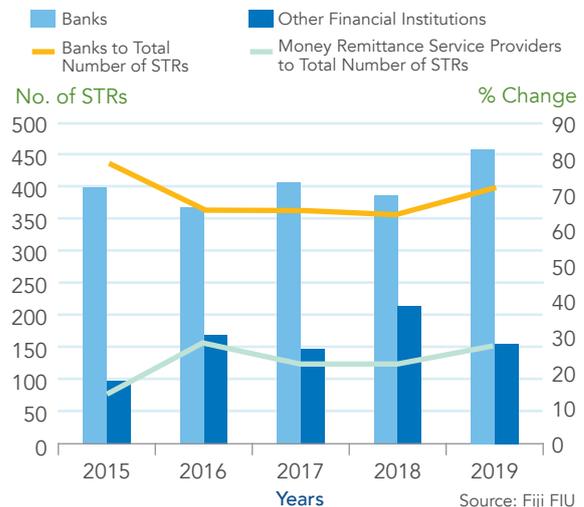
STRs were reported to the FIU by various financial institutions including members of the public. The majority of the STRs continue to be reported by commercial banks (2019: 74 percent; 2018: 62 percent) followed by the money remittance service providers (2019: 22 percent; 2018: 29 percent).

## Summary of Reporting Financial Institutions

Financial Institutions and Persons Reporting	Number of Financial Institutions Registered with FIU	No. of STRs Received				
		2015	2016	2017	2018	2019
Commercial Banks	6	397	367	407	391	459
Money Remittance Service Providers	12	86	166	149	183	136
Finance Companies	10	2	3	4	16	6
Members of the Public	-	18	39	42	24	5
Regulatory Authorities	-	5	0	8	1	0
Law Firms	41	0	2	4	2	3
Accounting Firms	17	0	0	0	0	0
Insurance Companies and Superannuation Fund	13	0	1	18	8	7
Securities, Unit Trusts	4	3	1	2	5	2
Real Estate Businesses	29	2	0	3	0	1
Others <sup>6</sup>	-	3	0	13	2	3
<b>TOTAL</b>	<b>132</b>	<b>516</b>	<b>579</b>	<b>650</b>	<b>632</b>	<b>622</b>

Source: Fiji FIU

## Summary of Reporting Financial Institutions



## Value of Transactions Reported as Suspicious

The total value of suspicious transactions that were reported in 2019 decreased to \$57.4 million from \$78.8 million in 2018. There has been an increase in the number of low value suspicious transactions reported to the FIU in 2019 and a decrease in the number of high value suspicious transactions reported in the same period. The average value of a transaction reported in 2019 as suspicious was \$92,283 compared to \$124,684 in 2018.

## Total Value of Transactions Reported as Suspicious

	2015	2016	2017	2018	2019
Total Value (\$ million)	82.7	74.7	49.1	78.8	57.4
Number of STRs	516	579	650	632	622
Average Value reported (\$ per STR)	160,373	128,968	75,503	124,684	92,283

Source: Fiji FIU

<sup>6</sup> "Others" include STRs filed by foreign FIU's.

**Total Value of Transactions Reported as Suspicious**



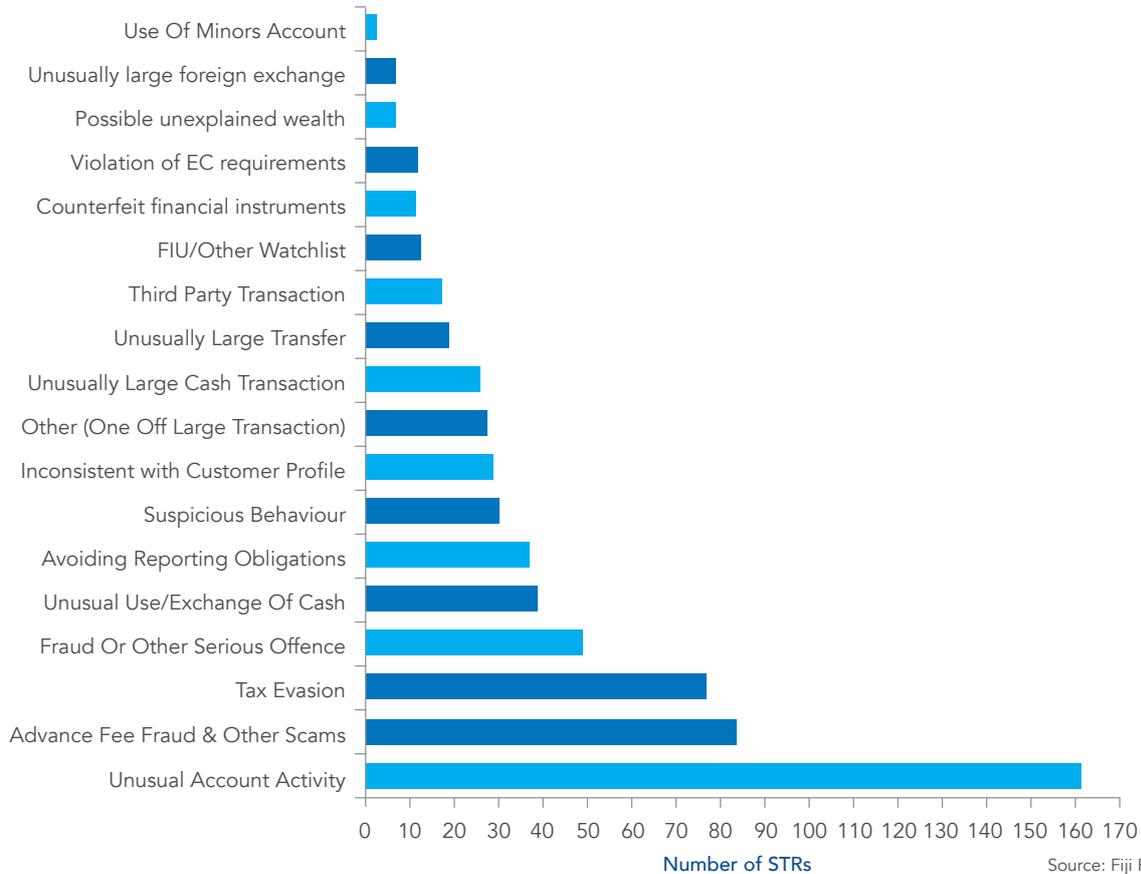
**“Grounds for Suspicion” in Suspicious Transaction Reports**

In 2019, majority of the STRs were reported on the grounds of suspected unusual account activity and advance fee fraud & other scams.

Grounds of suspicion relating to unusual account activity included “rapid movement of funds”, “sudden change in banking behaviour where large cash deposits take place which were not previously observed”, “significant withdrawals not aligned to customer’s employment status”, and “making payments in different currencies through an account without any logical sense”, etc.

**Grounds for Suspicion on STRs Received 2019**

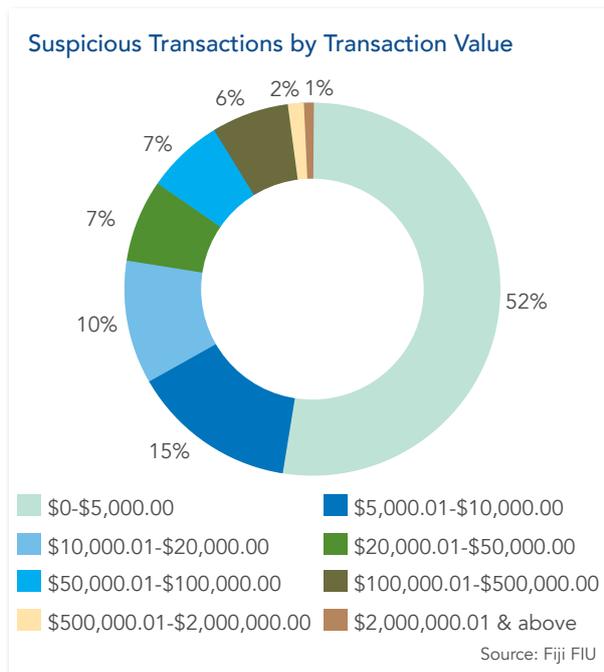
**Grounds for Suspicion**



### 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 (52 percent) of the STRs submitted by financial institutions in 2019 were reported on transactions valued below \$5,000. STRs involving large value transactions of more than \$0.5 million accounted for 3 percent of total STRs reported in 2019 compared to 5 percent in 2018.



### Suspicious Transactions by Transaction Value

Transaction Value	Number of STRs	Percentage of STRs
\$0 - \$5,000.00	327	52
\$5,000.01 - \$10,000.00	91	15
\$10,000.01 - \$20,000.00	64	10
\$20,000.01 - \$50,000.00	44	7
\$50,000.01 - \$100,000.00	45	7
\$100,000.01 - \$500,000.00	37	6
\$500,000.01 - \$2,000,000.00	10	2
\$2,000,000.01 & above	4	1
<b>Total</b>	<b>622</b>	<b>100</b>

Source: Fiji FIU

### Suspicious Transactions by Instrument Type

'Cash' continued to be the primary financial instrument type that is reflected in the STRs reported to the FIU in 2019. Out of the 622 transactions reported as suspicious in 2019, 286 (46 percent) involved cash transactions.

The types of financial instruments involved in STRs include:

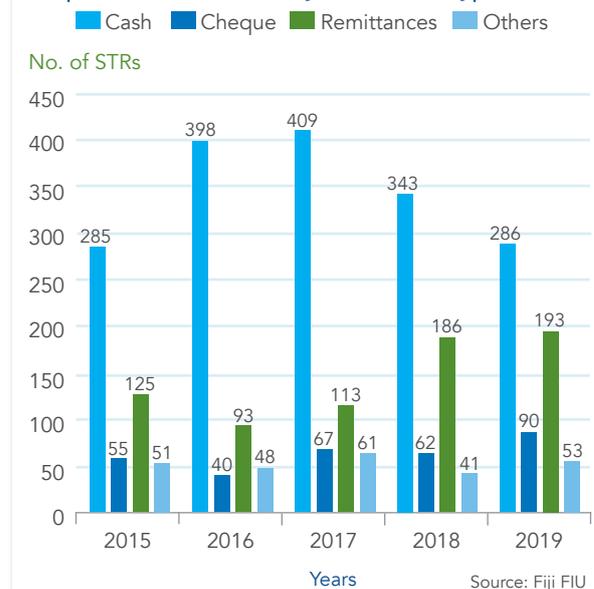
1. Cash (local and foreign currency);
2. Cheque (bank cheques/drafts, personal and company cheques);
3. Remittances; and
4. Other instruments (account-to-account transfers, credit cards and travellers cheques).

### Suspicious Transactions by Instrument Type

Year	Cash	Cheque	Remittances	Others	Total
2015	285	55	125	51	516
2016	398	40	93	48	579
2017	409	67	113	61	650
2018	343	62	186	41	632
2019	286	90	193	53	622

Source: Fiji FIU

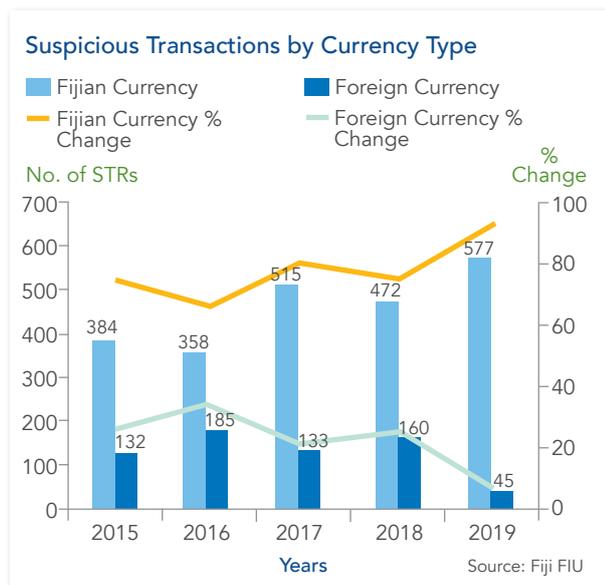
### Suspicious Transactions by Instrument Type



### Suspicious Transactions by Currency Type

The majority (93 percent) of the STRs reported in 2019 involved Fijian currency.

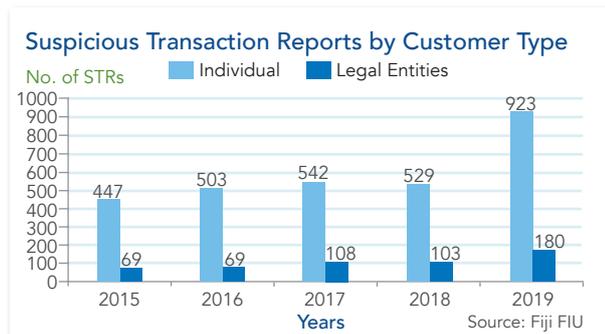
The suspicious transactions that involved foreign currency decreased to 7 percent of total STRs in 2019 compared to 25 percent in 2018.



### Suspicious Transaction Reports by Customer Type

There were 923 (84 percent) personal customers reported in STRs compared to 180 (16 percent) reports on corporate and business entities in 2019.

The proportion of STRs reported in 2019 on individuals increased by 74 percent when compared to 2018. This increase was caused by multiple individuals being reported on in a single STR.



### Suspicious Transaction Reports by Customer Age

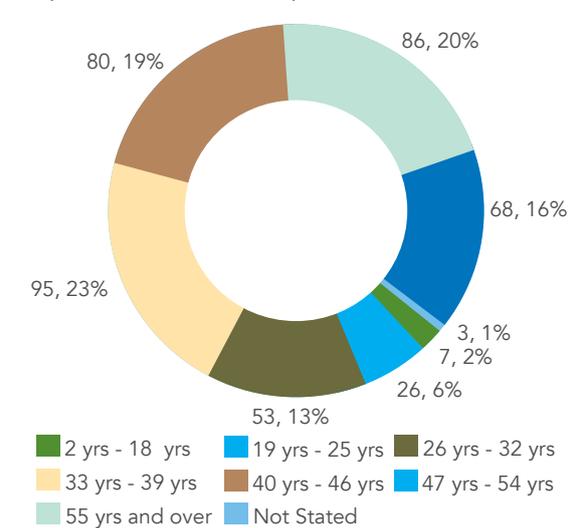
55 percent of STRs on individuals were reported on customers between the age of 26 and 46 years. Age not stated decreased from 20 in 2018 to 3 in 2019 due to an improvement in the quality of reports.

#### Suspicious Transaction Reports by Customer Age

Year	2yrs - 18yrs	19yrs - 25yrs	26yrs - 32yrs	33yrs - 39yrs	40yrs - 46yrs	47yrs - 54yrs	55yrs and over	Not Stated <sup>7</sup>	TOTAL
2015	13	24	58	75	68	78	84	11	411
2016	11	30	66	79	80	71	83	76	496
2017	9	43	71	85	109	75	104	38	534
2018	12	45	81	105	95	79	92	20	529
2019	7	26	53	95	80	86	68	3	418

Source: Fiji FIU

#### Suspicious Transaction Reports by Customer Age



Source: Fiji FIU

<sup>7</sup>Date of birth is not usually provided in STRs where the person reported is a beneficiary of advance fee fraud.

### 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.

#### Age of Convicted Money Launderers

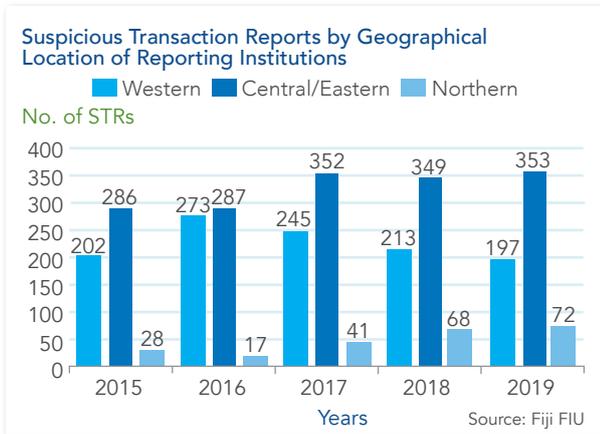
Name of Individual	Year STR was Reported	Age at the time of the offence	Year Convicted
Manoj Khera	2004	31 years old	2014
Timothy Aaron O'Keefe	2005	25 years old	2005
Monika Arora	2007	28 years old	2011
Salendra Sen Sinha	2008	30 years old	2010
Anand Kumar Prasad	2008	28 years old	2011
Deo Narayan Singh	2008	40 years old	2011
Atisma Kirti Singh	2008	23 years old	2011
Johnny Albert Stephen	2009	39 years old	2012
Doreen Singh	2009	31 years old	2013
Kapil Kushant Samy	2010	24 years old	2012
Nitesh Kumar	2016	23 years old	2016
Nirmala Devi	2011	46 years old	2012
Natasha Nilma Singh	2012	20 years old	2014
Vikash Mehta	2013	29 years old	2015
Tuimoala Raogo	2013	41 years old	2016
Fazeel Razid Ali	2015	27 years old	2016
Manjeet Singh	2014	22 years old	2017
Rajneel Chaudary	2014	23 years old	2017
Preetika Anuwesh Lata	2014	27 years old	2017
Prashil Prakash	2012	28 years old	2017
Aidong Zhang	2014 & 2016	51 years old	2019

Name of Individual	Other ML Investigations	Age at the time of the offence	Year Convicted
Deepak Rajneel Kapoor		25 years old	2012
Robin Surya Subha Shyam		38 years old	2013
Faiyaz Khan		38 years old	2013
Savita Singh		32 years old	2015
Chris Ronil Singh		38 years old	2015
Mukeshwar Narayan Singh		21 years old	2016
Sakiusa Vakarewa		31 years old	2016
Josefa Saqanavere		41 years old	2016
Savenaca Batibawa		47 years old	2016
Katarine Gounden Fiu		31 years old	2016
Vika Sadrau		34 years old	2018
Rahul Rajan Naidu		28 years old	2018
Avenai Danford		29 years old	2018
Rimakshni Ranigal		30 years old	2018
Rosheen Praveena Raj		42 years old	2018
Rine Munivai Sorby		54 years old	2018
Nousheen Mezbeen Hussain		25 years old	2019

Source: Fiji FIU

### 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. In 2019, STRs from the Northern Division increased to 72 from 68 STRs received in 2018.



### 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:

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

These factors individually may seem insignificant but when considered together may raise questions on appropriateness and normality of customer’s transaction(s). The above-mentioned indicators can also be based on known money laundering typologies. Financial institutions are required under the FTR Act to know their customers in order to identify transactions that may be unusual, suspicious or questionable for an individual customer or a type or category of customer.

### Examples of Reasons for Reporting Transactions as Suspicious

Commercial Banks	
1.	\$220,800 was received and was subsequently withdrawn after four days. A sudden change in banking behaviour wherein large credit was not previously observed.
2.	Customer made a cash deposit of \$10,000 and when the teller asked about the source of funds she was hesitant to reply and did not disclose anything.
3.	Alert was created for external foreign bank account due to two transfers made to two beneficiaries in high terrorist financing risk countries totalling \$3,600.
4.	Customer visited bank branch to check on an inward telegraphic transfer from Australia. He provided copy of a remittance advice which appeared to be fraudulent.
5.	Customer made a \$300 cash deposit to another customer’s account based on a promise on social media that she will get a huge catering contract. She did not hear from the other customer again.
6.	Multiple cash deposits for wages from a local restaurant made into numerous accounts of employees. The restaurant has been operating in Fiji for nearly two years without any local bank account.
7.	Customer received a large cheque deposit of \$68,000 made by the wife. The wife advised that the cheque was his salary, however on the bank’s records, he is listed as a retiree.
8.	Rapid movement of funds whereby \$132,000 was withdrawn in cash a day after \$133,000 was received from an unknown source. The true origin and legitimacy of these funds were not verified. A sudden change in account behaviour wherein large credit was not previously observed.
9.	The customer deposited \$28,000 into his account with funds sourced from his company account. Possible case of tax evasion and money laundering possibly by the company utilising the individual’s account.
Money Remittance Service Providers	
10.	Customer who was an Asian national was not willing to provide further details when conducting enhanced due diligence.
11.	Invalid ticket was provided when wanting to exchange funds.
12.	Customer’s occupation is domestic duties who receives money frequently sent by Person A overseas. The relationship mentioned by the customer differs from “husband” to “family friend”. The customer receives cash nearly every day and gives the purpose as building the house.

Finance Companies	
13.	Client is a farmer who has been making additional payments monthly and conducted a large sum payment of \$22,500.00 which was deemed suspicious.
14.	Client was reluctant to provide source of funds and initially said that the money was from his bank account and then stated that it was kept at home.
Members of the Public	
15.	A couple is allegedly living in a home in Nadi which belongs to a foreigner, however the local couple managed to transfer the home to them through gift, love and affection.
Law Firms	
16.	As per court order, funds were supposed to be paid to Law Firm A's trust account by Law Firm B's client. Law Firm B was informed by their client that Law Firm A had taken the funds into the trust account which was not notified to them and has not been refunded till date. Law Firm B was informed that the trust account money in favour of the plaintiff was used by Law Firm A for some other purpose and was only paid out to the plaintiff later in the year.

Insurance Companies and Superannuation Fund	
17.	Individual has deposited over \$2 million over the course of 4 years.
18.	Individual is observed to be making split deposits between first few months of 2019 totalling up to \$38,600.00. It appears that individual who is also a business owner, may be avoiding the reporting threshold of \$10,000.00.
19.	Transactions are suspicious on the grounds that inconsistent pattern was noted.
Securities & Unit Trusts	
20.	Customer came in with \$50,000.00 cash in \$100 dollar bills and advised that the cash was from his salary and bonus from his employer and some are from his savings. However, he was not able to provide a bank statement for all the cash.
The above are extracts from actual STRs reported to the FIU in 2019.	

Source: Fiji FIU

# 4 OUTCOMES - CASH TRANSACTION REPORTS

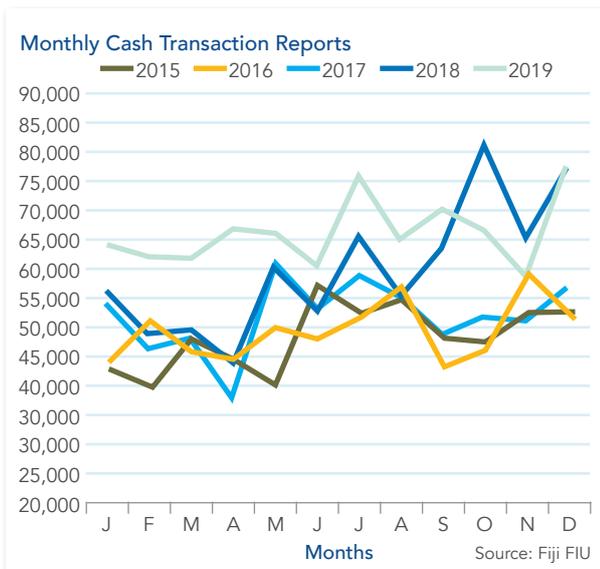
Financial institutions are required under section 13(1) of the FTR Act and regulation 25 of the FTR Regulations to report to the FIU any cash transaction of \$10,000 and above or its equivalent in foreign currency. Cash includes coin or paper money, bank drafts, bank cheques, bearer bonds, travelers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

The FIU received 794,044 CTRs in 2019 or an average of around 66,170 CTRs per month. This is a decrease of 18 percent compared to 968,693 CTRs received in 2018.

## Cash Transactions Reported

Year	Total CTRs	Monthly Average CTRs
2015	579,849	48,321
2016	591,636	49,303
2017	623,213	51,934
2018	968,693	80,724 <sup>8</sup>
2019	794,044	66,170

Source: Fiji FIU



<sup>8</sup> In 2018 one reporting institution reported backdated CTRs totalling 249,114 in October 2018. This is also not reflected in the Monthly Cash Transaction Reports graphs for 2018.

## CTRs Received by Sector

The majority (99 percent) of the CTRs received during 2019 was reported by commercial banks. There is a gradual increase in CTRs reported by law firms due to the FIU's AML/CFT compliance and outreach initiatives.

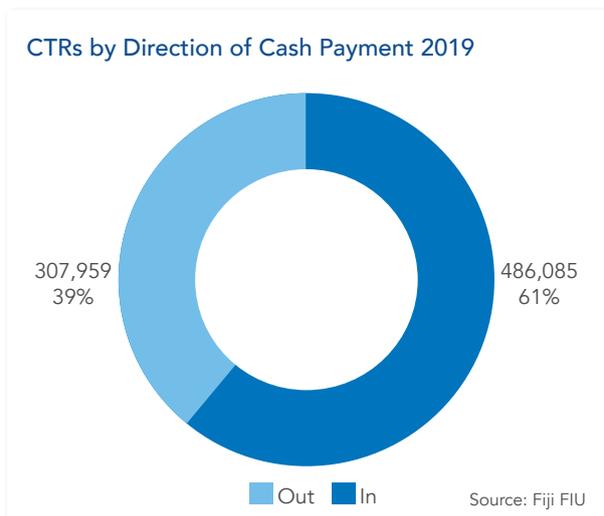
## Cash Transactions Reported by Sector

Sector	2015	2016	2017	2018	2019
Commercial Banks	575,987	587,269	618,496	963,313	788,467
Foreign Exchange Dealers and Money Remitters	2,296	2,774	2,779	3,163	3,381
Finance Companies	815	754	981	1,251	1,186
Insurance and Superannuation Fund	405	420	322	356	320
Law Firms	227	283	411	410	519
Securities/ Brokers/ Advisors	118	134	199	183	161
Accountants	1	2	0	2	0
Statutory Authority	0	0	0	0	4
Real Estate	0	0	25	15	6
TOTAL	579,849	591,636	623,213	968,693	794,044

Source: Fiji FIU

## CTRs by Direction of Cash Payment

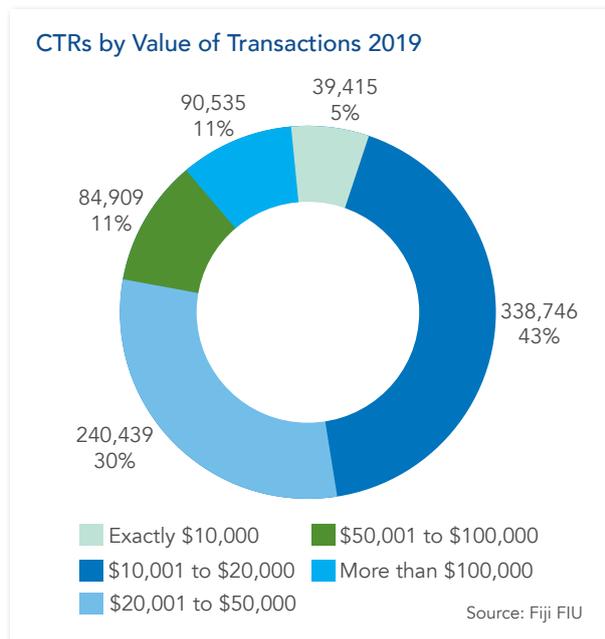
The CTRs received in 2019 consisted of 61 percent inwards (IN) and 39 percent outward (OUT) CTRs. Inward CTRs refer to cash transactions received by a financial institution. Outward CTRs refer to cash transactions paid out by a financial institution.



Source: Fiji FIU

### CTRs by Value of Transactions

The majority (43 percent) of CTRs received by the FIU in 2019 were for cash transactions between \$10,001 and \$20,000. Approximately 73 percent of CTRs reported are for cash transactions between \$10,001 and \$50,000.



# 5 OUTCOMES - ELECTRONIC FUND TRANSFER REPORTS

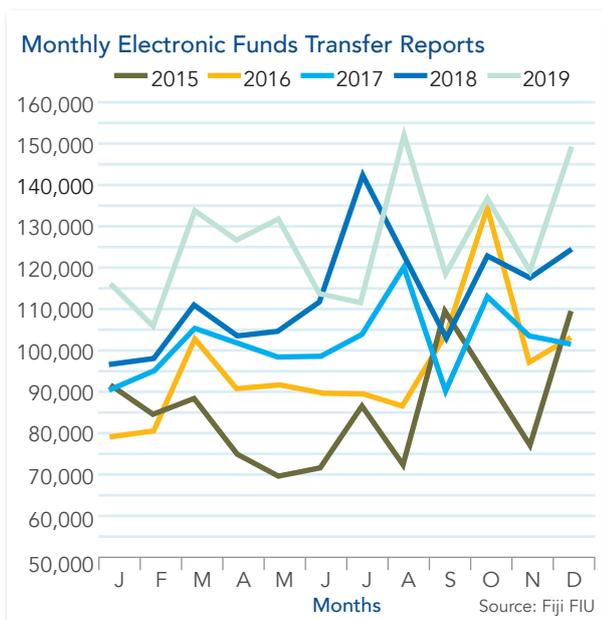
Commercial banks and remittance service providers are required under section 13(2) of the FTR Act and regulation 26 of the FTR Regulations to report to the FIU all international electronic fund transfer transactions. There is no monetary threshold for EFTRs. Currently, 6 commercial banks, 12 MRSPs, and 2 mobile phone operators are subject to EFTR reporting.

The FIU received 1,515,681 EFTRs in 2019 or an average of around 126,307 EFTRs per month. This is an increase of 12 percent compared to 1,357,246 EFTRs received in 2018.

## Electronic Funds Transfer Transactions Reported

Year	Total EFTRs	Monthly Average EFTRs
2015	1,029,993	85,833
2016	1,148,711	95,726
2017	1,220,602	101,717
2018	1,357,246	113,104
2019	1,515,681	126,307

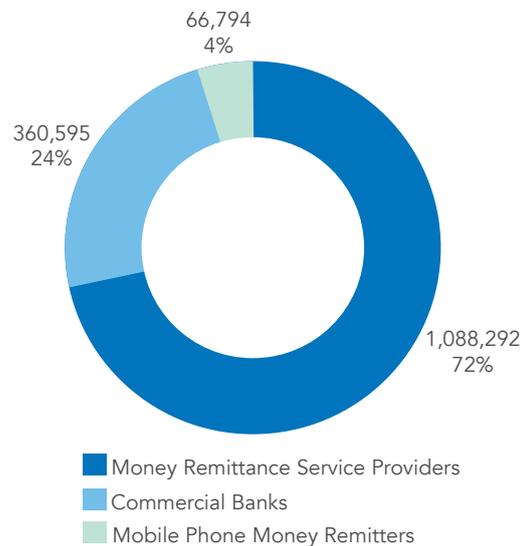
Source: Fiji FIU



## EFTRs Received by Sector

Majority (72 percent) of EFTRs were received from the MRSPs. There was a notable increase of 56 percent in the number of EFTRs received from the mobile phone money remittance sector in 2019 due to a new remittance platform partnership arrangement with a mobile phone company. Mobile phone operators are currently authorized to only conduct inward remittance transactions.

### EFTRs Received by Sector 2019



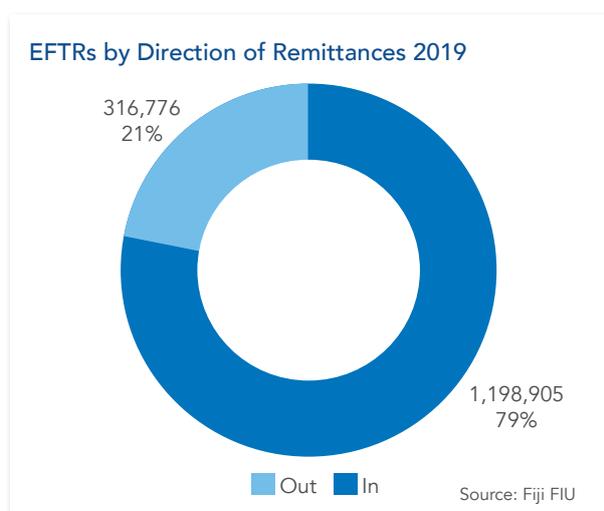
## EFTRs Received by Sector

Sector	2015	2016	2017	2018	2019
Money Remittance Service Providers	697,676	793,837	869,363	968,016	1,088,292
Commercial Banks	324,604	333,746	319,640	346,282	360,595
Mobile Phone Money Remitters	7,713	21,128	31,599	42,948	66,794
<b>Total</b>	<b>1,029,993</b>	<b>1,148,711</b>	<b>1,220,602</b>	<b>1,357,246</b>	<b>1,515,681</b>

Source: Fiji FIU

### EFTRs by Direction of Remittances

EFTRs may involve remittances into Fiji (inward) or remittances out of Fiji (outward). Majority (79 percent) of EFTRs received during 2019 were for inward remittances.



### EFTRs by Direction of Remittances

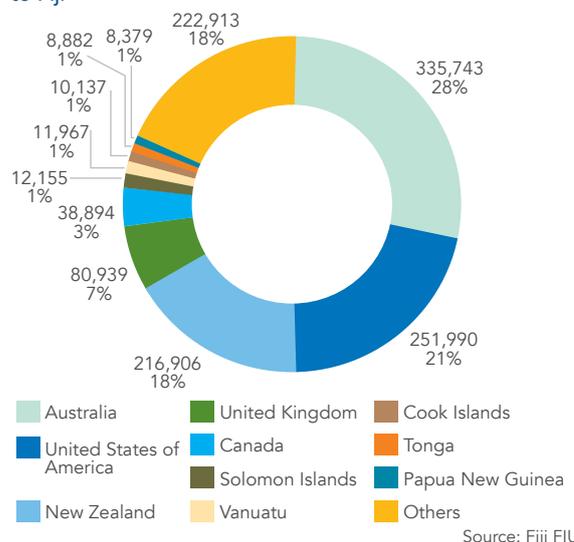
	2015	2016	2017	2018	2019
Inwards	773,264	879,644	958,090	1,053,266	1,198,905
Outwards	256,729	269,067	262,512	303,980	316,776
Total	1,029,993	1,148,711	1,220,602	1,357,246	1,515,681

Source: Fiji FIU

### EFTRs by Sending and Receiving Country

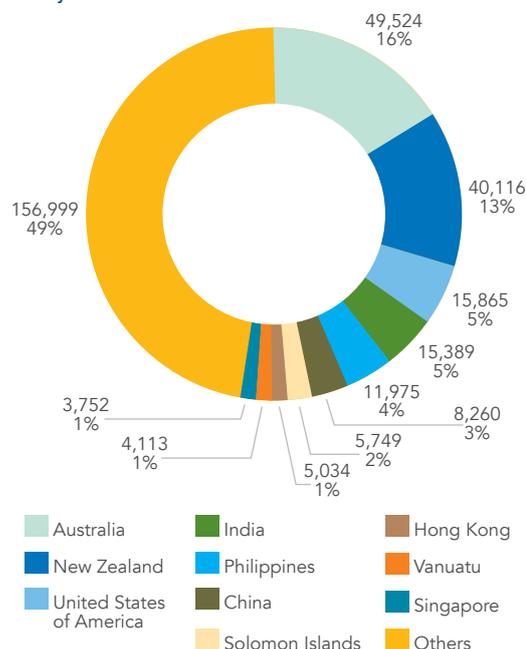
Inward international remittance transactions reported to the FIU were conducted from the following ten major countries: Australia, United States of America, New Zealand, United Kingdom, Canada, Solomon Islands, Vanuatu, Cook Islands, Tonga and Papua New Guinea.

### EFTRs: Top 10 Countries Conducting Inward Remittances to Fiji



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

### EFTRs: Top 10 Countries Involved in Outward Remittances from Fiji



# 6 OUTCOMES - 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 FRCS officials at the ports and submitted to the FIU for central recording, analysis and for its intelligence purpose.

In 2019, 1,102 BCRs were submitted to the FIU compared to 969 BCRs in 2018.

## BCRs by Direction of Travel

There were more declarations made by outbound travellers compared to inbound travellers in 2019.

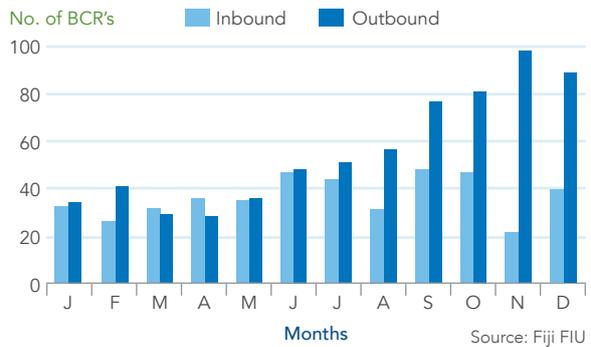
### BCR Declarations by Direction of Travel 2015-2019

Persons Declaring	2015	2016	2017	2018	2019
Declarations made by inbound travellers	187	265	375	434	436
Declarations made by outbound travellers	304	282	417	535	666
<b>Total</b>	<b>491</b>	<b>547</b>	<b>792</b>	<b>969</b>	<b>1,102</b>

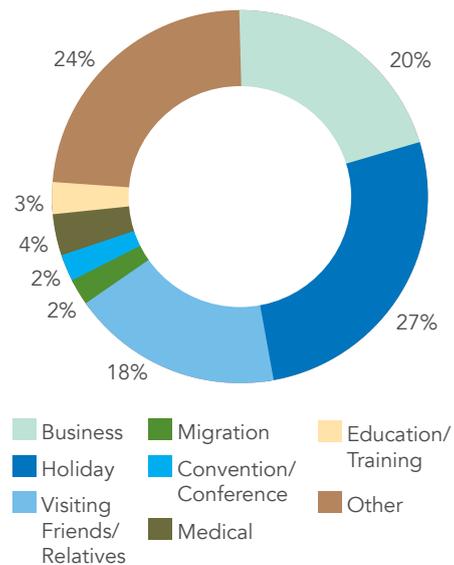
Source: Fiji FIU

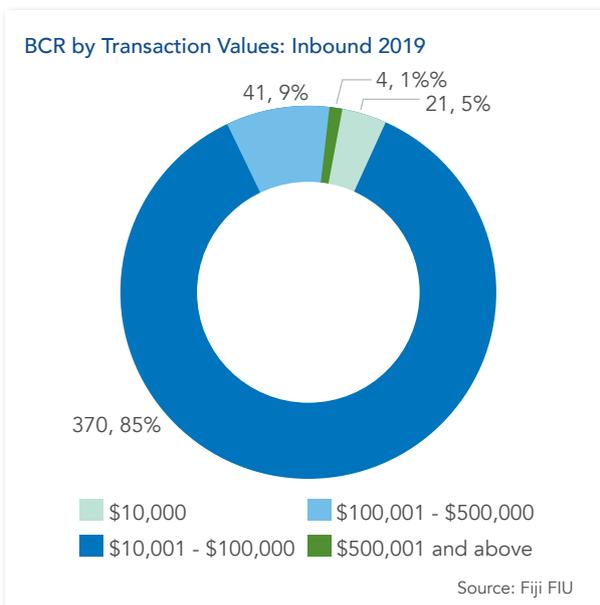
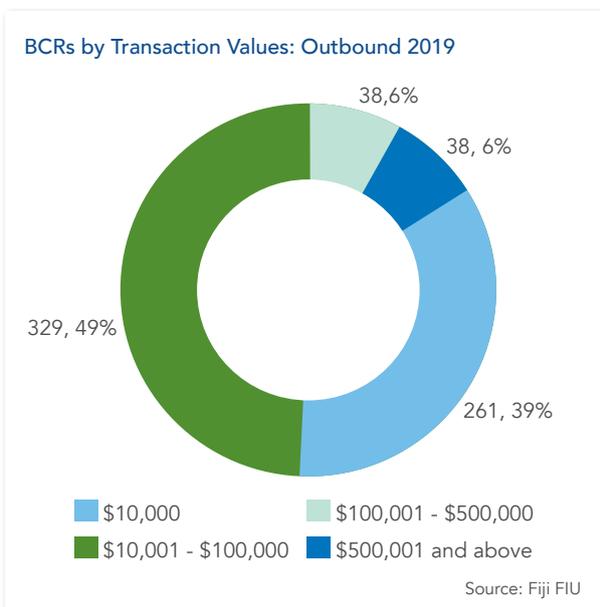
The FIU has noted an increase in declarations made by outbound travellers. In 2019, 60 percent of declarations were made by outbound travellers while 40 percent of declarations were made by inbound travellers.

### Comparison of Declaration made by Travellers by Month



### BCR Declarations: Reason for Travel (inbound and outbound) 2019





We have observed that 65% of travellers stated their reason for travel both in and out of Fiji was for holiday/business/visiting friends and relatives. The majority of BCRs declared by inbound and outbound travellers ranged in the value of FJ\$10,001 - FJ\$100,000.

**BCRs by Value of Currency Declared**

The total value of currency declared by travellers in the BCRs in 2019 was \$63.6 million compared to \$62.7 million in 2018.

**Value of Border Currency Reports Received 2015-2019**

Persons Declaring	Value of Currency Declared (\$million)				
	2015	2016	2017	2018	2019
Travellers Arriving in Fiji	11.0	13.1	21.4	22.6	19.3
Travelers Departing Fiji	20.9	17.1	28.5	40.1	44.3
<b>Total</b>	<b>31.9</b>	<b>30.2</b>	<b>49.9</b>	<b>62.7</b>	<b>63.6</b>

Source: FRCS & 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 2019, there were 19 reported cases of BCR non-declaration compared to 50 cases of persons failing to declare currency in 2018. Most of the cases were detected at Nadi International Airport and the remainder were detected at the Nausori Airport and sea ports.

## Failure to Declare Currency Cases in 2019

	Date Of Detection	DETAILS	AMOUNT FAILED TO DECLARE	FJD EQUIVALENT	DATE OF CONVICTION	JUDGMENT IN COURT
1.	9 January	Passenger departed for New Zealand from Nausori	FJD 340 NZD 305 USD 4,634	\$10,618.00	7 February	Warning letter issued
2.	8 February	Passenger arrived from New Zealand	NZD 16,110	\$21,935.00	N/A	NZD 16,110.00 to be forfeited to state
3.	1 March	Passenger departed for Korea from Nadi	USD 15,556 FJD 85 INR 15,890	\$31,648.80	28 March	Passenger fined \$1,000.00
4.	11 March	Passenger arrived from high seas	USD 2,400 JPY 27,009	\$12,207.54	9 April	Passenger fined \$500.00
5.	6 April	Passenger arrived from Honolulu	USD 8,972	\$20,355.00	8 April	Passenger fined \$1,000.00
6.	8 May	Passenger arrived from Seoul	HKD 16,260 RMB 4,500 AUD 5,000	\$12,091.49	8 May	Passenger fined \$500.00
7.	12 May	Passenger arrived from Singapore	USD 9,253 INR 12,120 GEL 125 COM 73,540 AED 485 KGS 851,000	\$18,531.95	13 May	Passenger fined \$1,000.00
8.	27 May	Passenger arrived from Apia	USD 10,850 IDR 5,000	\$23,384.67	27 May	Passenger fined \$1,000.00
9.	30 May	Passenger arrived from Auckland	USD 12,460 NZD 35 FJD 90	\$25,870.00	13 June	Passenger fined \$1,000.00
10.	24 June	Imported currency through the air mail PNDE # 28345	USD 10,920	\$23,387.10	16 July	Passenger fined \$1,000.00
11.	22 August	Passenger departed for Brisbane	AUD 10,875 USD 870 FJD 1,220 GBP 10	\$17,058.00	22 August	Passenger fined \$1,000.00
12.	7 September	Passenger arrived from Honolulu	USD 11,700	\$26,171.73	07 September	Warning letter issued
13.	15 September	Passenger departed from Melbourne	AUD 95 USD 6,094	\$12,801.49	23 September	Passenger fined \$4,750.00

FIJI FINANCIAL INTELLIGENCE UNIT ANNUAL REPORT 2019

	Date Of Detection	DETAILS	AMOUNT FAILED TO DECLARE	FJD EQUIVALENT	DATE OF CONVICTION	JUDGMENT IN COURT
14.	22 September	Passenger arrived from Singapore	USD 562 EUR 20,000 RMB 11,000 THB 360	\$48,406.48	23 September	Passenger fined \$2,500.00
15.	24 September	Passenger arrived from Singapore	USD 18,905 JPY 16,200 CNY 20	\$43,004.00	29 September	Passenger fined \$2,500.00
16.	2 October	Passenger arrived from Vanuatu	USD 11,529 WST 400 NZD 65 AUD 10 RMB 300 TOP 57 HKD 60 FJD 55	\$24,217.81	29 September	Passenger fined \$2,500.00
17.	11 October	Passenger arrived from Hong Kong	RMB 15,500 NZD 9,295	\$18,079.00	3 October	Passenger fined \$2,500.00
18.	11 October	Passenger arrived from Hong Kong	RMB 20,721 NZD 9,630	\$20,502.00	11 October	Passenger fined \$2,500.00
19.	11 October	Passenger arrived from Hong Kong	RMB 20,721 NZD 9,630	\$20,502.00	11 October	Passenger fined \$2,500.00

Source: FRCS & Fiji FIU

# 7 EMERGING AND CONTINUING MONEY LAUNDERING TRENDS

## Emerging Trend

### Mingling (business investment) and tax evasion

The FIU noted an increase in individuals using personal bank accounts to conduct business-like transactions. It was also noted that business account signatories were using business bank accounts for personal use. Combining business proceeds with personal accounts tends to obscure the source of funds and actual tax liabilities of individuals and businesses.

### Structuring of transactions to avoid threshold reporting (smurfing)

The FIU received numerous STRs relating to individuals conducting high volumes of small value transactions through various accounts to avoid detection of threshold reporting requirements of \$10,000.00. Transactions involved cash or cheque deposits, withdrawals and transfers.

## Continuing Trend

### Business Email Compromise Scam / Cyber Fraud

The FIU observed a continued occurrence of entities falling victim to business email compromise

scams in 2019. Hackers usually intercept a normal business email conversation between local entities and foreign counterparts or suppliers and unexpectedly change the payment instruction. BEC hackers utilize social engineering tactics to trick unsuspecting employees and executives. Hackers will often impersonate the usual counterpart contact person for conducting import trade transactions or wire transfers and obscure the payment instructions (usually by manipulating invoices) at the last minute.

Businesses and individuals must exercise caution when conducting overseas trade transactions or large personal remittances while commercial banks and remittance providers should continue to conduct enhanced due diligence for suspicious payment instructions.

## Declining Trends

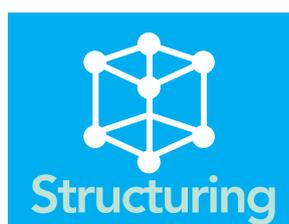
The FIU has noted a decline in the following trends:

- Use of false identification and documents;
- ATM skimming; and
- Internet banking fraud.



### Indicators:

- frequent cash payments to loan accounts.
- frequent/large transfers and deposits of business funds into personal accounts.



### Indicators:

- multiple deposits conducted below the reporting thresholds.
- deposits conducted at different branches in the same day.



### Indicators:

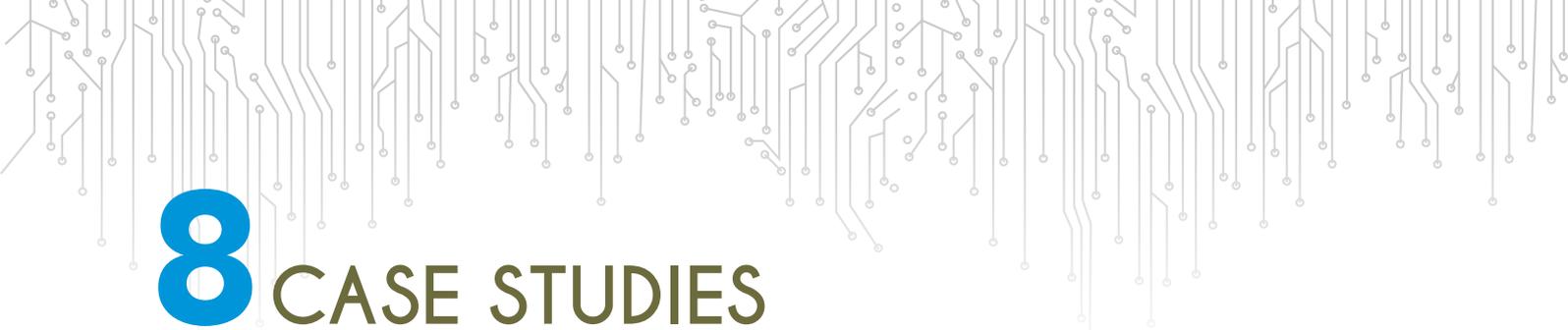
- use of social media and electronic communication to facilitate fraudulent activities.
- sudden internet banking transfers for large sums to a third party.

## Business Email Compromise (BEC) 2016 - 2019



<p><b>BEC</b> Red <b>Flags:</b></p>	<ul style="list-style-type: none"> <li>• Unexpected urgent change to payment account details.</li> <li>• Request comes from an almost identical email address that is difficult to differentiate.</li> <li>• Emails sent outside normal business hours.</li> <li>• Incorrect spelling and grammar usage.</li> <li>• Invoice may look slightly different than usual invoices sent by the legitimate vendor/client/supplier.</li> </ul>
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<p><b>What to do</b> if you suspect <b>BEC?</b></p>	<ul style="list-style-type: none"> <li>• Call the vendor/client/supplier on a known phone number to verify changes.</li> <li>• Carefully check senders email addresses.</li> <li>• Train staff on how to spot spoofed or spear-phishing emails.</li> <li>• Immediately notify your bank if transfer has already occurred.</li> </ul>	
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# 8 CASE STUDIES

## Money Laundering Cases: Success Stories in Fiji

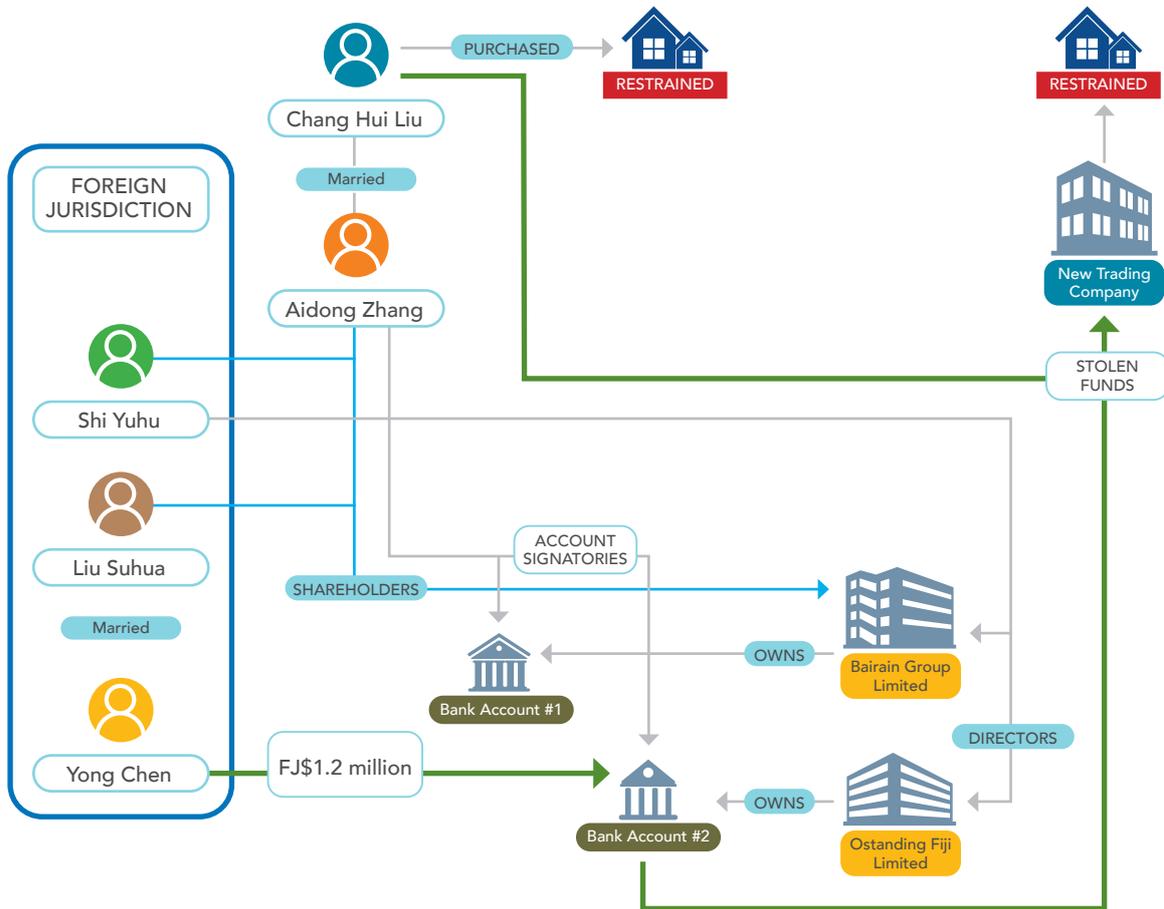
### Double Dealings

Mr Yong Chen, the complainant, was introduced to Mr Aidong Zhang by a close friend, Mr Shi Yuhu, who advised Mr Yong Chen that Mr Aidong Zhang was a “big businessman”, well known in Fiji and could generate \$10 million profit per year. The three met in China in 2014 together with family members of Mr Yong Chen and agreed to start a company called Bairain Group (Fiji) Ltd. The company would have a share capital of \$6 million, and Mr Yong Chen’s family would have 80% share of the company, while Mr Shi Yuhu and Mr Aidong Zhang would have 10% share each. They agreed to form the company in Fiji and purchase a property.

Mr Shi Yuhu and Mr Aidong Zhang returned to Fiji and told Mr Yong Chen that 148 Waimanu Road was for sale for \$5.5 million. Mr Yong Chen agreed to purchase the property. Mr Aidong Zhang sent an email with a draft copy of the Sales and Purchase Agreement confirming that \$5.5 million was the purchase price. Mr Yong Chen advised Mr Aidong Zhang to sign the Sales and Purchase Agreement on behalf of Bairain Group (Fiji) Ltd. After he signed the S&P Agreement, Mr Aidong Zhang asked Mr Yong Chen to send his share of the \$1.5 million deposit, which was \$1.2 million. Since Bairain Group (Fiji) Ltd was not yet registered in Fiji, the \$1.2 million was remitted to the bank account of Ostanding (Fiji) Limited, a company that was recently established.

Bairain Group (Fiji) Ltd was incorporated later in the year and Mr Yong Chen, believing that the purchase price was \$5.5 million, remitted \$4,037,620.65 to the bank account of Bairain Group (Fiji) Ltd. Questions were raised amongst the shareholders in early 2015 regarding the purchase price of the property. After consulting the vendor and his solicitor it was revealed that the actual purchase price for the property was \$3.3 million and not \$5.5 million. In his defense, Mr Aidong Zhang stated that he and Mr Shi Yuhu decided that Ostanding (Fiji) Limited would purchase the property first for \$3.3 million then sell it to Bairain Group (Fiji) Ltd. Both men were directors of Ostanding (Fiji) Limited and would make a profit of \$2.2 million. In purchasing the property, Mr Aidong Zhang stated that he was acting as a middleman and the \$1.2 million sent by Mr Chen Yong was the profit for Ostanding (Fiji) Limited.

On 16 August 2019 Mr Aidong Zhang was convicted of one count of obtaining property by deception and money laundering. On 27 September 2019, he returned \$1 million to Mr Yong Chen as ordered by the High Court. On 31 October 2019, Mr Aidong Zhang was sentenced to 3 years imprisonment that was suspended for 18 months for both the charges. He was also fined \$100,000.00 and his shares in Bairain Group (Fiji) Ltd terminated and given to the complainant. The DPP has appealed the sentence.



Court Outcome:

Conviction	Restitution	Sentence*
<ul style="list-style-type: none"> <li>1 Count Obtaining Property by Deception</li> <li>1 Count Money Laundering</li> </ul>	<ul style="list-style-type: none"> <li>Returned \$1 million</li> </ul>	<ul style="list-style-type: none"> <li>3 years suspended sentence</li> <li>\$100,000 fine</li> <li>Shares terminated</li> </ul>
		* Appealed by ODPF

### Case Study 1: Cash and Drugs

Person A was reported to the FIU in a STR for depositing \$17,000.00 cash into his wife’s loan account. Person A was asked about the source of the cash deposit and he advised that it was from the sale of a vehicle. Person A stated that Person X purchased the vehicle with €14,500.00. Analysis of Person X revealed that she was unemployed and had acquired 4 high value vehicles in a period of one year and received unusual cash deposits into her bank account. She also received remittances totaling approximately \$13,500.00 from individuals in Country Z. It was later discovered that Person X was also associated with a Person Y, foreign national from Country Z. Person Y is suspected

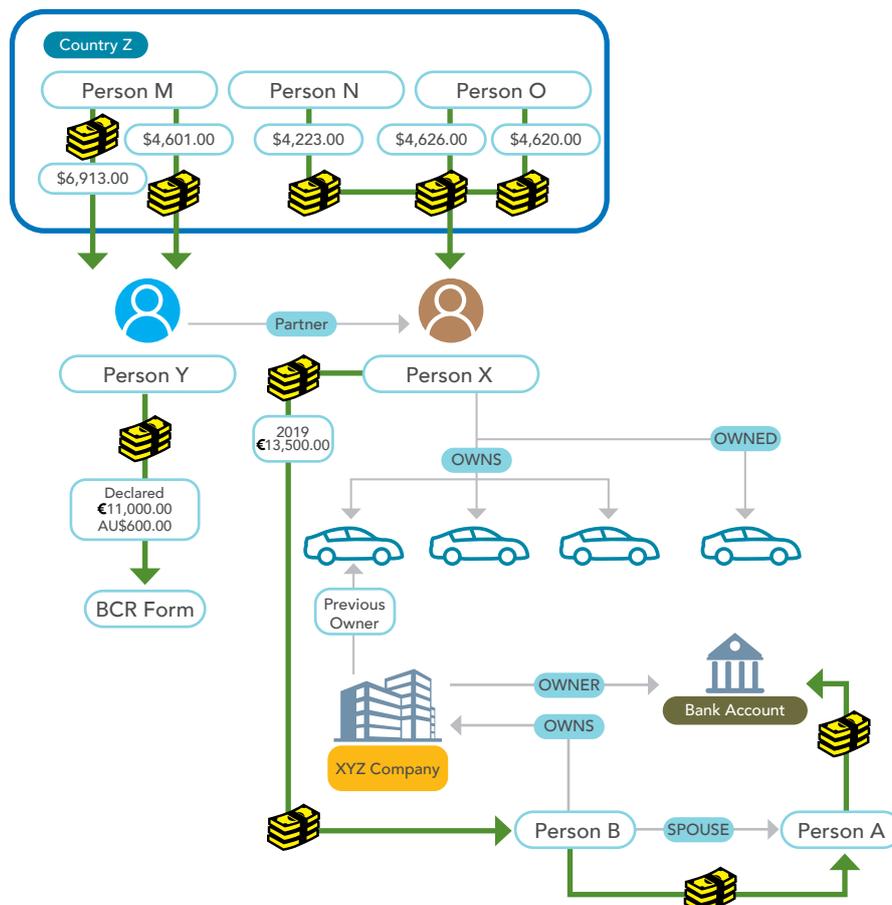
to be involved in the transshipment of illicit substances in and out of Fiji. A case dissemination report was provided to Fiji Police Force for their profiling and investigation.

#### Indicators:

- Frequent and unusual cash deposits
- Acquisition of high value assets that do not match customer profile
- Use of large amounts of foreign currency

#### Possible offence:

- Money laundering
- Failure to declare currency
- Drug trafficking



### Case Study 2: Unexplained Wealth of a Businesswoman

Person X, a businesswoman was reported in two STRs for conducting frequent large cash deposits into her personal account. Profiling of Person X revealed that she was a young sole trader operating two businesses in an outer island in Fiji. Person X acquired four vehicles under her name and her business trading names. Analysis of her bank account revealed that more than \$1,000,000.00 in cash was deposited into her bank account in 2018. Her income declared in her 2018 income tax returns was less than half this amount. In the first seven months of 2019 she received cash deposits amounting to more than \$600,000.00. A case dissemination was provided to the tax authority for possible under-declaration of income.

Further analysis also revealed that the business activities declared by Person X did not match the large volume of cash deposits received into her bank account. A case dissemination report was also provided to Fiji Police Force for further profiling.

#### Indicators:

- The significant cash transactions did not match her daily business operations and profile
- Consecutive large cash deposits
- Her earnings are more than what she has declared to out tax authority

#### Offence:

- Tax Evasion
- Possible Drug related activities

### Case Study 3: Funds, Properties and Tax Evasion

The Fiji FIU received a STR in October 2018 on the alleged sale of a Fijian business, Company D with a payment of reportedly \$300,000.00 made overseas. The directors were foreigners, Person X and his wife Person W, and Person Y. The purchaser was a foreigner, Person A, reportedly a car dealer in Country Z. It was also alleged that Person A was operating various businesses illegally in Fiji without proper business and ownership registration. We also established that Person A made no tax declarations in Fiji.

In March 2019, Person A was brought to the attention of the Fiji FIU again in another STR. He was reported for receiving a large inward telegraphic transfer of approximately \$900,000.00

into his personal bank account in Fiji from one Person B in Country Y reportedly for the purchase of property in a prominent location in Fiji.

Upon bank account analysis, it was established that Person A was receiving large telegraphic transfers from various entities in Country Z. Person A was found to be associated with many entities based in Country Z and received remittances totaling approximately FJ\$3.1 million from Country Z into his Fijian bank accounts.

The majority of the funds were received from a Country Z based entity Company C. Further checks revealed that Person A was one of the directors of Company C.

Person A transferred approximately \$4.5 million domestically in 2014, 2015, and 2017 to 2019 to various local entities including Company D (approximately \$62,500.00).

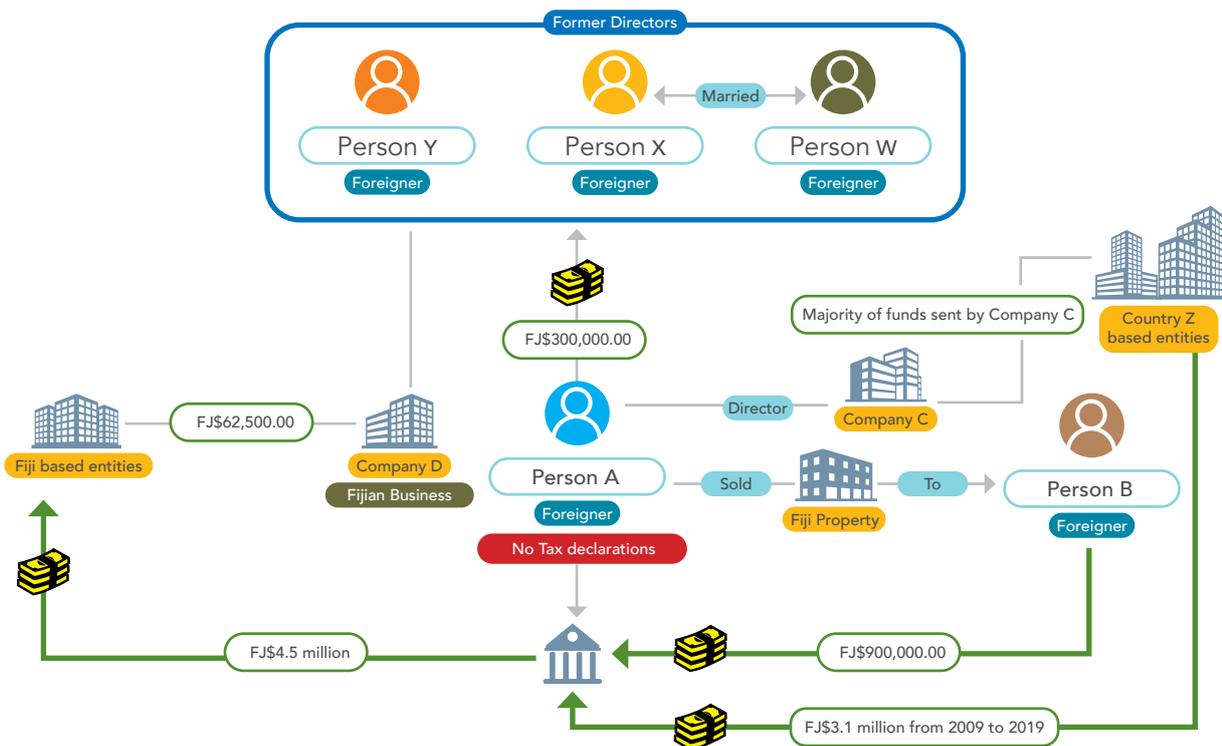
It appeared that Person A could have been evading tax in both Fiji and Country Z by co-mingling funds from his overseas and local businesses in Fiji. A case dissemination report was provided to tax authorities in Fiji and Country Z.

**Indicators:**

- Large telegraphic transfers from associated entities abroad
- No tax lodgment made to local tax authority
- Suspicious transfer of funds to local entities with no apparent relationship

**Possible Offence:**

- Tax evasion
- Money laundering



### Case Study 4: Wire Transfers and Tax Evasion

Person H, a dual citizen of Fiji and Country X, was brought to the attention of the Fiji FIU in two STRs for a possible case of tax evasion. The matter was brought to the attention of the Fiji FIU by two commercial banks based on suspicion that Person H was conducting business like transactions from his personal bank accounts and receiving large telegraphic transfers from overseas.

Fiji FIU analysis revealed that a total of approximately \$93,000.00 was remitted from Country X by his spouse, Person I into Person H's local bank accounts in Fiji in 2013, 2016 to 2018. The Fiji FIU also established that Person H remitted approximately \$75,000.00 from his bank

accounts in Country X to his Fijian bank accounts in 2012, 2013, 2015 and 2016. Large remittances were received from the couples' bank accounts in Country X.

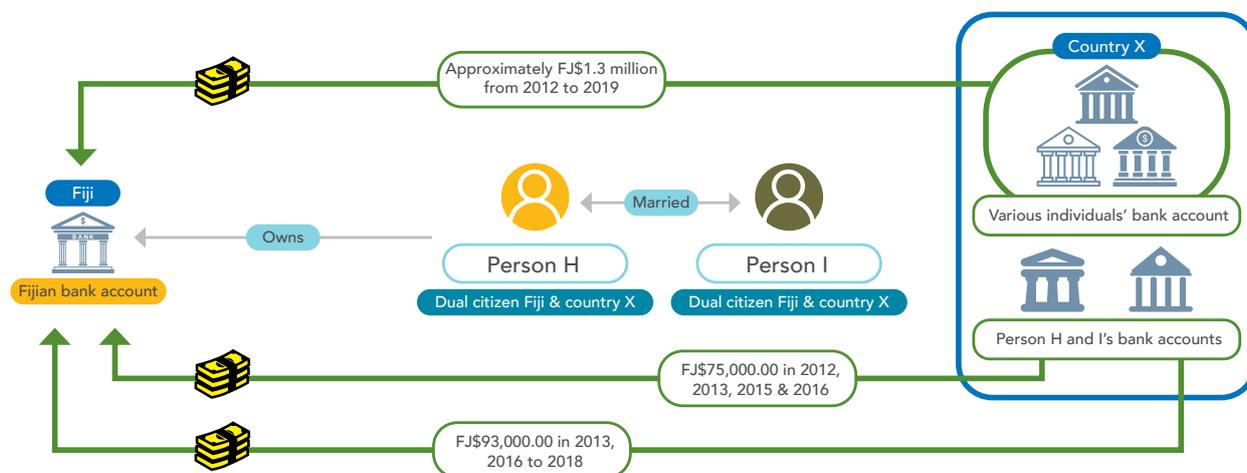
A case dissemination report was provided to the relevant taxation authority in Country X.

#### Indicators:

- Large telegraphic transfers from related individuals and own accounts held abroad
- Frequent transfer of funds from abroad to local bank accounts in Fiji over the years

#### Offence:

- Tax evasion in overseas country
- Money laundering



### Case Study 5: Business Email Compromise

The Fiji FIU received a STR from a commercial bank that an overseas bank account had been used to fraudulently obtain funds from Company J, a local company based in Fiji. The Fiji FIU established that criminals hacked email correspondences between Company J and their suppliers in Country A (business email compromise scam) and manipulated the payment instruction provided to Company J. The hackers changed the beneficiary name and account number and advised Company J to send funds to an account based in Country B.

Funds totaling approximately \$1.9 million was transferred to the bank account in Country B belonging to Company Z. Company J realized that their accounts were hacked within 24 hours of sending the remittance and notified its bank and the Fiji FIU.

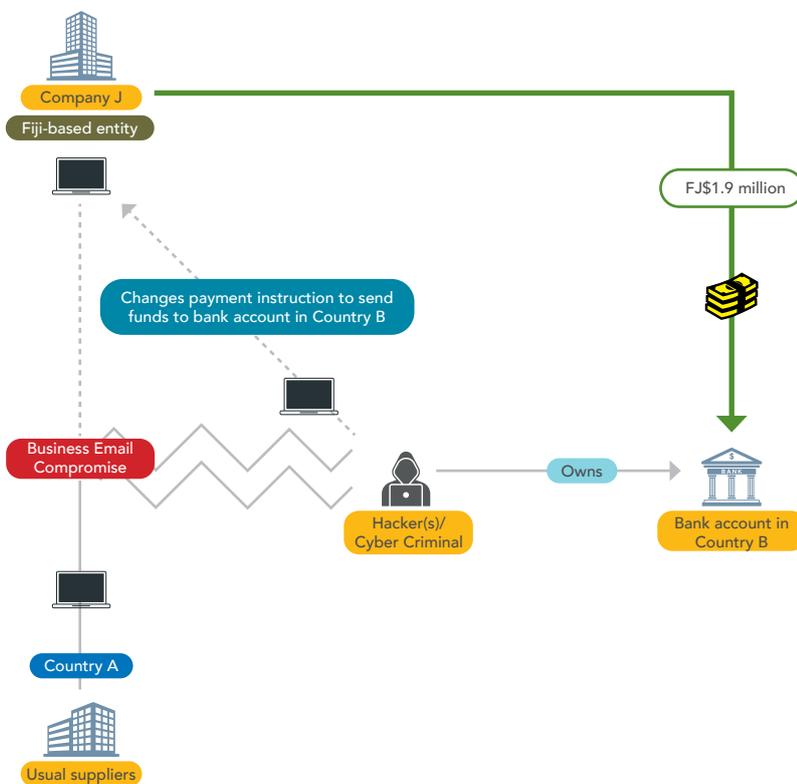
A case dissemination report was provided to the FIU in Country X and funds were successfully returned to the local bank in Fiji.

#### Indicators:

- Sudden change in payment instructions for no apparent reason
- Change in email address of suppliers
- Change in tone of email and/or frequent request for updates on when transfer will be made

#### Offence:

- Cybercrime/cyber money laundering



**Case Study 6: Wire transfers and co-mingling of funds**

Person X, a retired foreign national was reported when there was a sudden change in account behaviour from dormant to frequent inward remittances ranging from \$2,000.00 to \$250,000.00. Person X received remittances totalling approximately \$3.2 million from February 2018 to May 2019. Analysis of Person X’s bank account also revealed that he had transferred approximately FJ\$90,000.00 to Company XYZ. Person X received approximately \$1 million in remittances from Person Y.

Company XYZ, a local company, also received remittances from Person Y totalling \$3.2 million

from March 2018 to June 2019. Person Y, a foreign investor is the sole shareholder/director of Company XYZ. The relationship between Person X, Y and Company XYZ was unclear.

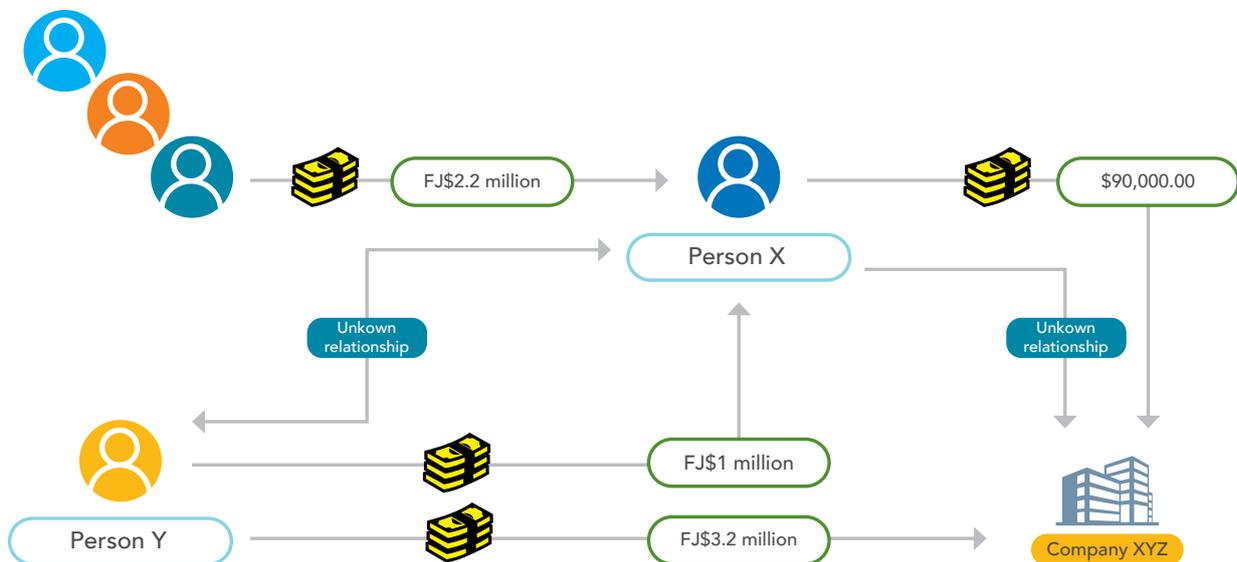
The Fiji FIU disseminated the case to the tax authority for further profiling.

**Possible Offence:**

- Tax Evasion

**Indicators:**

- Significant bank account activity
- Attempt to remit funds received from offshore into local account immediately after funds were received



# 9 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
AUSTRAC	Australian Transaction Reports and Analysis Centre
BCR	Border Currency Report
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
EFTR	Electronic Funds Transfer Report
EMO	Electronic Money Order
ESW	Egmont Secure Web
FATF	Financial Action Task Force

FFIMSO	Fiji FIU Information Management System Online
FICAC	Fiji Independent Commission Against Corruption
FIU	Financial Intelligence Unit
FNIC	Fiji National Identification Card
FRCS	Fiji Revenue and Customs Services
FUR	Follow-Up Report
FPF	Fiji Police Force
FTR	Financial Transactions Reporting
GSPWG	Global Standards Proportionality Working Group
IMF	International Monetary Fund
MER	Mutual Evaluation Report
ML / TF	Money Laundering and Terrorist Financing
MOA	Memorandum of Agreement
MRSP	Money Remittance Service Provider
ODPP	Office of the Director of Public Prosecutions
RBF	Reserve Bank of Fiji
STR	Suspicious Transaction Report



## FINANCIAL INTELLIGENCE UNIT STRATEGIC PLAN 2020-2024

**Our Vision:**  
*Protecting Fiji from Money Laundering*

### Our Strategic Pillars:



### Our Key Strategies:

1. Develop and disseminate intelligence
2. Maximise use of our intelligence
3. Create more awareness on money laundering
4. Implement risk based preventive measures
5. Enhance financial institutions understanding of their obligations
6. Effective supervision of financial institutions
7. Effective data reporting
8. Innovative data analytics
9. Improve data quality and information security
10. Enhance information sharing
11. Strengthen partnerships
12. Support international AML/CFT initiatives
13. Cultivate a skilled, motivated and high performing team
14. Corporate governance



## Contact Information

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