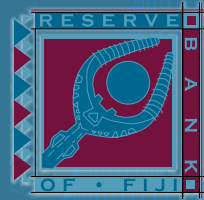


# FIJI FINANCIAL INTELLIGENCE UNIT 2012 ANNUAL REPORT



**Fiji FIU**  
Fiji Financial Intelligence Unit







**Fiji FIU**  
Fiji Financial Intelligence Unit



## OUR VISION

Protecting Fiji from Money Laundering

## OUR MISSION

Our mission is to:

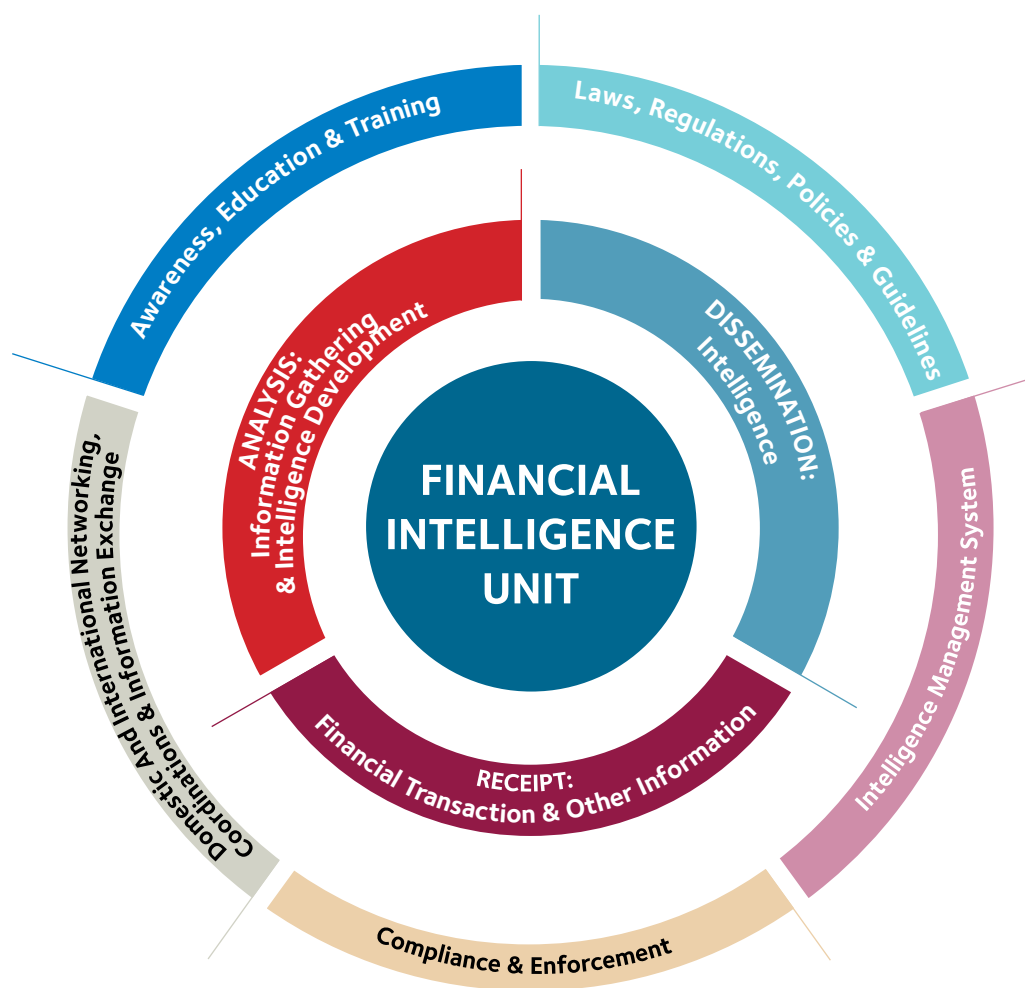
1. Formulate and implement strategies to combat money laundering, terrorist financing and other serious crimes to ensure the safety and integrity of Fiji's financial system.
2. Ensure compliance with global standards on anti-money laundering and combating the financing of terrorism.
3. Assist in the detection, investigation and prosecution of money laundering and terrorist financing offences.
4. Provide timely and quality information and advice to our stakeholders.
5. Develop and utilise skilled staff.

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# ROLE OF THE FINANCIAL INTELLIGENCE UNIT



The Financial Intelligence Unit (FIU) is established under the Financial Transactions Reporting (FTR) Act 22 of 2004. Its role and functions are provided under the FTR Act that are aimed primarily at preventing and detecting money laundering and terrorist financing activities.

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

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

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

- i. receive financial transaction and other information from financial institutions;
- ii. analyse information and develop intelligence;
- iii. refer information of possible money laundering

activities or other serious offences to appropriate law enforcement agencies;

- iv. assist domestic and foreign law enforcement agencies in their investigation and prosecution of money laundering and other serious criminal activities;
- v. develop policies, guidelines and advisories under the FTR Act;
- vi. enforce compliance by financial institutions with the requirements of the FTR Act;
- vii. provide education and training to its stakeholders;
- viii. maintain strong networking with domestic and foreign partner stakeholders and agencies.

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

The National AML Council provides assistance to the FIU on broad AML policy and national coordination framework.

The Reserve Bank of Fiji (RBF) provides funding and administrative support for the FIU's operations.

## DIRECTOR'S FOREWORD



I am pleased to present the 2012 Annual Report of the Financial Intelligence Unit. The Annual Report highlights FIU's key achievements and outputs in 2012 and includes developments in anti-money laundering policy framework, operational achievements and challenges, compliance issues, stakeholder cooperation, and international networking.

With the mission of protecting Fiji from money laundering, the FIU manages financial intelligence framework in Fiji and takes leadership in the areas of domestic and foreign networking, information sharing, policy, compliance and enforcement actions, and international coordination. The FIU provides assistance to its partner agencies to ensure that its intelligence and information contributes towards successful investigation and prosecution of predicate crimes, money laundering offences, and successful restraining and forfeiture of assets and proceeds of crime.

The FIU continued its information technology development work to strengthen data-mining capabilities that would handle advanced intelligence analysis and profiling. This work will continue in 2013.

As a result of the FIU's support for financial inclusion initiatives in Fiji by the RBF and other Fijian Government agencies and the private sector, a policy advisory was issued by the FIU in 2012 that allowed financial institutions to include the Voter Registration Cards for customer due diligence purposes.

The FIU continued to take leadership on Fiji's international cooperation and global AML/CFT compliance. As Fiji's primary contact point for the Asia Pacific Group on Money Laundering (APG), the FIU contributed on mutual evaluation, policy, membership and governance issues. In 2012, the FIU

also assumed the co-chair role of APG's typologies working group and successfully led the APG's annual typologies forum that was held in Vietnam. The FIU also assumed the role of chair of the Association of Pacific Islands Financial Intelligence Units.

In 2012, the FIU continued to strengthen bilateral information exchange mechanism with FIUs of foreign countries. I am pleased to report that the FIU now has Memorandum of Agreements (MOA) on information exchange with FIUs of 18 countries. Also during the year, the FIU signed a MOA with a domestic law enforcement agency bringing the total to 10 MOAs signed with domestic partner agencies.

As a result of FIU's enforcement and compliance enforcement measures, a foreign exchange dealer was convicted in 2012 for failure to comply with the suspicious transaction reporting obligations under the FTR Act. This is Fiji's first successful case under the FTR Act.

I am pleased to report that Fiji recorded five money laundering conviction cases in 2012, which is the highest annual number of successful money laundering cases to be recorded in Fiji.

Furthermore, one of the money laundering conviction cases in 2012 involved internet banking cyber-crime activities which is also Fiji's first and only case for this type of cyber scam.

The FIU and the Fiji Police Force organised a joint workshop for police investigators on special techniques of investigating money laundering and proceeds of crime cases. The FIU also provided training to its key stakeholders including the financial institutions on the AML/CFT framework and outreach visits.

The following is a summary of the FIU's outputs and performance for 2012:

- received and analysed 579 suspicious transaction reports;
- received 200,404 cash transaction reports;
- received 830,959 electronic fund transfers reports;
- managed 2,700,000 financial transaction information on our database;
- received 477 border currency reports;
- disseminated 246 intelligence reports to law enforcement agencies;
- issued eight Alert Notices to financial institutions on suspicious persons and entities;
- issued four Directives to financial institutions;
- handled 133 requests for investigative assistance from law enforcement agencies;
- handled 122 requests for due diligence and background checks from government agencies;
- provided AML and FTR Act training to 453 officers of financial institutions and 135 officers of law enforcement agencies;
- made 735 enquires and requests for further information from financial institutions;
- organised a joint FIU/Fiji Police workshop for police investigators;
- enrolled 58 officials at the National AML Computer Based Training Center;
- provided secretariat support for the National AML Council and Working Groups;
- issued 43 ad-hoc policy advisories and two policy advisories to financial institutions;

- conducted data quality assessments of transaction reports received from two commercial banks;
- held two AML Compliance Officers Forums;
- registered 86 AML Compliance Officers of financial institutions (since 2006);
- managed 94 current authorised users of the FIU's online IT system;
- signed MOAs with FIUs of four countries;
- signed a MOA with a domestic law enforcement agency;
- contributed to five successful money laundering conviction cases.

The FIU continues to play an important role in Fiji in the fight against money laundering, terrorist financing, fraud, corruption and other organised crimes.

I would like to thank the RBF for providing financial and administrative support to the FIU in 2012. I would like to also thank the Commissioner of Police and the Chief Executive Officer of the Fiji Revenue and Customs Authority (FRCA) for seconding their officers to the FIU.

2013 will bring new challenges for the FIU as we make preparations for the implementation of new AML/CFT international standards. I look forward to ongoing and stronger partnership with government agencies, private sector financial institutions and the National AML Council in achieving our vision of "protecting Fiji from money laundering".



Razim Buksh

**Director**



# GOVERNANCE

## Establishment of the FIU

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

### Minister for Justice

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

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

### Governor of the Reserve Bank of Fiji

Pursuant to a ministerial delegation under the FTR Act, the Director of the FIU reports to the Governor of the RBF for the discharge of his powers, duties and functions provided under the FTR Act.<sup>1</sup> Subsequent to this delegation and on the recommendation of the Governor, the Board of Directors of the RBF approved the organisation structure of the FIU.

## Director of the FIU

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

### Accountability to the Governor

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

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

FTR ACT	
s.22	Establishes the FIU
s.23	Establishes the position of the Director FIU
	Provides for the Director's remuneration
	Powers, duties and functions of the FIU vested in the Director
	Director's accountability
	Director's powers to appoint staff
	Director to report to the Minister
s.24	Director not to disclose information
s.25	Functions, duties & powers of the FIU
s.26	FIU's powers to enter into agreements with other agencies
s.27	Disclosure to foreign agencies
s.28	Power to examine for compliance
s.29	Power to enforce compliance
s.30	Non-disclosure of information
s.31	Immunity provisions

<sup>1</sup>Delegation of powers was provided in the Fiji Gazette Supplement No. 36 of 9 December 2005.

## Reporting to the National Anti-Money Laundering Council

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

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

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

## Funding and Administration

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

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

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

The FIU also receives indirect financial support from the Fiji Police Force and the FRCA through staff secondment to the FIU on a 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 Government.

## Independence of the FIU

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

The FTR Act requires that the consideration for appointment of Director FIU by the Minister (Governor of the RBF under delegation of authority) is subject to the recommendation of the National AML Council. The FTR Act also provides how the remuneration package of the Director FIU is determined.

To ensure that the functions of the FIU are not influenced by other parties, the Director of the FIU is solely vested with the powers to discharge the statutory and functional responsibilities of the FIU.

## FIU - Governance and Accountability Framework

### Minister for Justice

Minister responsible for the FIU under the FTR Act.

Delegated his responsibilities under the FTR Act to the Governor of the Reserve Bank of Fiji.

### Governor of the Reserve Bank of Fiji

Responsible for the administration of the FIU under the delegation of powers from the Minister for Justice.

### Director of the Financial Intelligence Unit

Responsible for the powers, functions and duties of the FIU as specified in the FTR Act. Reports directly to the Governor of the Reserve Bank of Fiji.

### National AML Council

Responsible for providing advice and assistance to the FIU on the prevention of money laundering and terrorist financing activities in Fiji.



# MISSION

1

To formulate and implement strategies to combat money laundering, terrorist financing and other serious crimes to ensure the safety and integrity of Fiji's financial system

# IMPLEMENT STRATEGIES TO COMBAT MONEY LAUNDERING AND OTHER SERIOUS CRIMES

## Laws, Policy and Procedural Measures

### Implementation of the FTR Act and Regulations

The FTR Act outlines various requirements that financial institutions in Fiji have to meet in order to prevent or detect money laundering, terrorist financing and other related activities. These requirements in the FTR Act are based on international AML/CFT standards and the Financial Action Taskforce (FATF) Recommendations.

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

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

In 2012, the FIU worked closely with the financial institutions in implementing the various provisions of the FTR Act and Regulations.

During the year, the FIU consulted with and provided advice to the Ministry of Tourism on AML policy issues relating to casinos following the issue of a casino gaming licence in early 2012. The FIU participated in the Fiji Gaming License Summit organised by the Ministry of Tourism which discussed the regulation of casinos in Fiji. During the year, the FIU also commenced drafting of an AML regulation specific to the casino sector which will be finalised in 2013.

2012 also witnessed the opening of a new commercial bank in Fiji. The FIU provided training and on-going policy advice to the commercial bank on its obligations under the FTR Act and Regulations.

### AML Guidelines & Policy Advisories

In addition to the FTR Act and Regulations, the FIU has issued Guidelines and Policy Advisories. These Guidelines and Advisories provide further guidance on the requirements of the laws.

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

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

In 2012, the FIU issued two Policy Advisories.

Policy Advisory 1/2012 provides clarification on the need for continuous reporting of customers who have been previously reported to the FIU as engaging in suspicious transactions.

Policy Advisory 2/2012 advises financial institutions of the inclusion of the Fiji Voter Identification Card for identification and verification of certain customers and clients.

The FIU also provides policy advice on an ad-hoc basis, as and when requested by financial institutions. In 2012, the FIU issued 43 ad-hoc policy advisories explaining various requirements of the FTR Act and Regulations. The majority (19) of the ad-hoc policy advisories related to the customer due diligence requirements of the legislation (Table 1).

**Table 1: Ad-hoc Policy Advisories Issued by FIU 2012**

Nature of Advisory	Number Ad-hoc Advisories Issued
Customer Due Diligence Requirements	19
Transaction Reporting Requirements	10
Other Issues (FIU Alert Notices, role of compliance officer, AML developments)	14
<b>TOTAL</b>	<b>43</b>

Source: Fiji FIU

The FIU also held consultations with RBF during 2012 on policy issues regarding a draft revision of the AML policy for RBF licenced financial institutions.



## Compliance

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

Financial institutions are supervised by the FIU and RBF for compliance with the FTR Act and Regulations.

The result of an off-site compliance assessment of law firms which was conducted by the FIU in early 2011 was finalised during 2012.

During the year, the FIU liaised with two commercial banks on compliance issues relating to their reporting of financial transactions to the FIU as required under the FTR Act. The two commercial banks were able to rectify these compliance issues during the year.

In late 2011, the FIU undertook an exercise to assess whether all reportable electronic fund transfer transactions have been reported by remittance service providers to the FIU. This exercise continued in 2012 and will be finalised in 2013.

In 2009, the licence of a foreign exchange dealer was revoked for failing to report a series of suspicious transactions to the FIU. The director of the company was later charged for these breaches under section 14 of the FTR Act in 2010 and was convicted and sentenced in July 2012. This is the first case where a director of a financial institution has been charged and convicted for breaches of the FTR Act.

In efforts to build the capacity of RBF supervisors on their role under the FTR Act, the FIU organised training for supervisors on the requirements of the FTR Act on financial institutions and how to assess compliance against these requirements. The training was attended by 14 staff from the RBF.

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

### Awareness and Training

#### Training and Awareness Programs for Financial Institutions

The FIU provides training upon request to financial institutions. In 2012, a total of 453 employees from financial institutions attended these trainings provided by the FIU. The trainings covered financial institutions' obligations under the FTR Act and Regulations (Table 2).

Table 2: FIU Trainings to Financial Institutions

Sector	Number of Participants
Commercial Banks	161
Finance Companies	78
Insurance Companies	16
Accounting Firms	96
Superannuation	102
<b>TOTAL</b>	<b>453</b>

Source: Fiji FIU

The FIU also participated in a seminar organised by the Fiji Institute of Bankers in Lautoka. This seminar covered bankers' obligations under the FTR Act.

The FIU also held networking visits with financial institutions in Nadi and Lautoka. The objectives of the visits were to network with financial institutions and provide training and awareness on the FTR Act. A total of 10 financial institutions were covered in this awareness program in the western division (Table 3).

Table 3: FIU Networking and Training Program for Nadi and Lautoka

Type of Financial Institution	Comment
Commercial Banks	<ul style="list-style-type: none"> <li>• Training on customer due diligence; suspicious transaction reporting; the role of the AML Compliance Officer;</li> <li>• Money laundering and proceeds of crime case studies</li> </ul>
Finance Companies	<ul style="list-style-type: none"> <li>• Training on customer due diligence; suspicious transaction reporting; the role of the AML Compliance Officer;</li> <li>• Money laundering and proceeds of crime case studies</li> </ul>
Insurance Company and Broker	<ul style="list-style-type: none"> <li>• Training on customer due diligence; suspicious transaction reporting; the role of the AML Compliance Officer</li> <li>• Money laundering and proceeds of crime case studies</li> <li>• Networking meeting with AML Compliance Officer</li> </ul>
Accounting Firms	<ul style="list-style-type: none"> <li>• Training on customer due diligence; suspicious transaction reporting; the role of the AML Compliance Officer</li> <li>• Money laundering and proceeds of crime case studies</li> <li>• Networking meeting with AML Compliance Officer</li> </ul>

Source: Fiji FIU

## Training and Awareness Programs for Law Enforcement Agencies

During the year, the FIU also provided training to law enforcement agencies. These training sessions were attended by 135 law enforcement officials. The training raised awareness on money laundering and the role and functions of the FIU (Table 4).

**Table 4: FIU Training Presentations to Law Enforcement Agencies**

Date	Particular of Training	Participating Agencies	Number of Participants
9 March	Fiji Police Force Qualifying CID Course	Fiji Police Force	40
25 April	Fiji Police Intelligence Bureau-Middle Management workshop	Fiji Police Force	25
30 August	Grade II Staff and Tactics Course	Fiji Military Forces	20
23-24 October	Proceeds of Crime: Follow the Money Workshop	Fiji Police Force	25
30 October	Criminal Intelligence Workshop	Fiji Police Force; FRCA; Immigration Department	25
<b>TOTAL</b>			<b>135</b>

Source: Fiji FIU

In October 2012, the FIU together with the Fiji Police Force organised a workshop titled "Proceeds of Crime: Follow the Money Workshop."

The Workshop was targeted at Police Officers who are directly involved in investigating criminal cases that generate financial gains for criminals. A total of 25 Police Officers attended this workshop.

The key objectives of the workshop were to:

1. train investigators to investigate money laundering offences; and
2. make investigators aware of the importance of following the proceeds of crime and the investigative techniques for tracing and confiscating proceeds of crime.



Proceeds of Crime: Follow the Money Workshop, October 2012

The workshop was opened by the Commissioner of Police, Brigadier General Ioane Naivalurua. The main facilitator for the workshop was Madam Nazhat Shameem, a former Director of Public Prosecutions and former High Court Judge.



Fiji Times article on the FIU/Police Joint Workshop on Proceeds of Crime held on 23-24 October 2012 in Nadi



The FIU was also invited to present at a workshop organised by the Office of the Director of Public Prosecutions (ODPP) on money laundering and proceeds of crime. The workshop was attended by 49 prosecutors from the ODPP.

### Awareness Programs for Other Stakeholders

The FIU was also invited during the year to make presentations at a Forensic Accounting & Fraud Investigation course (Bachelor of Accounting program) at the Fiji National University and at a Senior Manager’s Course organised by the Public Service Commission. These forums provided opportunities to create awareness on Fiji’s AML/CFT framework and the role and functions of the FIU.

### National AML Learning Centre

The FIU continued to provide administrative support for the National AML Learning Centre during 2012. The Centre is based within the FIU office and provides computer based training (CBT) courses on money laundering and other topics (such as human trafficking, precursor chemicals, search techniques on a car, container, person or aircraft, controlled deliveries, basic intelligence analysis and airport and seaport security). The CBT courses available at the Centre have been developed by the United Nations Office on Drugs and Crime (UNODC) using subject experts from around the world.



A total of 58 officials from various government agencies and financial institutions enrolled for courses at the Centre during 2012. Some students had enrolled in more than one course.

18 students completed various courses at the Centre during the year (Table 5). Some students completed more than one course.

CBT Course	Number Completed
Money Laundering Course	13
Advanced Money Laundering Course	10
Other Courses	16

Source: Fiji FIU

## Domestic Coordination

### National AML Council

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

The National AML Council held four meetings during 2012 and its work was supported by the three AML Working Groups (Refer to section on National AML Council for more information on the Council).

The Director FIU is a member of the National AML Council and participated in the Council’s activities for 2012.

The FIU worked closely with the Council on Fiji’s Detailed Progress Report (DPR) to the APG. The DPR provides an annual update on Fiji’s progress on compliance with the recommendations of the 2006 Mutual Evaluation Report by the World Bank. The FIU also worked closely with the Council on other key national AML/CFT initiatives such as coordination of a visit to Fiji by an APG representative during the year and representation of Fiji at the APG Annual Plenary Meeting.

### Memorandum of Agreement with Partner Agencies

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

In 2012, the FIU signed a MOA with the Maritime Safety Authority of Fiji. To date the FIU has signed MOAs with 10 domestic partner agencies (Table 6).



From left: Mr Mr Neale Slack , CEO Maritime Safety Authority of Fiji and Mr Razim Buksh Director FIU at the signing of MOA between the FIU and Maritime Safety Authority of Fiji

Three officers from the FIU's partner agencies continued to be seconded with the FIU during 2012 as provided under the MOA arrangement. Two of the seconded officers are from FRCA and one officer is from the Fiji Police Force.

**Table 6: Memorandum of Agreements with Partner Agencies**

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

Source: Fiji FIU

### Counter Terrorism Officials Working Group

The FIU is a member of the Counter Terrorism Officials Working Group (CTOG), a national Working Group consisting of 12 national agencies. The CTOG is responsible for developing and implementing Fiji's counter terrorism strategy.

During 2012, the FIU continued to contribute to the work of CTOG. This was primarily the finalization of the drafting of the counter terrorism decree.

### Reserve Bank of Fiji e-Money Taskforce

The FIU is a member of an internal RBF Taskforce called the e-Money Taskforce. The Taskforce was established in 2010 for the purpose of overseeing the development of the mobile phone banking sector in Fiji. The Taskforce was instrumental in consulting with the two mobile phone companies in Fiji for the introduction of mobile phone banking services.

The FIU participated in the meetings and activities of the e-Money Taskforce in 2012.

As a member of this Taskforce, the FIU also participated in consultations on the draft laws and regulations for the Payment and Settlement System.

## International Coordination

### Egmont Group

The FIU is a member of the Egmont Group of FIUs of the world since 2009 and contributed to its activities during 2012.

The Egmont Group is an international association of FIUs from various jurisdictions. It currently has 131 FIUs as members. The goal of the Egmont Group is to provide a forum for its member FIUs to improve support to their respective governments in the fight against money laundering, terrorist financing and other financial crimes.

The FIU also provided regular updates throughout the year to the Egmont Group Oceania regional representative on key AML/CFT initiatives and developments in Fiji.

During the year, the FIU participated in the Egmont Group 2012 "Best Egmont Case Award". This is an annual competition where member FIUs are invited to submit a recent money laundering case study which involved, among other things, international cooperation and highlighted the FIUs' role. The submissions are then judged by the Egmont Group.

The Fiji FIU participated at the Egmont Group's 2012 Annual Plenary Meeting which was held in Russia. The FIU also provided assistance and information to other Egmont Group members upon request through the Egmont Secure Website.

### Memorandum of Agreements with Foreign FIUs

The FIU has the mandate under the FTR Act to enter into formal agreements with foreign FIUs or law enforcement agencies. The MOAs allow for the cooperation and the exchange of information relevant to the investigation or prosecution of a money laundering offence, terrorist financing offence or any other serious offence.

In 2012, the FIU signed MOAs with four foreign FIUs namely the Macau SAR China, South Africa, Republic of China (Taiwan) and Belgium. This brings to 18 the total number of MOAs that the Fiji FIU has signed with foreign FIUs (Table 7).



**Table 7: MOAs with Foreign FIUs**

Country	Name of FIU	Date
Australia	Australian Transactions Reports and Analysis Centre	19 May 2011
Belgium	Financial Intelligence Unit	3 September 2012
Canada	Financial Transactions and Reports Analysis Centre of Canada	12 July 2011
Cook Islands	Cook Islands FIU	21 July 2011
France	The Intelligence Processing and Action Against Illicit Financial Networks Unit of the French FIU	12 July 2011
Indonesia	Indonesian Financial Transaction Reports and Analysis Center, Indonesia	10 July 2009
Korea	Korea FIU	6 May 2011
Macau SAR China	Financial Intelligence Office	6 and 13 March 2012
Malaysia	Unit Perisikan Kewangan, Bank Negara Malaysia	3 February 2010
Philippines	The Anti-Money Laundering Council, The Financial Intelligence Unit of the Republic of the Philippines	13 July 2011
Papua New Guinea	Papua New Guinea FIU	8 December 2011
Solomon Islands	Solomon Islands FIU	12 July 2011
South Africa	Financial Intelligence Centre	11 July 2012
Sri Lanka	Financial Intelligence Unit of Central Bank of Sri Lanka	21 July 2011
Republic of China (Taiwan)	Anti-Money Laundering Division, Investigation Bureau, Ministry of Justice	10 July 2012
Thailand	The AML Office of the Kingdom of Thailand	25 October 2011
United Kingdom	The Serious Organised Crime Agency Financial Intelligence Unit	12 July 2011
United States of America	The Financial Crimes Enforcement Network	12 July 2011

Source: Fiji FIU

### Association of Pacific Island FIUs

The Association of Pacific Island FIUs (APIFIU) is an association of Pacific Island FIUs which was formed in 2010. Currently, the 11 members of APIFIU are Cook Islands, Fiji, Nauru, Niue, Palau, Papua New Guinea, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga and Vanuatu.

The FIU participated in the meeting of APIFIU during the year. The Director of Fiji FIU was elected the chairperson of APIFIU for 2012/2013. The secretariat support for APIFIU is provided by Niue.



During the year, the FIU provided two weeks attachment for an officer from the Solomon Islands FIU. The FIU also provided advice to regional FIUs on various aspects of Fiji's AML/CFT framework.

### Asia Pacific Group on Money Laundering

The APG is an autonomous and collaborative international organisation currently comprising 41 member countries. Fiji has been a member of the APG since it was established in 1997.

During 2012, the FIU continued to participate in the activities of the APG.

The FIU participated in the following key APG programs during the year:

- i. attended the APG Annual Plenary Meeting held in Australia;
- ii. participated in the APG mutual evaluation follow up review team of an APG member;
- iii. participated in the APG survey on policy gap in proceeds of crime and prosecuting money laundering;
- iv. attended the APG Typologies Workshop held in Vietnam;
- v. made a presentation on a recent money laundering case at the APG Typologies Workshop;
- vi. The Director of the FIU chaired the 2012 APG Typologies Working Group Forum that was held in Vietnam.

The FIU also prepared and submitted Fiji's country report, technical assistance report, Fiji's money laundering typologies report and mutual evaluation progress report for the 2012 APG Annual Plenary Meeting and the Typologies Workshop.

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

## Alliance for Financial Inclusion

During 2012, the Alliance for Financial Inclusion (AFI) invited the FIU to be part of the AFI Financial Integrity Working Group (FINTWG).

The aim of FINTWG is to provide a platform for AFI members to discuss critical policy and regulatory issues and to continue the exchange and sharing of successful country-level experiences on how to balance and reinforce financial integrity and inclusion.

The FIU participated in two meetings of the FINTWG and the AFI Global Policy Forum during the year.

In 2012, FINTWG conducted a survey of financial inclusion policies and practices in its member countries. The FIU coordinated this survey in Fiji which sought responses from the RBF, all commercial banks and finance companies. The FIU also provided input into the revised FATF Financial Inclusion Guidance paper as part of the FINTWG consultation process with FATF. AFI has also noted the positive steps Fiji has made to accommodate AML policies in support of financial inclusion initiatives.

### CASE STUDY 1

#### Suspicious Sale of Business by Former Board Chairman

An STR was reported on a business account (Business A) "receiving 15 separate cash deposits totaling \$300,000 which was purportedly from sales". On the same day, these deposits were made, a cheque of approximately \$303,000 was withdrawn from the business account.

Analysis of the STR revealed that the sole signatory of the business account was a former board chairman (Person B) who had been previously brought to FIU's attention in a request from the Fiji Police. The account name for the business was titled in a manner that concealed the true identity of the business owner.

Tracing of the large cheque withdrawal revealed that it was deposited into the bank account of Business C, which was an investment type of business. Business A was a pharmaceutical supplier.

#### Possible Offence:

- Money Laundering.

#### Indicators:

- Splitting the deposit into 15 transactions.
- Large cash deposits made into the business account within a short span of time.
- Immediate withdrawal of the same amount after the large deposits was made from the business account.
- Signing authority on Business A's account was concealed

### CASE STUDY 2

#### Senior Bank Officer defrauded Bank

The FIU received a STR on a senior bank officer, Person A, who had manipulated foreign currency sale transactions. Person A had used the bank's internal account that was setup to process the sale of foreign currency.

Person A would provide large Fiji dollar cash amounts to a bank teller instructing him to deposit the cash into the bank's internal account. Person A proceeded to completing the foreign currency sale application form using various customer names. These forms were then presented to the foreign currency tellers by Person A who collected the foreign currency notes.

Analysis of the customer names used in the foreign currency sale application forms revealed that some of the customers were not in Fiji when the transactions for "travel funds" were conducted. Transactions totaling approximately FJ\$64,000 was conducted using these customer's names.

#### Possible Offence:

- Forgery

#### Indicators:

- Person A, a senior bank officer, processed the transactions in the absence of the customer at the bank premises.
- Supporting documents were not provided with the foreign currency sale application forms.

# MISSION

2

To ensure compliance with global standards on anti-money laundering and counter terrorist financing



# COMPLY WITH GLOBAL STANDARDS ON ANTI-MONEY LAUNDERING & COMBATING TERRORIST FINANCING

## Implementation of the World Bank Recommendations

Fiji last underwent a mutual evaluation of its AML/CFT framework in 2006. The evaluation was conducted by the World Bank (Table 8).

**Table 8: Summary of Fiji's Compliance Ratings FATF Recommendations 2006**

Compliance Ratings	FATF 40 Recommendations	FATF 9 Special Recommendations	Total
Compliant	8	-	8
Largely Compliant	6	-	6
Partially Compliant	25	7	32
Non Compliant	1	2	3

Source: Fiji FIU

Fiji has made significant progress in implementing a number of the Mutual Evaluation Report (MER) recommendations since 2006.

In 2012, the FIU together with the National AML Council continued to progress work on a number of remaining recommendations of the MER. This included the drafting of regulations on the management of forfeited assets. The regulations, called the Proceeds of Crime (Management and Disposal of Property) Regulations, was approved by Cabinet and issued in September 2012. The Regulation provides further direction on the management and disposal of assets forfeited to the State under the Proceeds of Crime Act.

There are a number of MER recommendations that are being addressed by Government. These include the issuance of a counter terrorism decree and the ratification of the Palermo Convention. The FIU and the National AML Council provided advice as and when needed during the year on the two projects.

The FIU coordinated the compilation and submission of Fiji's DPR to the APG during the year. The DPR provided detailed update to the APG membership on what Fiji has undertaken to address the key and core FATF Recommendations that were rated as "non-compliant" and "partially-compliant" in the 2006 mutual evaluation. Fiji's DPR was submitted at the APG Annual Plenary Meeting in India in 2011 and a second DPR was submitted in Australia in 2012.

## Revision to the FATF Recommendations

The Director of the FIU and the Head of the Fiji Police Force Money Laundering Unit attended the APG Workshop on the Revised FATF Recommendations in April 2012. Following their participation at this workshop, the two officials briefed the National AML Council on the key changes to the Recommendations. The Council discussed and approved that a National Action Plan be developed articulating the measures that Fiji must adopt in order to comply with the new requirements of the Recommendations. The three Working Groups of the Council have been tasked with developing this National Action Plan. Work on the National Action Plan began during the year and will be finalised in 2013. The Action Plan will provide clear direction on how Fiji will implement the new requirements under the revised FATF Recommendations.

## Key Features of the New FATF Recommendations

The FATF 40 + 9 Recommendations were last revised and reissued in 2003. The revised Recommendations were finalised and issued in February 2012.

The objective of the review of the Recommendations was to provide more clarity on the Recommendations, to update the Recommendations and address new threats, and to address implementation problems. An overview of the revisions noted the following:

1. A new over-arching Recommendation on the Risk Based Approach (RBA) clearly sets out the principles and the underlying requirements. RBA applies across all relevant FATF Recommendations. It provides for specific risk-based requirements in some Recommendations.
2. The new FATF Recommendations requires that national AML/CFT policies must be based on risks. Cooperation and coordination mechanisms are required at policy as well as at operational levels.
3. The scope of predicate offences to money laundering is expanded to include tax crimes.
4. The new FATF Recommendations clarifies the requirement to implement targeted financial sanctions (TFS) pursuant to relevant UN Security Council Resolutions (UNSCRs).

5. There is now a new requirement to implement TFS pursuant to relevant UNSCRs on proliferation (similar requirements in the context of terrorism & terrorist financing).
6. The core CDD requirements under the old FATF Recommendations have not changed. The new CDD requirements provide greater specificity on the measures to be taken in order to identify the beneficial ownership of customers that are legal persons or arrangements, and vis-à-vis the beneficiaries of life insurance policies. Additional examples on risk based CDD have been provided.
7. The scope of the new FATF Recommendation is now extended to domestic politically exposed persons and persons who are or have been entrusted with prominent functions by international organisations.
8. Introduction of a clearer requirement for countries to take action to identify and sanction unlicensed or unregistered remittance operators.
9. Additional requirements have been added to enhance the transparency of cross-border wire transfers.
10. Clarification on requirements relating to beneficial ownership.
11. Strengthening of requirements on registration and transparency of legal persons and legal arrangements.
12. More flexibility is provided on sharing and access to FIU information by relevant domestic and international agencies.
13. Law enforcement authorities mandated to investigate money laundering, predicate offences and terrorist financing, within the framework of a national strategy. Authorities should develop parallel financial investigations for money laundering, terrorist financing and predicate offences.
14. Additional powers to be provided to law enforcement agencies on the use of a wide range of techniques such as undercover operations, intercepting communications, accessing computer systems and controlled delivery.
15. The new Recommendations provide clarification of the obligations for countries to have clear and efficient processes to facilitate the execution of mutual legal assistance requests in a timely manner.

### FIU's International Contribution

The FIU's contribution to international initiatives during 2012 included the following:

- Fiji's primary authority and contact point for the APG;
- Head of Fiji delegation to the APG Annual Plenary Forum;
- Chair of APIFIU;
- Co-chair of the APG Typologies Working Group;
- Member of the Egmont Group Operational Working Group;
- Member of the APG mutual evaluation follow-up review team;
- Member of AFI FINTWG;
- Member of the Fijian delegation to the 6th International Association of Anti-Corruption Authorities Annual Conference and General Meeting.

# MISSION

3

To assist in the detection, investigation and prosecution of money laundering and terrorist financing offences



# DETECT AND INVESTIGATE MONEY LAUNDERING AND TERRORIST FINANCING

## Suspicious Transaction Reports

Financial institutions are required under section 14 of the FTR Act and section 24 of the FTR Regulations to report to the FIU, any 'suspicious transactions', including "attempted suspicious transactions" that may be related to a "serious offence, a money laundering offence or an offence of the financing of terrorism".

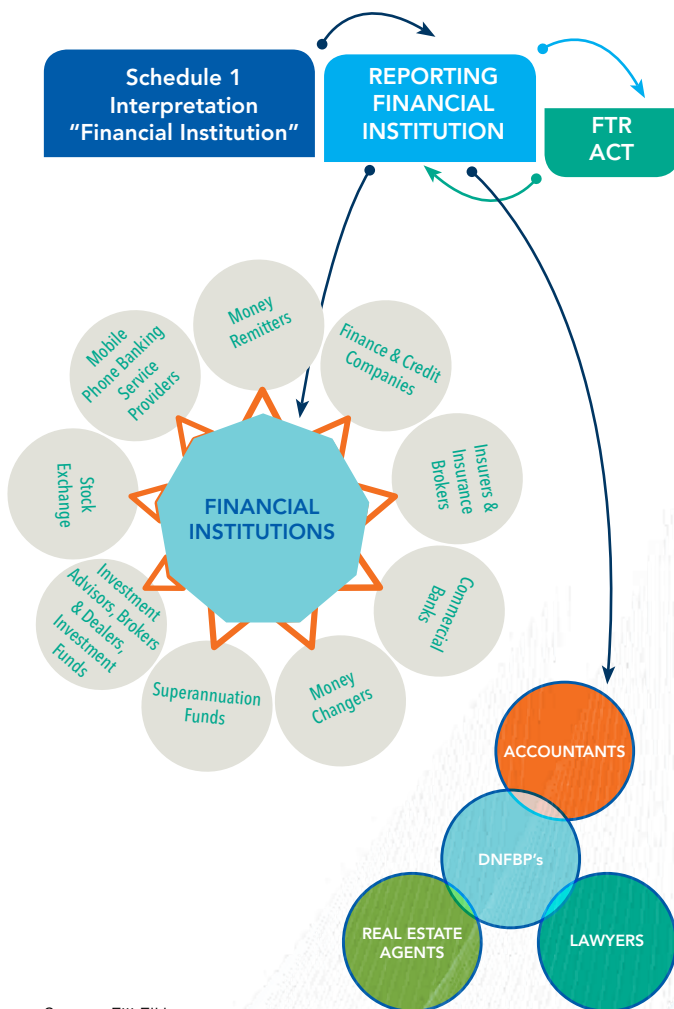
Financial institutions report these suspicious transactions by completing a Suspicious Transaction Report (STR) form. Financial institutions are required to report a STR within two working days upon forming a suspicion.

- a) for an individual – a fine not exceeding \$30,000 or a term of imprisonment not exceeding five years or both;
- b) for a body corporate – a fine not exceeding \$150,000.

In 2012, 579 STRs were reported to the FIU (Table 9; Graph 1). This reflects a decrease of 21 percent compared to 728 STRs reported to the FIU in 2011.

	2008	2009	2010	2011	2012
Total STRs	479	750	629	728	579
Monthly Average STRs	40	63	52	61	48

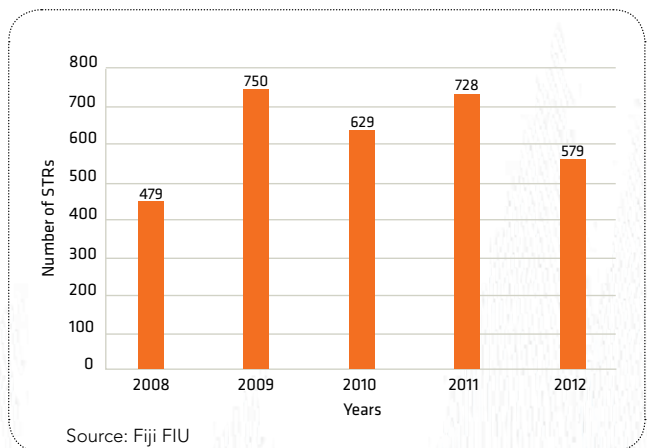
Source: Fiji FIU



Source: Fiji FIU

STRs form a vital part of the FIU's intelligence framework. Serious penalties are provided in the FTR Act for failure to report a suspicious transaction to the FIU and these include:

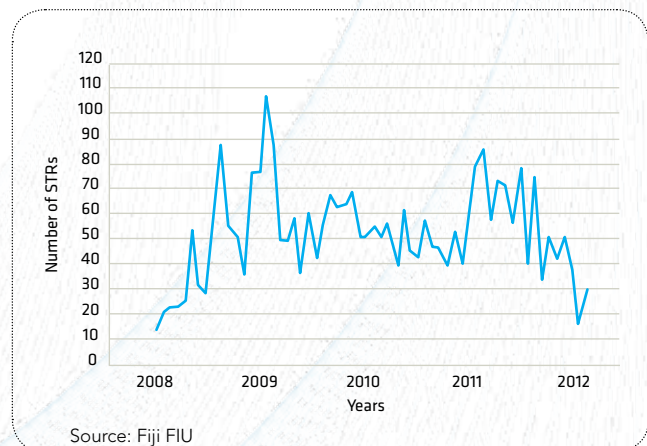
Graph 1: Suspicious Transactions Reported



Source: Fiji FIU

The FIU received an average of 48 STRs per month from financial institutions in 2012 compared to an average of 61 STRs per month in 2011 (Graph 2).

Graph 2: Monthly Suspicious Transaction Reports



Source: Fiji FIU

### Reporting Financial Institutions

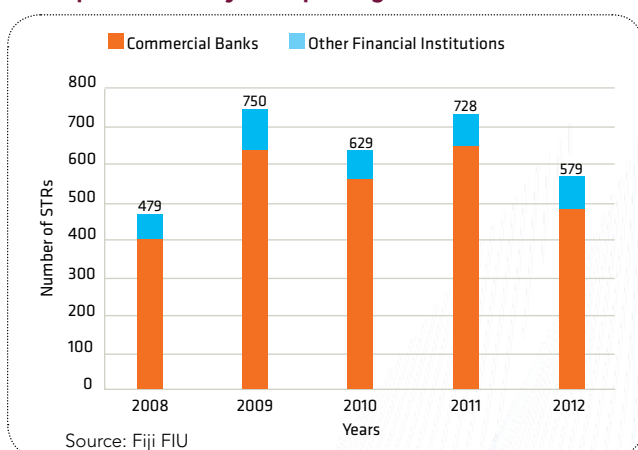
STRs were received by the FIU from various financial institutions including members of the public (Table 10; Graph 3). Majority of the STRs continue to be received from commercial banks.

**Table 10: Summary of Reporting Financial Institutions**

Financial Institutions and Persons Reporting	Number of STRs Received				
	2008	2009	2010	2011	2012
Commercial Banks	412	641	538	650	477
Money Remittance Service Providers	43	86	75	39	68
Finance Companies	4	6	1	0	0
Members of the Public	9	10	6	24	22
Regulatory Authorities	0	0	4	1	3
Law Firms	2	2	1	5	4
Accounting Firms	2	0	1	2	1
Insurance Companies and Superannuation	6	4	3	1	2
Real Estate Businesses	1	0	0	2	1
Others	0	1	0	4	1
<b>TOTAL</b>	<b>479</b>	<b>750</b>	<b>629</b>	<b>728</b>	<b>579</b>

Source: Fiji FIU

**Graph 3: Summary of Reporting Financial Institutions**

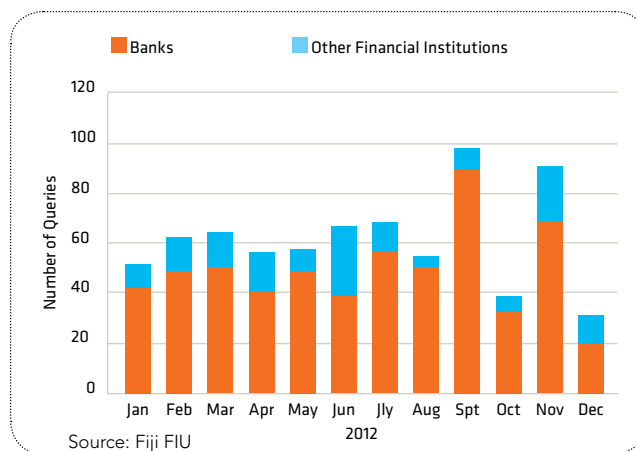


### FIU Enquiries with Financial Institutions

The FIU has powers to obtain information from relevant financial institutions under section 14(3) and section 25(1) (h) of the FTR Act.

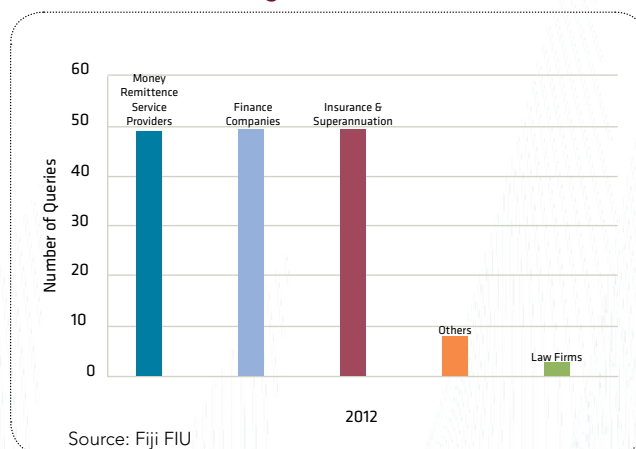
In 2012, a total of 735 queries for further information were made by FIU to commercial banks (79 percent) and other financial institutions (21 percent) (Graph 4; Graph 5).

**Graph 4: Monthly FIU Queries to Financial Institutions 2012**



These queries are aimed at developing further intelligence on information already provided on the STRs. FIU queries may be also in relation to an on-going investigation of money laundering offence or proceeds of crime case.

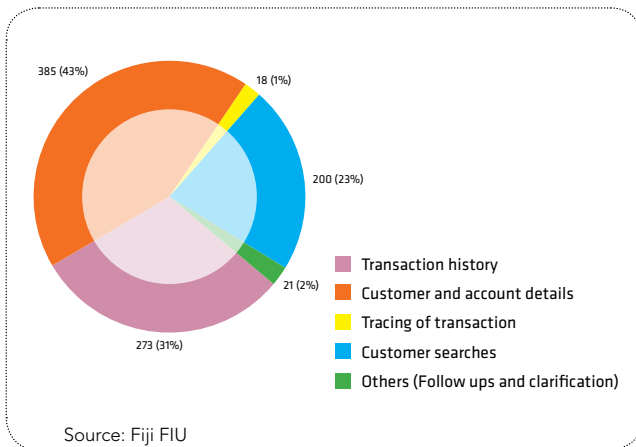
**Graph 5: FIU Queries to Financial Institutions (Excluding Commercial Banks)**



The queries sent to financial institutions included requests for:

- i. customers' 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 (Graph 6).

**Graph 6: Nature of FIU Queries to Financial Institutions**



### Value of Transactions Reported as Suspicious

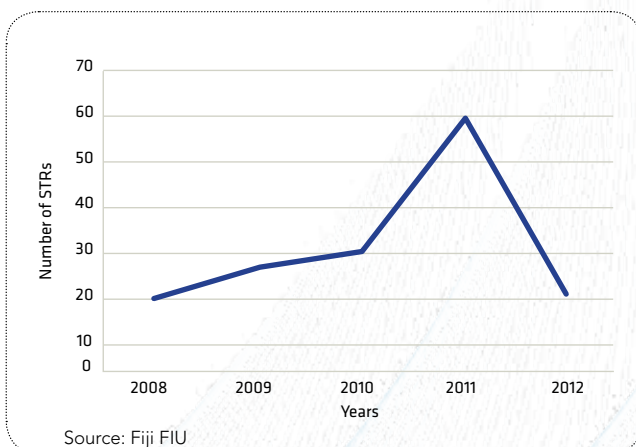
The total annual value of suspicious transactions that were reported to the FIU in 2012 decreased significantly to \$20 million from \$59.5 million in 2011 (Table 11; Graph 7)<sup>2</sup>. The average value of a transaction reported to the FIU in 2012 as suspicious was \$35,000 compared to \$82,000 in 2011.

**Table 11: Total Value of Transactions Reported as Suspicious**

	2008	2009	2010	2011	2012
Total Value (\$ Million)	19.2	26.3	32.1	59.5	20.2
Number of STRs	479	750	629	728	579
Average Value reported (\$ per STR)	40,000	35,000	51,000	82,000	35,000

Source: Fiji FIU

**Graph 7: Total Value of Transactions Reported as Suspicious**



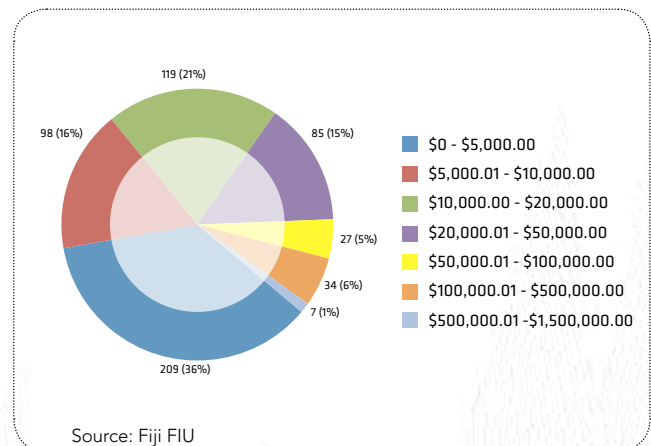
### Analysis of Suspicious Transactions by Transaction Value

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.

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

The majority (73 percent) of the STRs submitted by financial institutions in 2012 were reported on transactions below \$20,000, out of which 52 percent of the value of transactions reported were below \$10,000 (Graph 8).

**Graph 8: Transaction Value of STRs 2012**



Large value transactions of more than \$0.5 million reported in STRs were only 1 percent of total STRs reported in 2012.

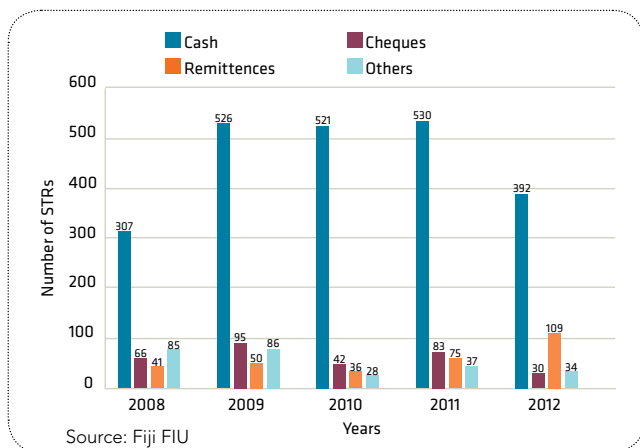
<sup>2</sup>The number of STRs reported and the funds that are involved in suspicious transactions do not necessarily indicate the size of money laundering activity in Fiji. However, these transactions have been subject to a greater level of scrutiny by reporting financial institutions and have been flagged and reported as questionable, unusual and suspicious transactions. The figure suggests money laundering symptoms, risk and vulnerabilities in Fiji.



## Analysis of 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 2012. Out of the 579 transactions reported as suspicious in 2012, 392 (68 percent) involved cash transactions (Graph 9).

**Graph 9: Analysis of Suspicious Transactions by Instrument Type**



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 travelers cheques).

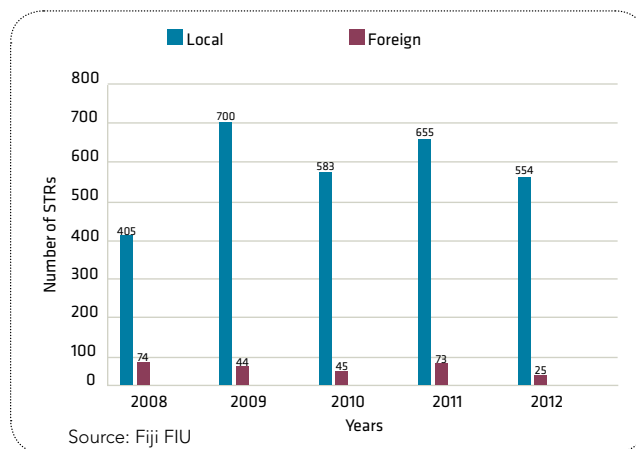
The number of STRs that involved remittance transactions increased by 45 percent from 75 in 2011 to 109 in 2012 due primarily to an increase in the number of reported cybercrime, internet banking fraud and advanced fee fraud cases.

## Analysis of Suspicious Transactions by Currency Type

The majority (96 percent) of the STRs in 2012 involved Fiji currency (Graph 10).

The number of suspicious transactions that involved foreign currency in 2012 decreased to 25 STRs (2011, 73 STRs).

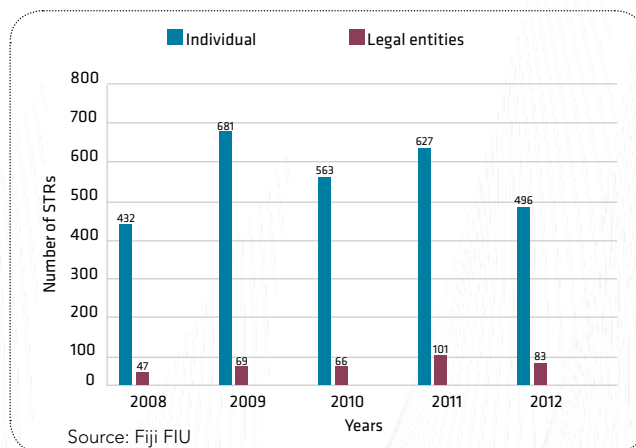
**Graph 10: Analysis of Suspicious Transactions by Currency Type**



## Analysis of Suspicious Transaction Reports by Customer Type

There were 496 (85 percent) STRs reported on transactions conducted by individuals or personal customers and 83 (15 percent) by corporate or business entities in 2012 (Graph 11).

**Graph 11: Analysis of Suspicious Transactions by Customer Type**

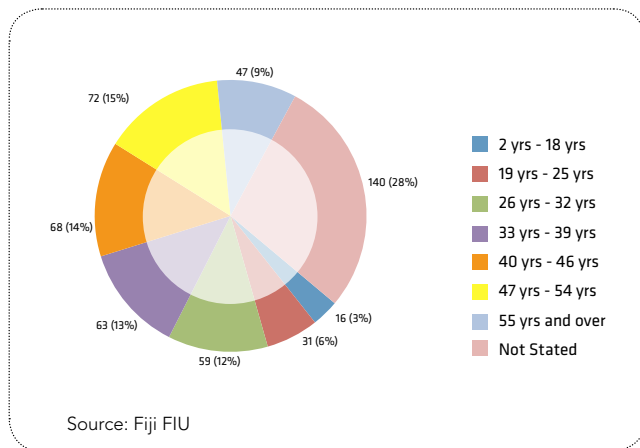


The number of STRs on legal entities such as companies in 2012 decreased to 83 STRs (2011, 101 STRs). It was also noted that some of the transactions reported on individuals were indirectly linked to legal entities such as companies and sole proprietorships.

### Analysis of Suspicious Transaction Reports by Customer Age

38 percent of STRs on individuals were reported on customers over the age of 40 (Graph 12). 16 STRs were reported on minors (age between 2 years to 18 years) in 2012. However, businessmen continue to use bank accounts of minors to conduct “business-like” transactions. This trend has been declining primarily due to the Government’s new requirement on tax identification number registration for all customers of financial institutions since 2010.

**Graph 12: Analysis of Suspicious Transaction Reports by Customer Age**



Analysis of money laundering conviction cases in Fiji showed that the average age of persons convicted was 32 years (Table 12).

**Table 12: Age of Convicted Money Launderers at Time of STRs**

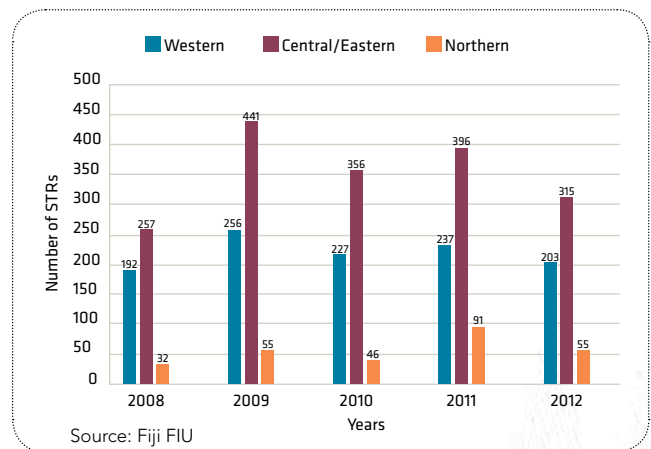
Name of Individual Convicted	Year STR was Reported	Age at the time of the offence
Mr Timothy Aaron O’Keefe	2005	25 years old
Mrs Monika Arora	2007	28 years old
Mr Salendra Sen Sinha	2008	30 years old
Mr Anand Kumar Prasad	2008	28 years old
Mr Deo Narayan Singh	2008	40 years old
Mrs Atisma Kirti Singh	2008	23 years old
Mr Johnny Albert Stephen	2009	39 years old
Ms Doreen Singh	2009	31 years old
Ms Nirmala Devi	2011	46 years old

Source: Fiji FIU

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

The FIU receives STRs from various commercial centres in Fiji. In 2012, the FIU received majority of the STRs from financial institutions based in the Central/Eastern Division (Graph 13). This is due to the fact that economic and commercial activities are largely concentrated in this division.

**Graph 13: Analysis of Suspicious Transactions by Geographical Location of Reporting Financial Institutions**



### Analysis of Reasons for Suspicious Reporting

A financial institution’s decision to report a transaction as suspicious to the FIU may be based on a number of factors such as the:

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

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

The above-mentioned indicators can also be based on known money laundering and fraud 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 (Table 13).

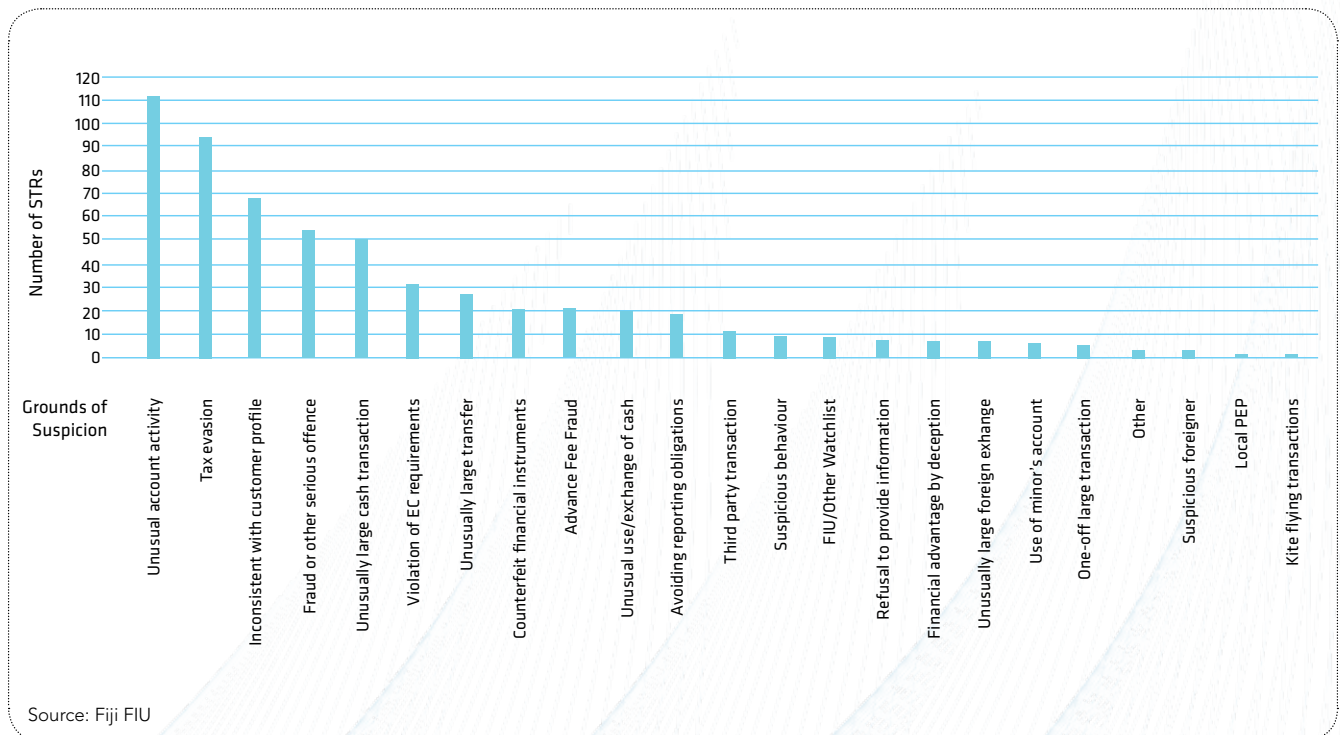
**Table 13: Examples of Reasons for Reporting Transactions as Suspicious (Actual Extracts)**

1. Occupation (unemployed) does not support regular deposits into account.	11. Deposit consisted of all \$1 coins suspected to be from bank robbery.
2. Cash deposit was brought by son...Notes were sticky and had a damp smell. It seems cash was stacked away somewhere for a long time....	12. Manager of XXX receiving large cash deposits into her personal account.
3. Customer came into Ba branch and deposited \$372.00 into Account XXX after receiving call from a man stating that he will receive \$18,000 Flood Assistance from overseas.	13. Individual's occupation (domestic duties) does not match with her large regular deposits. Individual refused to disclose source of funds.
4. Funds were transferred from individual's account through internet banking without the knowledge or consent of the individual.	14. Customer is listed on international watchlist.
5. Loan of \$400,000 obtained in December 2010 and paid off in May 2012.	15. Remittance sent from Australia to individual in Fiji who then remits funds to another person in Fiji.
6. Recently opened account receiving large remittance from Hong Kong.	16. Falsifying bank statement for visa application.
7. 4 different transactions to Nigeria conducted on the same day from the same location.	17. Impersonation of (a public) officer. Victim advised that he was told over the phone by someone from (xxx government agency) to deposit \$400 into bank account XXX.
8. \$50 fake note with serial number XXX was part of the cash that was deposit into customers account.	18. Customer request business funds to be sent abroad without RBF approval.
9. Counterfeit cheque sent to a law firm by a client.	19. Unauthorised access to system and increase credit limit of husband's credit card from \$1,000 to \$4,000 to \$10,000.
10. Customer, a XXX student had lodged a safe custody packet and has accessed the packet took out cash from the packet and this in \$100 bills.	20. Internet banking fraud, funds withdrawn from XXX account and deposited into YYY account via internet banking.

Source: Fiji FIU

In 2012, majority (20 percent or 109) of the STRs were reported on the grounds that there was unusual account activity i.e. the transactions did not match the usual conduct of that particular account (Graph 14).

**Graph 14: Grounds for Suspicion on STRs Received 2012**



Source: Fiji FIU



## MONEY LAUNDERING TRENDS

### Emerging Trends

Corruption – Laundering proceeds from corruption - The number of corruption related cases reported to Fiji FIU has increased over the years. The Fiji FIU has received STRs involving former high level government officials as a result of financial institutions monitoring accounts of customers.

### Declining Trends

Use of false identification - The Fiji FIU has noted a decrease in the number of cases involving fake identification cards such as passports and birth certificates.

### Continuing Trends

Use of nominees, trusts, family members or third parties - Between January and August 2012, the Fiji FIU received a total of 15 STRs involving unauthorised transfers from internet banking accounts. These accounts were suspected to be accessed through “phishing”. Third parties were contacted through online job advertisements to remit money received through these unauthorised transfers to overseas beneficiaries and cyber criminal syndicates.

## MONEY LAUNDERING CASES: SUCCESS STORIES IN FIJI

### i. Bank Teller in Fraud at Fiji Electricity Authority

Between May 2008 and February 2009, a 31 year old bank teller (Ms Doreen Singh) colluded with her de-facto partner (Person B) and a finance officer of Fiji Electricity Authority (FEA) (Person C) in a fraudulent cheque scheme involving FEA cheques. Person C manipulated the 100 percent refundable cash contribution scheme by raising cheques to third parties. Person C used the documents of genuine beneficiaries of the scheme to generate the cheques which were made payable to Ms Doreen Singh, family members of Person B, associates and Person B’s company.

Upon processing a fraudulent FEA cheque with the authorised signatories, Person C handed the cheque to Person B. Person B would either encash the cheque or deposit it into the payee’s account at the branch where Ms Doreen Singh was employed. Ms Doreen Singh facilitated the deposit and encashment of the fraudulent FEA cheques. Immediate cash withdrawals were made from the bank accounts that received the fraudulent FEA cheques.

Family members and associates were informed by Person B that their bank accounts were going to be used for the purpose of evading taxes. When the fraud at FEA was discovered, Person B and Person C absconded to Australia. The case against them is still pending.

Ms Doreen Singh was found guilty for three counts of money laundering in 2012, and sentenced to 6 years imprisonment. Refer to FIU website [www.fijifiu.gov.fj/CaseLaws\\_2012.aspx](http://www.fijifiu.gov.fj/CaseLaws_2012.aspx).

### ii. Director of Foreign Exchange Business Failed to Comply with STR Requirements

In 2009, the FIU conducted spot checks on the foreign exchange sector. In our spot checks, we found that between December 2008 and March 2009 a foreign exchange business, Galaxy International (Fiji) Limited, was conducting bank draft and remittance transactions without the proper supporting documentation from its customers. A total of \$360,000 was used in these transactions.

The director of Galaxy International (Fiji) Limited, Mr Syed Mohammed Raza, was charged and convicted under the FTR Act for failing to report suspicious transactions. In July 2012, he was sentenced to six months imprisonment suspended for two years.

Refer to FIU website [www.fijifiu.gov.fj/CaseLaws\\_2012.aspx](http://www.fijifiu.gov.fj/CaseLaws_2012.aspx).

### iii Cybercrime Case Study

In April 2012, a former Vanuatu national Mr Johnny Albert Stephen was convicted for money laundering offence and sentenced to seven years imprisonment by the High Court of Fiji for his involvement in an internet banking scam.

The case was a typical cybercrime internet banking fraud case which involved two bank account holders in Fiji and one bank account holder in the Cook Islands being tricked to divulge their bank account details and passwords to the cybercriminals who had setup a bogus website of a local bank. Seven unauthorised transfers were made from the two local bank accounts totaling \$17,420.90 and one unauthorised transfer of \$21,440.56 was made from the bank account in the Cook Islands.

Funds totaling \$38,861.46 were transferred by the cybercriminal into the bank account of Mr Johnny Albert Stephen in Fiji. The funds were to be then transferred out of Fiji by Johnny Albert Stephen to the cybercriminal in another country. Mr Johnny Albert Stephen was unable to remit the last transaction of \$21,440.56 to the cybercriminal as he was arrested by the Fiji Police Force as he was about to conduct the transaction on that day.

Refer to FIU website [www.fijifiu.gov.fj/CaseLaws\\_2012.aspx](http://www.fijifiu.gov.fj/CaseLaws_2012.aspx).

### CASE STUDY 3

#### Suspicious Remittances from Australian Banker

A STR was reported on a 19 year old female student receiving frequent remittances from an individual in Australia.

Profiling of the sender in Australia, Person A, revealed that the sender was 39 years old, a banker by profession and had visited Fiji for short periods of time. When he travelled to Fiji, he would stay in high class hotels. We also established that Person A had remitted similar amounts to other beneficiaries in Fiji. The profiles of these other beneficiaries were similar i.e. females, unemployed or students, between the ages of 17 and 23.

#### Possible Offence:

- Prostitution
- Money Laundering

#### Indicators:

- The profile of the beneficiaries did not match the remittance transactions.
- Sender was making short and frequent trips to Fiji as a visitor.

### CASE STUDY 4

#### Use of Multiple Overseas Bank Accounts

A local business director remitted business funds into multiple personal bank accounts in Country K. Business funds totalling FJ\$378,783 was remitted to multiple bank accounts maintained at different commercial banks in different localities of Country K over a period of three years.

The suspicious transaction patterns of the individual raise a red flag on all the transactions of the business director. A proactive STR was raised internally by Fiji FIU (using an intelligence software: the Alert and Monitoring System & Data Mining System - AMS/DMS) for further background checks on the business director.

During the analysis, it was established that the director held a permanent residency status in Country K and made frequent payments to his foreign debit card through a foreign exchange company. After further analysis FIU established a possible tax evasion offence and the case was referred to the local tax authority for further investigations.

#### Possible Offence:

- Exchange Control violations
- Tax Evasion

#### Indicators:

- Director remitting multiple large remittances ranging from \$5,000 to \$15,000.
- Funds were remitted into multiple bank accounts in Country K.
- Bank accounts were maintained in different branches of the commercial banks in Country K.
- Director was using money remittance services to remit large cash transactions.

## Cash Transaction Reports

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

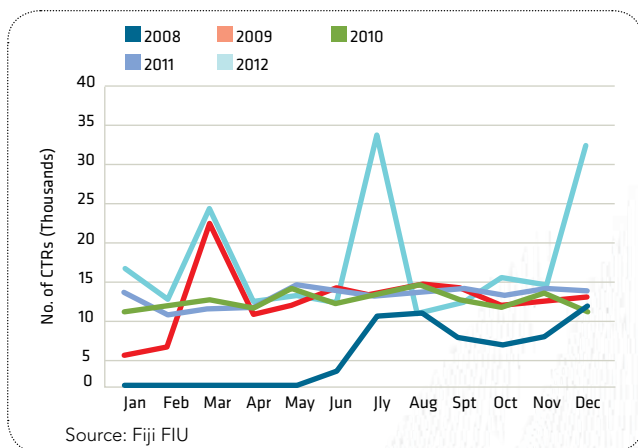
The FIU received 200,404 cash transaction reports (CTR) in 2012 or an average of around 16,700 CTRs per month (Table 14; Graph 15). This is an increase of 39 percent from 2011. This was attributed to stronger compliance and monitoring programs implemented by the FIU. Also adjustments were made to CTR data due to submission of backdated reports during 2012, as part of FIU's reporting compliance and data quality project.

**Table 14: Cash Transactions Reported**

	2008	2009	2010	2011	2012
Total CTRs	37,551	132,547	133,487	144,191	200,404
Monthly Average CTRs	3,129	11,046	11,124	12,016	16,700

Source: Fiji FIU

**Graph 15: Monthly Cash Transaction Reports**



Majority (99 percent) of the CTRs received during 2012 were reported by commercial banks (Table 15).

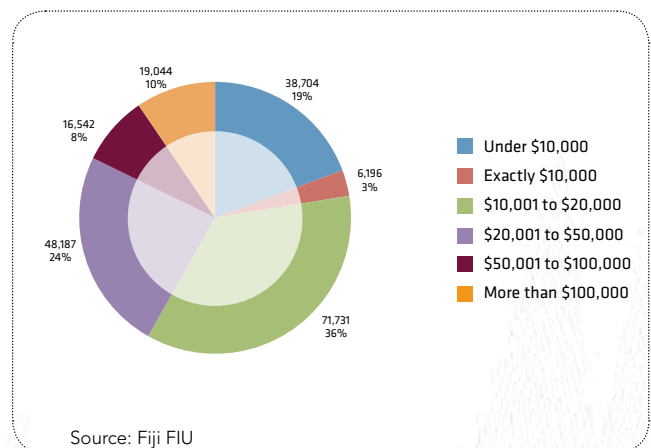
**Table 15: Cash Transactions Reported by Sector**

Sector	Total CTRs
Commercial Banks	198,427
FX Dealers	854
Insurance & Superannuation Fund	553
Finance Companies	520
Law Firms	49
Securities/Brokers/ Advisors	1
<b>TOTAL</b>	<b>200,404</b>

Source: Fiji FIU

The majority (82 percent) of CTRs received by the FIU were for cash transactions below \$50,000 (Graph 16).

**Graph 16: Transaction Value of CTRs**



## Electronic Fund Transfer Reports

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

The FIU received 830,959 EFTRs in 2012 or an average of around 69,247 per month (Table 16; Graph 17). This is an increase of 84 percent from 2011. Adjustments were made to EFTR data due to submission of backdated reports during 2012, as part of the FIU's reporting compliance and data quality project.

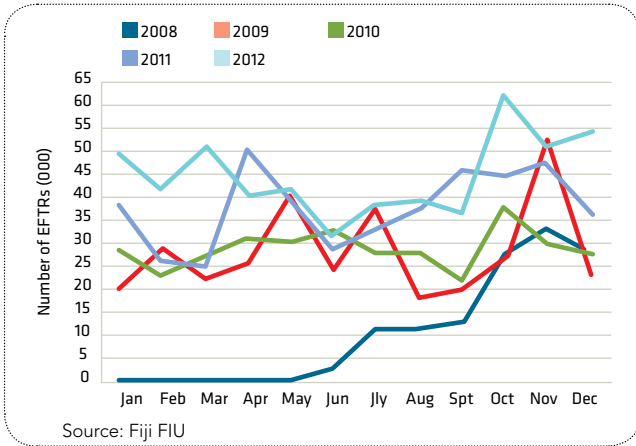
**Table 16: Electronic Fund Transfer Transactions Reported**

	2008	2009	2010	2011	2012
Total EFTRs	95,859	303,380	315,634	450,849	830,959
Monthly Average EFTRs	7,988	25,282	26,303	37,570	69,247

Source: Fiji FIU



**Graph 17: Monthly Electronic Fund Transfer Reports\***



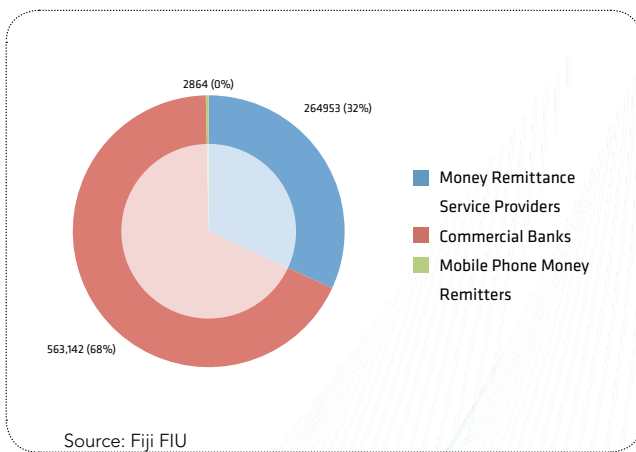
\*Two reporting institutions reported back-dated EFTRs totaling 366,968 during May to July 2012. This is a one-off increase and has not been reflected in Graph 17.

Majority (68 percent) of EFTRs were received from the commercial banks (Table 17; Graph 18).

Sector	Total EFTRs
Commercial Banks	563,142
Money Remittance Service Providers	264,953
Mobile Phone Money Remitters	2,864
<b>TOTAL</b>	<b>830,959</b>

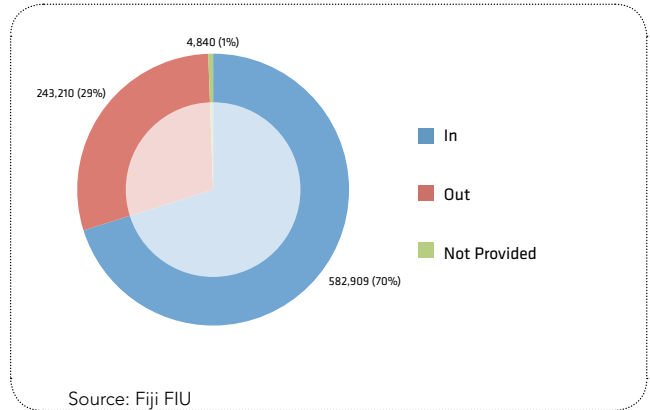
Source: Fiji FIU

**Graph 18: EFTRs Received by Sector**



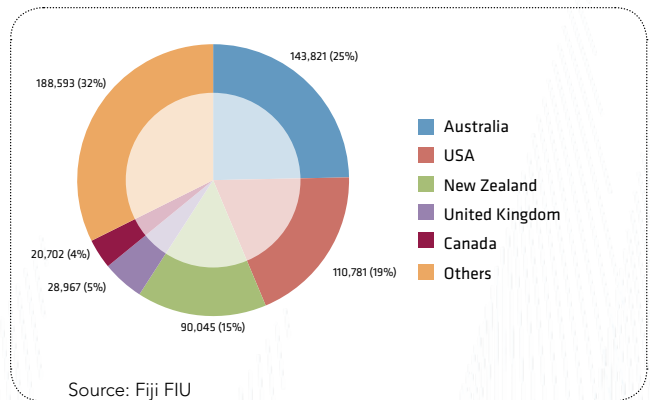
EFTRs may involve remittances into Fiji (inward) or remittances out of Fiji (outward). Majority (70 percent) of EFTRs received during 2012 were for inward remittances (Graph 19).

**Graph 19: Direction of EFTRs Received**



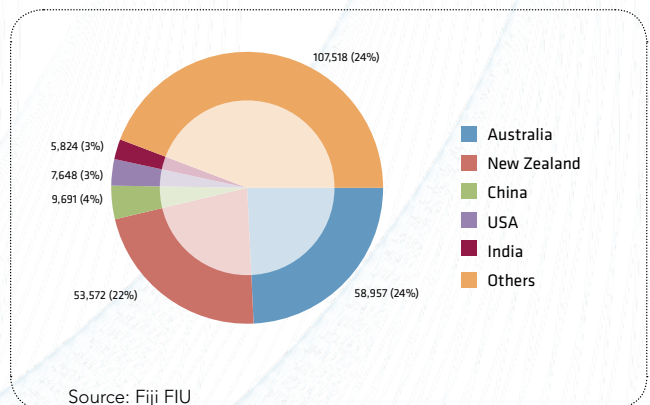
Inward international remittance transactions reported to the FIU involved the following five major countries: United State of America, Australia, New Zealand, United Kingdom and Canada (Graph 20).

**Graph 20: EFTRs: Countries Involved in Inward Remittances to Fiji**



Outward international remittance transactions reported to the FIU involved the following five major countries: Australia, New Zealand, China, United States of America and India (Graph 21).

**Graph 21: EFTRs: Countries Involved in Outward Remittances from Fiji**



## Border Currency Reports

All travelers 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).

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

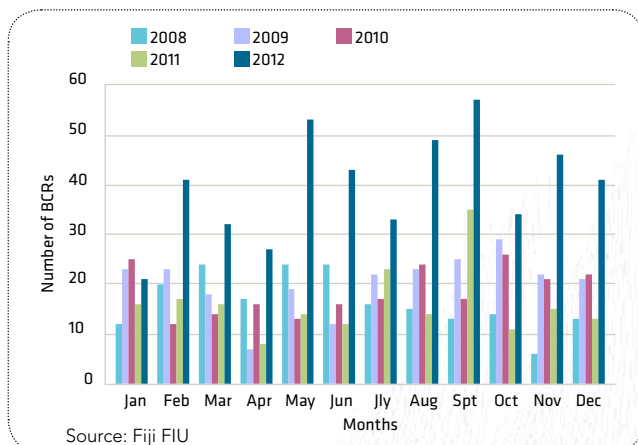
In 2012, 477 BCRs were submitted to the FIU compared to 194 BCRs in 2011 (Table 18; Graph 22).

**Table 18: Border Currency Reports Received**

Persons Declaring	2008	2009	2010	2011	2012
Declarations made by inbound travelers	98	139	119	93	117
Declarations made by outbound travelers	100	105	104	101	360
<b>TOTAL</b>	<b>198</b>	<b>244</b>	<b>223</b>	<b>194</b>	<b>477</b>

Source: FRCA and Fiji FIU

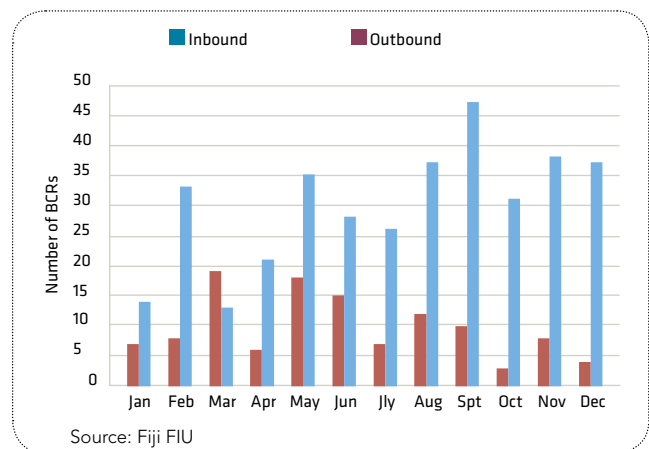
**Graph 22: Comparison of Declaration Made by Travelers by Month**



Source: Fiji FIU

There were more declarations made by outbound travelers compared to inbound travelers (Graph 23).

**Graph 23: Declaration of Border Currency by Travelers in 2012 by Direction of Movement**



Source: Fiji FIU

The number of border currency reports received in 2012 more than doubled. The FIU together with FRCA have placed new BCR posters at the Nadi international airport, and there is now more awareness of the declaration requirements that has consequently led to an increase in the number of BCR reports made in 2012.

The total value of currency declared by travelers in the BCRs in 2012 was \$14.6 million compared to \$6.2 million in 2011 (Table 19).

**Table 19: Value of Border Currency Reports Received**

Persons Declaring	Value of Currency Declared (F\$ million)				
	2008	2009	2010	2011	2012
Travelers Arriving in Fiji	3.4	4.2	3.9	3.0	3.9
Travelers Departing Fiji	3.8	3.8	4.0	3.2	10.7
<b>TOTAL</b>	<b>7.2</b>	<b>8.0</b>	<b>7.9</b>	<b>6.2</b>	<b>14.6</b>

Source: FRCA and Fiji FIU

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.

**BCR Case Study 1**

Two Asian nationals (Mr X and Mr Y) failed to declare cash totalling US\$55,000 that they were carrying when they arrived into Fiji. The cash was concealed in their luggage.

- Mr X, 47 years old, businessman - US\$35,000.
- Mr Y, 37 years old, businessman - US\$20,000

The two individuals were apprehended by the FRCA border officials and when questioned they indicated that they did not fully understand English.

The two individuals were later charged for contravening the BCR reporting requirements. They were fined F\$1,000 each by the Court.

**BCR Case Study 2**

A 27 year old Asian national (banking analyst), failed to declare US\$17,000 which he was carrying when he arrived into Fiji. The cash was stored in an envelope in his bag. When questioned, he mentioned that he forgot to declare the cash.

The person was charged for contravening the BCR reporting requirements. He was fined F\$300 by the Court or a default of 300 days imprisonment.

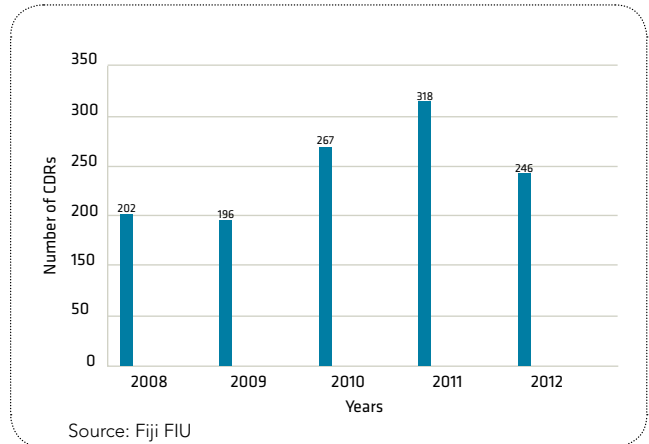
**Case Dissemination Reports to Law Enforcement Agencies**

The FIU analyses financial transaction information received from financial institutions and develops intelligence. The FIU then disseminates the appropriate intelligence to relevant law enforcement agencies for their formal investigations. These investigations may be linked to suspected proceeds of crime, money laundering and other serious offences.

Case dissemination reports (CDR) refer to the case reports developed from STRs that are disseminated to law enforcement agencies for their further investigations.

In 2012, 246 CDRs were referred to law enforcement agencies compared to 318 CDRs in 2011 (Table 20; Graph 24)<sup>3</sup>. The CDRs were developed from STRs received in 2012 and prior to 2012.

**Graph 24: Case Dissemination Reports 2008–2012**



**Table 20: Case Dissemination Reports to Law Enforcement Agencies**

Law Enforcement Agency & Reason for Dissemination	2008	2009	2010	2011	2012
<b>FRCA- Inland Revenue Services</b> Possible violations under the Income Tax Act and VAT Decree.	131	143	125	195	168
<b>Fiji Police Force</b> Possible violations under the Proceeds of Crime Act and serious offences under the Crimes Decree.	25	37	44	89	61
<b>Immigration Department</b> Possible violations under the Immigration Act and Passport Act.	7	3	1	6	4
<b>FRCA-Customs Division</b> Possible violations under the Customs Act.	4	2	0	4	0
<b>Transnational Crime Unit</b> Possible criminal involvement of foreign individuals and business entities; involvement of regional or international organised crimes.	26	7	83	15	8
<b>Others<sup>4</sup></b> RBF Possible violations under the Exchange Control Act. Foreign LEAs	9	4	14	9	5
<b>TOTAL</b>	<b>202</b>	<b>196</b>	<b>267</b>	<b>318</b>	<b>246</b>

Source: Fiji FIU

<sup>4</sup>Other Law Enforcement Agencies include the Reserve Bank of Fiji and foreign law enforcement agencies.

<sup>3</sup>Due to strict confidentiality requirements, this annual report does not discuss details of cases currently being investigated or prosecuted as a result of the FIU's intelligence. Cases that involved proceeds of crime that were subject to monitoring, restraining, confiscation or forfeiture orders as a result of FIU's intelligence are also not mentioned in this report. Convictions of money laundering and proceeds of crime cases have been published as case studies.



As in previous years, majority (68 percent) of the CDRs in 2012 were disseminated to FRCA. Intelligence that is developed from a single STR is sent, in some instances, to more than one law enforcement agency as it may involve suspected violations of various laws.

The FIU also, after detailed analysis, filed away 305 STRs during 2012 for future intelligence references compared to 437 STRs in 2011. STRs are filed away for future intelligence references and analysis, if after analysis and intelligence gathering, the FIU is able to reasonably conclude that the transaction or information does not involve a money laundering or other serious offence.

## Advice to Financial Institutions

### Alert Notices to Financial Institutions

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

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

There were eight such Alert Notices issued by the FIU in 2012.

The Alert Notices issued in 2012 were related to emerging scams that financial institutions should be aware of, updates to the International Watchlists and individuals reported to the FIU for possible serious offences (Table 21).

**Table 21: Alert Notices Issued**

Date	Alert Notice Number	Issued To	Details
07/03/2012	1/2012	All financial institutions	UN Security Council-terrorist watch list
16/03/2012	2/2012	Commercial Banks and money remittance service providers	Dealing with Pacific Francs following a robbery in French Polynesia
30/05/2012	3/2012	All financial institutions	UN Security Council-terrorist watch list
24/08/2012	4/2012	Commercial Banks	Bogus Bank Guarantee Scheme
23/11/2012	5/2012	All financial institutions	UN Security Council-terrorist watch list
10/12/2012	6/2012	All financial institutions	UN Security Council-terrorist watch list
21/12/2012	7/2012	Commercial banks and money remittance service providers	Two named individuals involved in possible cybercrime offences
27/12/2012	8/2012	Commercial banks	Stolen \$100 new design currency notes

Source: Fiji FIU

### Directives to Financial Institutions

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

The FIU issued four such directives in 2012 to financial institutions. The directives issued in 2012 related to the following:

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

The FIU also uses directives to temporarily suspend a transaction until the customer provides all necessary information to the financial institution as stipulated in the directive.

## Investigative Assistance

### Assistance Provided to Law Enforcement Agencies

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

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

The FIU received a total of 133 such requests in 2012 compared to 194 requests in 2011 from local law enforcement agencies (such as the Fiji Police Force, Transnational Crime Unit and FRCA) and foreign FIUs (Table 22).

**Table 22: Requests for Investigative Assistance**

Requesting Agency	Number of Requests	Number of Checks on Entities	Number of Checks on Individuals
Department of Immigration	7	0	9
FICAC	20	32	73
Fiji Police Force	66	20	138
Foreign FIUs	4	1	28
FRCA	17	25	14
Reserve Bank of Fiji	3	1	5
Others	16	4	34
<b>TOTAL</b>	<b>133</b>	<b>83</b>	<b>301</b>

Source: Fiji FIU

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

### Request for Assistance from Foreign FIUs

The FIU receives requests for information from foreign FIUs. In 2012, the FIU received five requests from foreign FIUs through the Egmont Group secure web network and other formal communication.

## Due Diligence

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

In 2012, the FIU received 122 requests for background and credibility checks compared to 49 requests in 2011 (Table 23).

**Table 23: Background Checks for National Agencies**

	2008	2009	2010	2011	2012
Number of Requests	41	54	43	49	122
Number of Checks on Entities	61	117	36	66	174
Number of Checks on Individuals	120	120	103	107	250

Source: Fiji FIU

These checks were conducted on 174 entities and 250 individuals (Table 24).

The Fiji FIU provided specialised training to Investment Fiji officers on how to conduct background and credibility checks on foreign investors due to a threefold increase from 2011 on requests from Investment Fiji.

**Table 24: Requests for Background Checks 2012**

Requesting Agency	Number of Requests	Number of Checks on Entities	Number of Checks on Individuals
Attorney General's Office/ Ministry of Justice	7	11	11
Fiji Pharmaceutical Services	25	30	46
Investment Fiji	36	59	83
Ministry of Finance	5	6	12
Ministry of Public Enterprise, Tourism & Civil Aviation & Industry & Trade	13	25	44
RBF	24	30	37
Others	12	13	17
<b>TOTAL</b>	<b>122</b>	<b>174</b>	<b>250</b>

Source: Fiji FIU

## Money Laundering Prosecutions and Convictions

Money laundering is a criminal offence in Fiji under the Proceeds of Crime (POC) Act 1997 and POC Amendment Act 2005. Five individuals were convicted for money laundering offences in Fiji during 2012 (Table 25).

**Table 25: Money Laundering Prosecutions and Convictions**

Date of Conviction	Case Reference No.	Individuals convicted for Money Laundering offence	Sentence
14 April 2011	State vs Anand Kumar Prasad, Reenal Praneel Chandra, Reenal Rajneil Chandra, Deo Narayan Singh, Shirley Sangeeta Chand and Atishma Kirti Singh  Criminal Case No: 024 of 2010	3	Convicted and sentenced by the High Court as follows: <ul style="list-style-type: none"> <li>Anand Kumar Prasad 6 years</li> <li>Deo Narayan Singh 4 years</li> <li>Atishma Kirti Singh 2 years</li> </ul>
14 December 2011	State vs Monika Monita Arora  Criminal Case No: HAC125 of 2007	1	Convicted and sentenced by the High Court to 7 years imprisonment
16 March 2012	State vs Deepak Rajneel Kapoor and Krishneel Khanaiya Bholu Nath  Criminal Appeal No. HAC 042/2009	1	Mr Deepak Rajneel Kapoor pleaded guilty and was sentenced by the High Court to 16 months imprisonment
11 April 2012	State vs Johnny Albert Stephen  Criminal Case No: HAC 088 of 2010	1	Convicted and sentenced by the High Court to 7 years imprisonment
1 November 2012	State vs Doreen Singh  Criminal Case No. HAC 086 of 2009	1	Convicted and sentenced by the High Court to 6 years imprisonment.
November 2012	State vs Nirmala Devi  Criminal Case No. 325/2012	1	Convicted and sentenced by the Magistrates Court to 1 year imprisonment suspended for 2 years.
27 September 2012	State vs Kapil Kushant Samy  Criminal Case No. 325/2012	1	Convicted and sentenced by the Magistrates Court to 3 year suspended imprisonment

Source: Fiji FIU

## Fiji FIU's Information Management System Online

The FIU's information management system online (FFIMSO) allows financial institutions to report their transactions (STR; CTR; EFTR) electronically to the FIU online. As at the end of 2012, 82 financial institutions had registered on FFIMSO (Table 26).

**Table 26: Financial Institutions Registered on FFIMSO**

Sector	Number of Reporting Entities Registered for Online Reporting to the FIU
Commercial Banks	7
Foreign Exchange Dealers & Money Remitters	8
Mobile Phone Money Remitters	2
Finance Companies	11
Law Firms	32
Insurance & Superannuation	8
Accounting Firms	6
Securities and Brokers	1
Others	7
<b>TOTAL</b>	<b>82</b>

Source: Fiji FIU

FFIMSO received an average of 85,995 financial transaction reports per month in 2012 (Table 27). This is due to the submission of backdated reports during 2012, as part of FIU's reporting compliance and data quality project. As at the end of 2012, the FFIMSO database had received over 2.7 million financial transaction reports from financial institutions since going live in 2008.

**Table 27: Average number of Reports Received Monthly on FFIMSO**

	2008	2009	2010	2011	2012
STR	21	60	75	61	48
EFTR	15,977	25,282	26,303	37,570	69,247
CTR	6,259	11,046	11,124	12,016	16,700
Monthly Total Average	22,257	36,388	37,502	49,647	85,995

Source: Fiji FIU

FFIMSO is also used by FIU staff as a back-end enquiry system to manage and analyse the large volume of financial transaction reports received from financial institutions.

During 2012, the FIU continued to use FFIMSO in its intelligence processes. The FIU has an Alert and Monitoring System (AMS) which monitors all financial transaction reports submitted to the FIU and maintained on the FFIMSO database. AMS has built-in alert rules that are specifically programmed with key suspicious indicators to detect and flag suspicious financial transaction activities.

The AMS reports these suspicious transactions in weekly and daily reports which are submitted to FIU analysts for their further analysis.

The FIU also employs 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.

During the year the FIU identified a number of suspicious transactions using the AMS and DMS



# MISSION

4

To provide timely and quality  
information and advice to our  
stakeholders

# PROVIDE TIMELY AND QUALITY INFORMATION TO STAKEHOLDERS

## Financial Institutions and Industry Groups

During 2012, the FIU provided information to financial institutions through meetings, formal notifications, policy advisories, statistical reports and training presentations.

The FIU also met with individual financial institutions, as and when needed, to discuss AML policy, reporting and compliance issues.

The FIU also holds regular forums with AML Compliance Officers to brief them on key policy issues. During the year, the FIU held two AML Compliance Officers' Forum (Table 28).

Sector	Issues Discussed
Banks	<ul style="list-style-type: none"> <li>customer identification and verification requirements</li> <li>identification and reporting of suspicious transactions</li> <li>procedure for dealing with non-compliance issues</li> <li>staff training</li> <li>recent money laundering case studies</li> </ul>
Investment advisors/brokers; unit trusts or managed funds	

Source: Fiji FIU

The FIU also attended and participated in RBF coordinated forums with the Association of Banks in Fiji, Finance Companies Association and Foreign Exchange Dealers Association (Table 29). These forums provided opportunities for the FIU to clarify policy issues and to brief financial institutions on developments in AML/CFT initiatives.

Forum	Date of Meeting
Association of Banks in Fiji	12 March; 13 June
Finance Companies Association	21 February; 23 May
Foreign Exchange Dealers Association	1 March; 6 June; 3 September

Source: Fiji FIU

## Government Agencies

The FIU is a member of various government Committees namely the National AML Council, the three AML Working Groups and CTOG. The FIU provided information and advice on AML/CFT matters through these Committees in 2012.

The FIU also provided written updates and advice on AML/CFT issues and developments in 2012 to a number of government agencies as requested and when necessary.

## Public Awareness

The FIU uses its website and the media to inform the general public of key AML/CFT initiatives and developments. To this end, the FIU issued six press releases during the year on major events or issues. Refer to Appendix 3.

The FIU also uses media interviews and annual publications, in particular the FIU Annual Report and the RBF Annual Report to provide awareness to the public on AML/CFT issues and the work of the FIU.

Month	Type of Media News and Interviews
January	<ul style="list-style-type: none"> <li>FIU Press Release on employment scam</li> <li>Newspaper articles on employment scam</li> </ul>
May	<ul style="list-style-type: none"> <li>Media questionnaire on money laundering in Fiji</li> </ul>
June	<ul style="list-style-type: none"> <li>FIU Press Release on cybercrime</li> <li>Media articles on cybercrime</li> <li>Telephone interview with media on money laundering</li> </ul>
July	<ul style="list-style-type: none"> <li>FIU Press Release on FIU 2011 Annual Report</li> <li>Newspaper articles on Fiji FIU</li> </ul>
August	<ul style="list-style-type: none"> <li>FIU Press Release on signing of MOA with the Marine Safety Authority of Fiji</li> <li>FIU Press Release on use of voter identification cards to verify customers</li> <li>Media questionnaire on use of voter identification card for customer verification</li> <li>Newspaper articles on use of voter identification card for customer verification</li> <li>Media questionnaire on internet banking scam</li> </ul>
October	<ul style="list-style-type: none"> <li>FIU Press Release on FIU/Fiji Police joint workshop on investigating money laundering and proceeds of crime</li> <li>TV interview on investigating and prosecuting money laundering and proceeds of crimes in Fiji</li> <li>Telephone interview with media on money laundering in Fiji</li> <li>Newspaper articles on investigating and prosecuting money laundering in Fiji</li> </ul>
December	<ul style="list-style-type: none"> <li>Media questionnaire on cybercrime</li> <li>Media interview on the security features in the new design Fijian currency notes</li> </ul>

Source: Fiji FIU



Source: Fiji FIU



Source: Fiji Times

## International Community

During the year, the FIU also liaised with various international agencies, providing them information and advice on the AML framework and developments in Fiji.

The FIU attended the APG Annual Plenary in 2012 where it updated the APG and the international community on

major AML initiatives for the year. The Fiji DPR, which was coordinated by the FIU, provided the APG membership with an update on Fiji's progress in meeting the MER recommendations of the World Bank. The FIU also provided regular updates to the Egmont Group on AML/CFT issues and developments in Fiji during the year.

### CASE STUDY 5

#### Lack of Customer Due Diligence by Financial Institutions

A STR was raised on a finance company in Fiji that allegedly approved and opened a loan account of \$450,000 for Company X, without the directors of Company X; Person A and B being present at the time of the account opening. The loan was for the purchase of two properties by Company X.

It was established that the loan documents were signed by Person B when the account was opened, however it was confirmed that Person B was not in the country when the loan account was opened. Therefore, Person B's signature may have been forged.

The loan documents were witnessed by two separate lawyers. Interviews conducted with the lawyers revealed that a third party (vendor) had brought pre-signed loan

documents to the lawyers to witness the documents. Thus, the directors of Company X, Person A and Person B, were not physically present before the lawyers when the documents were executed.

The case is currently being investigated by the Fiji Police Force for suspected fraud and violations of the Financial Transactions Reporting Act.

#### Possible Offence:

- Forgery
- Violation of the FTR Act

#### Indicators:

- The supporting documents used to open the loan account were not clear and questionable.



# MISSION

5

To develop and utilise skilled staff

# DEVELOP AND UTILISE SKILLED STAFF

## Professional Development of Staff

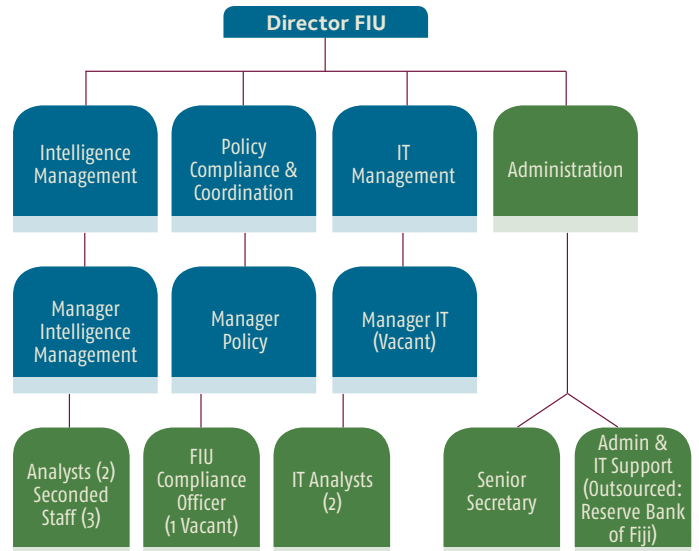
Continuing professional development of FIU staff was achieved through a combination of formal trainings, participation at technical forums, regular on-the-job training and performance appraisals and performance feedbacks (Table 31).

Month	Course	Venue	Organiser
January	Human Trafficking Workshop	Suva, Fiji	Fiji Police
April	Information Technology Infrastructure Library Training	Suva, Fiji	RBF
	APG Workshop on Revised FATF Standards	Kuala Lumpur, Malaysia	APG
May	Fraud Investigation and Prosecution Workshop	Suva, Fiji	FRCA
	Sub regional Workshop on the Control of the Cross-Border Movement of Cash/ Bearer Negotiable Instruments and Suspicious Transaction Reporting	Nukualofa, Tonga	Counter Terrorism Committee Executive Directorate/ APG/AUSTRAC
July	Cyber Security Workshop	Suva, Fiji	Ministry of Defence
October	Strategic Analysis Course	Bangkok, Thailand	World Bank/ Egmont Group
	Criminal Intelligence Program	Suva, Fiji	Australian Federal Police
November	APG Typologies Workshop	Vietnam	APG

Source: Fiji FIU

## Structure of the FIU

As at the end of 2012, the FIU had eight permanent staff and three officers on secondment from partner agencies (one Police officer and two FRCA officers).



The FIU also engaged one trainee worker as part of the RBF's on-going on-the-job program for local tertiary institutions. In 2012, three trainee workers were engaged with the FIU on three months attachment program.



Mr Razim Buksh, Director FIU (left) celebrating his milestone 25 years at the Reserve Bank of Fiji with Mr Barry Whiteside, Governor RBF in December 2012.

# ADMINISTRATION AND FUNDING

## Funding & Expenditure

The RBF continued to fund the operations of the FIU in 2012. The FIU's total expenditure for 2012 was \$666,025 compared to \$771,011 in 2011. This is a decrease of 13.6 percent from 2011 (Table 32). The 2012 expenditure of the FIU is incorporated into the 2012 financial statements of the RBF and is audited as part of its 2012 annual accounts.

**Table 32: FIU Funding & Expenditure**

	2010	2011	2012
Operating Expenditure <sup>5</sup>	\$504,229	\$734,346	\$666,025
Capital Expenditure	\$35,615	\$36,665	-
<b>TOTAL</b>	<b>\$539,844</b>	<b>\$771,011</b>	<b>\$666,025</b>

Source: Reserve Bank of Fiji

The RBF also provided other administrative support services to the FIU in 2012 in the areas of human resource management, accounting, information technology services, security services and other general administrative services.

## Other Assistance Provided to the FIU

The FIU received indirect funding assistance from FRCA and the Fiji Police Force through the secondment of their staff with the FIU in 2012. The salary of the seconded officers was fully funded by their respective agencies.

The FIU also received funding assistance from AFI, AUSTRAC, APG, World Bank and the Egmont Group in 2012 to send staff to various technical AML/CFT trainings, conventions and meetings. The FIU acknowledges the support and assistance provided by these partner and donor agencies in 2012.

### CASE STUDY 6

#### Use of Wire Transfers for Possible Tax Evasion

Person A and Person B (husband and wife) are the managing directors of Company X. Person B maintains five offshore accounts in Country Z. Person A and Person B both remitted funds to Country Z and Country W.

Company X maintains a local business bank account at Bank XYZ. The Fiji FIU established that on a few occasions, mutilated notes were deposited into this business bank account.

The Fiji FIU also established that the daughter of Person A and Person B resides in Country Z and the sister of Person B resides in Country W. These third parties appear to have been the beneficiaries of the business proceeds of Company X that were remitted to Countries Z and W.

#### Possible Offence:

- Tax Evasion

#### Indicators:

- Director remitting multiple large remittances to offshore bank accounts.
- Bank accounts maintained under family member (wife's) name in overseas.
- Director was using money remittance services to remit large cash.
- Deposit of "mutilated" notes.

### CASE STUDY 7

#### Fraud by Bank Officer

The Fiji FIU received a suspicious transaction report involving a bank officer, Person A.

Person B (Person A's husband) maintained a credit card facility at the bank where Person A is employed.

Person A accessed Person B's credit card account without authority, and increased the credit limit of the account on two occasions.

Person A then withdrew funds from Person B's credit card account. The case is under investigation by the Fiji Police Force.

#### Possible Offence:

- Fraud

#### Indicators:

- Person A being a bank officer and having access to financial records of husband.
- Increasing credit limit of credit card facility on 2 occasions within a short span of time.

<sup>5</sup>The Reserve Bank provides additional financial support for the FIU in the terms of office space and overhead costs



# NATIONAL ANTI-MONEY LAUNDERING COUNCIL

## Establishment & Membership

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

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

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

The Council seeks to achieve these missions by:

- i. enhancing Fiji's legal framework to eliminate overlapping/conflict in legislations and to mitigate emerging crimes;
- ii. conducting on-going review and strengthening of AML/CFT framework to ensure compliance with international standards and to mitigate emerging typologies;

- iii. reporting regularly to Government and Parliament on the Council's work.
- iv. enhancing the work of the FIU;
- v. encouraging networking and sharing of information between agencies;
- vi. developing the capacity of the Council.

The members of the National AML Council are:

- i. Permanent Secretary for the Ministry for Justice, as Chairperson<sup>6</sup>;
- ii. Director of the Office of Public Prosecutions;
- iii. Commissioner of Police;
- iv. Governor of the RBF; and
- v. Chief Executive Officer of the FRCA;
- vi. Director of the FIU.

The Council may invite other persons to attend the Council meetings. The Director of the Immigration Department is currently the only invited member of the Council having been invited to attend the Council meetings in 2009. The FIU provides the secretariat to the Council.

Fiji's AML/CFT legal framework is summarised in Appendix 4.



Members and representatives of National Anti-Money Laundering Council

<sup>6</sup> Mr Mohammed Saneem was appointed the new Permanent Secretary for Justice (acting appointment) in March 2013 to replace outgoing chairperson, Mrs. Mere Raqita Vuniwaqa

## National AML Council Members 2012



**Mr Mohammed Saneem**  
Acting Permanent Secretary for Justice



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



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



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



**Mr Ioane Naivalurua, Commissioner,**  
Fiji Police Force



**Mr Razim Buksh, Director,**  
Financial Intelligence Unit



**Mr Nemani Vuniwaqa, Director, Immigration**  
Department (invited member since 2009)

### Functions of the Council

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

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

### Council Working Groups

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

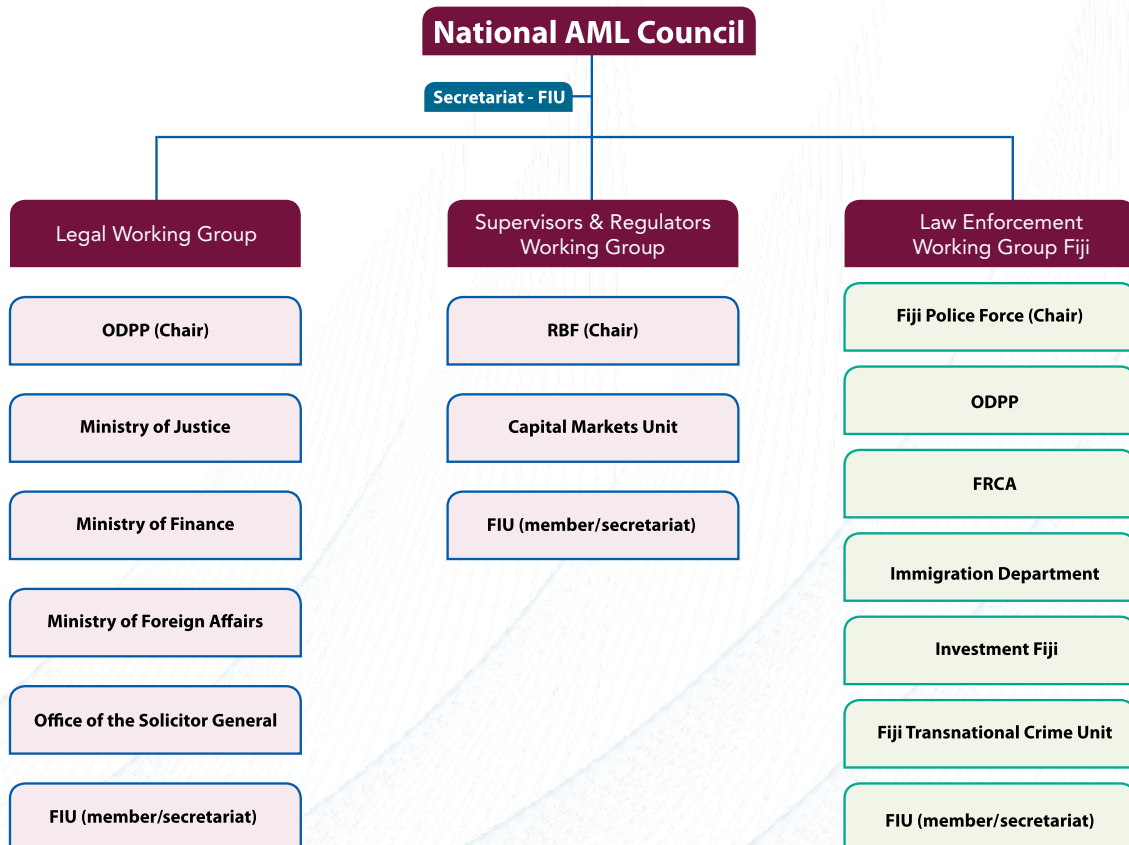
- i. Legal Working Group
- ii. Supervisors and Regulators Working Group
- iii. Law Enforcement Working Group

The terms of reference of each Working Group is determined by the Council (Table 33). The Working Groups provide updates at the National AML Council meetings on its achievements.

**Table 33: Terms of Reference of AML Working Groups**

AML Legal Working Group	Regulators Working Group	AML Law Enforcement Working Group
<ul style="list-style-type: none"> <li>• To facilitate the review of relevant legislations to ensure that Fiji has an effective and globally acceptable legislative framework for combating money laundering and other related offences.</li> <li>• To facilitate the ratification of relevant international conventions.</li> <li>• To administer the forfeiture asset fund.</li> <li>• To facilitate matters relating to international assistance and extradition.</li> </ul>	<ul style="list-style-type: none"> <li>• To facilitate networking and sharing of information amongst regulators regarding the supervision of financial institutions for compliance with the FTR Act.</li> <li>• To conduct joint AML compliance programs.</li> <li>• To advise the Council on financial institution's 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 offences.</li> </ul>

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





## Council's Activities in 2012

The Council met four times during 2012 (Table 34).

**Table 34: Council Meetings 2009-2012**

2009	2010	2011	2012
4 February	24 February	2 February	22 February
6 May	12 May	18 May	23 May
8 October	18 August	13 September	4 September
5 November	3 November	-	20 December

Source: Fiji FIU

The Council agreed in 2012 to invite other relevant agencies that contribute towards Fiji's AML/CFT framework to also attend the Council meetings.

During the year, the Council was instrumental in finalising the Proceeds of Crime (Management and Disposal of Property) Regulations, by providing necessary policy advice and feedback on the Regulations. The Council will continue to facilitate the implementation of the new Regulation in 2013.

The Council discussed and provided advice to relevant agencies on the use and management of assets forfeited to the State in recent money laundering cases.

The Council also provided extensive comments on the 2012 POC Amendment Decree. The Amendment was in relation to provisions on "unexplained wealth."

The Council also monitored the status of Fiji's implementation of the 2006 mutual evaluation recommendations. The Council followed up with the various Working Groups on outstanding recommendations from the 2006 MER. The Council also contributed to the formulation of Fiji's DPR which was submitted to the APG in early 2012.

The Council and its representatives held a meeting with an APG representative in early 2012 to discuss the revised FATF Recommendations, related implementation issues that Fiji would have and outstanding recommendations from the 2006 MER.

The Director FIU and senior officers representing members of the Council also attended the APG Plenary Meeting to present Fiji's DPR (Table 35).

**Table 35: Fiji's Delegation to the APG Annual Plenary Meeting 2012**

Mr Razim Buksh	FIU
Ms Nancy Tikoisuva	ODPP
ASP Puran Lal	Fiji Police Force

The Working Groups held several meetings and worked on a number of projects during 2012. (Table 36). These included:

- i. finalisation of the Proceeds of Crime (Management and Disposal of Property) Regulations;
- ii. AML/CFT supervision policies for financial institutions;
- iii. supervision of financial institutions for compliance with the FTR Act;
- iv. money laundering related investigations and prosecutions.

**Table 36: Working Group Meetings 2012**

Working Group	Number of Meetings
Legal Working Group	4
Supervisors & Regulators Working Group	2
Law Enforcement Working Group	3

Source: Fiji FIU

## Key Features of the New POC Amendment Decree

The Decree provides authorities with a mechanism for dealing with unexplained wealth. Under this Decree a person has unexplained wealth if the value of the person's total wealth is greater than the value of the person's lawfully acquired wealth.

The Decree provides that the Director of Public Prosecutions may make an application to the court for an unexplained wealth declaration against a person (respondent).

The Decree provides a list of factors that the court must consider when assessing the respondent's wealth. On having considered these factors, the Court may declare that the respondent has unexplained wealth if it is more likely than not that the respondent's total wealth is greater than his or her lawfully acquired wealth and the respondent fails to provide a satisfactory explanation to the Court as to how he or she was able to maintain such a standard of living or acquire such wealth.

The Court when making an unexplained wealth declaration will assess that respondent's total unexplained wealth and specify the assessed value of the unexplained wealth in the declaration. The Decree provides that the respondent must pay the unexplained wealth specified by the Court to the Forfeited Assets Fund.

### Key Features of the New POC Regulations

This Regulation contains provisions for the management and control of property that have been restrained or forfeited under the POC Act.

Under the Regulations, the Attorney General is responsible for the control and management of property that has been restrained or forfeited to the State. The Attorney General may appoint a representative to act on his behalf in discharging these responsibilities.

Restrained funds that are held in accounts with financial institutions are required to be deposited into the Forfeited Assets Fund upon instruction by the Attorney General.

The Regulations also provides for the destruction of restrained or forfeited property if it is in the public interest. Authorities may also sell restrained or forfeited property if the property will deteriorate quickly or if the cost of managing or protecting the property will exceed the value of the property if it is retained until it is dealt with. The proceeds from any sale of restrained or forfeited property under the Regulations are to be paid to the Forfeited Asset Fund.

The Regulations also provides for the valuation and inventory of restrained property and the management of a foreign restrained property.

**APPENDIX 1: GUIDELINES ISSUED BY THE FIU**

Guideline Reference	Title	Date Issued	Purpose of Guideline
Guideline 1	Suspicious Transactions	26 October 2007	To provide guidance on how to identify suspicious transactions and report these suspicious transactions.
Guideline 2	Reporting a Suspicious Transaction by Paper	26 October 2007	To provide guidance to financial institutions on how to complete a "suspicious transaction report" form.
Guideline 3	Reporting Cash Transactions of \$10,000 or above by Paper	22 May 2009	To provide guidance to financial institutions on how to report cash transactions of \$10,000 and above using the paper report forms
Guideline 4	Customer Identification & Verification	20 August 2009	To explain the customer identification and verification requirements of the FTR Act and Regulations and provide practical guidance on how to apply these customer verification requirements.

Source: Fiji FIU

**APPENDIX 2: POLICY ADVISORIES ISSUED BY FIU**

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

Source: Fiji FIU



**APPENDIX 3: PRESS RELEASES ISSUED BY FIU DURING 2012**

	Date of Press Release	Subject of Press Release	Purpose of Press Release
1	27 February	Beware of Employment Scam	Alerted members of the public on the emerging trend of employment scams
2	15 June	Authorities Tackle Cybercrime in Fiji	Informed the public of authorities' efforts to tackle cybercrime in Fiji and provided details of a recent cybercrime case that dealt with by the authorities.
3	5 July	FIU Annual Report 2011	Informed the public of the release of the FIU Annual Report for 2011.
4	16 August	Maritime Safety Authority of Fiji signs MOU with FIU	Announced the signing of a MOU between the Maritime Safety Authority of Fiji and the FIU.
5	22 August	Financial Institutions may use Voter Identification Card to Identify Customers	Informed the public that the Fiji Voter Identification card may be used by financial institutions as an identification document during their customer verification process.
6	19 October	Police Officers Receive Specialised Training on Investigating Money Laundering	Announced the organisation of a joint workshop between the Fiji Police Force and the FIU for police investigators on investigating money laundering and proceeds of crime cases.

Source: Fiji FIU



**Fiji FIU**  
Fiji Financial Intelligence Unit



**Press Release No: 08/2012**

**Date : 27 February 2012**

## PRESS RELEASE

### BEWARE OF EMPLOYMENT SCAM

The Fiji Financial Intelligence Unit (FIU) wishes to advise members of the public that another employment scam has been brought to our attention involving a job advertisement that was recently placed in the local newspaper.

The advertisement seeks part time employment purportedly for a company, Photovoltaic Solar Cells. The "job" would require you to work for 2-3 hours from home as sales clerks, payroll clerks, accountants and payment clerks.

The Director of the FIU, Mr Razim Buksh said that members of the public should not respond to the employment advertisement as it is a scam.

The FIU has established that the "job" applicants would be promised a quick commission in return for receiving money and transferring it elsewhere.

Mr Buksh said that the job would also require you to print forged or bogus cheques, cash them using your personal bank account, keep a small percent of the funds as your commission or salary payment and transfer the balance of the funds abroad to criminal gangs disguised as the "employer".

Members of the public are warned not to respond to such employment advertisements. Money that is "transferred" or "deposited" into your bank account as income from sales, commission, or wages is "stolen" money. Remember that you may be assisting the perpetrators and organised criminal gangs to facilitate their fraudulent transactions and you may be also charged for money laundering crimes. Mr Buksh said that customers should not withdraw, use, further transfer or send the funds to anyone if they receive any unauthorised transactions in their bank accounts. They should immediately report this to their banks or the FIU.

Mr Razim Buksh said that in one case a person who responded to the advertisement was offered a position as a "payment clerk". He was required to: (1) receive payment from clients, (2) within 24 hours clear the funds using his personal bank account in Fiji, (3) withdraw the funds, (4) deduct 10 percent which would have been his salary, and (5) forward the balance to another of their agents.

Another person was offered a position of "certified payroll specialist" to work from home from a computer with an internet connection. She was required to handle the printing of letters, invoices and cheques for a bogus company's payroll list of a network of fictitious companies and dispatch them to the various destinations overseas. She was to be paid US\$1,500 - US\$3,000 per month.

The FIU has noted the following email addresses have been used in this employment scam:

- pdvcresumé@hotmail.com
- pdvcresumé@yahoo.com
- advertpdvcresumé@hotmail.com
- dennis2moore@yahoo.com
- mheckman1@blumail.org



Members of the public are advised to contact the FIU or the Ministry of Labour for any further clarification or assistance.

Mr Buksh said that the FIU will continue to monitor all financial transactions to ensure that Fiji's financial system is safe and remains protected from such activities.



**Fiji FIU**  
Fiji Financial Intelligence Unit



**Press Release No: 17/2012**

**Date : 15 June 2012**

## PRESS RELEASE

### AUTHORITIES TACKLE CYBERCRIME IN FIJI

There has been an increase in the number of cyber fraud cases brought to the attention of the authorities in Fiji. Cybercrime is committed by criminals who are technologically competent by exploiting internet and computer technology for monetary benefit. Such crimes can be orchestrated from anywhere in the world and therefore authorities find it difficult and challenging to prosecute cyber-criminals.

The Director of the Financial Intelligence Unit, Mr Razim Buksh said that authorities in Fiji are taking this matter seriously and have established a strong networking and partnership with domestic as well as foreign counterpart agencies. International cyber-criminals who previously were not caught should not take things for granted anymore.

Mr Buksh said that recently authorities were able to investigate and prosecute a businessman from Vanuatu, Mr Johnny Albert Stephen for involvement in internet banking fraud that he committed in Fiji. Mr Stephen was charged, convicted and sentenced in April 2012 to seven years imprisonment for money laundering offence. He was also suspected to be part of an international cyber-criminal syndicate with links to Nigeria.

Mr Buksh said that this would send a strong message that Fiji is an equally committed partner in the fight against money laundering and cybercrime globally.

The Financial Intelligence Unit has a mandate under the Financial Transactions Reporting Act to ensure the safety and protection of the financial system and the members of public from money launderers, cyber-criminals and other crimes involving financial transactions.

The internet banking fraud was carefully planned by Mr Stephen and involved the internet, emails, bogus investment plans, several funds remittance transactions, multiple countries, and a number of bank account holders who were the victims in Fiji.

The case was brought to the attention of the FIU in a suspicious transaction report from a commercial bank. The FIU conducted its investigations, developed financial transaction profiling and intelligence and linked up with the Fiji Police Force that led to the arrest of Mr Stephen while he was conducting one of the fraud transactions at the commercial bank. The commercial bank also played a key role in assisting and cooperating with the FIU and the Fiji Police Force.

Mr Buksh said that \$38,860 was fraudulently transferred from the bank accounts of victims who were tricked into divulging their passwords and personal information online via the internet. The bank accounts were accessed on-line and the amounts were transferred to Mr Stephen's bank account.

Mr Buksh added that the recent use of internet banking facility portals at local commercial banks has been targeted by criminals for cybercrime related activities such as phishing, hacking, identity theft and advance fee fraud scams. The FIU, commercial banks as well as the Association of Banks in Fiji have alerted customers and members of the public to exercise caution and care when accessing their bank accounts online.





**Fiji FIU**  
Fiji Financial Intelligence Unit



**Press Release No: 19/2012**

**Date : 05 JULY 2012**

## PRESS RELEASE

### FINANCIAL INTELLIGENCE UNIT ANNUAL REPORT 2011

The Financial Intelligence Unit (FIU) released its 2011 Annual Report today. The report was tabled at the Cabinet meeting by the Attorney-General and Minister for Justice, Mr Aiyaz Sayed-Khaiyum on 3 July 2012.

Mr Sayed-Khaiyum said that the report provides information on key achievements and performance of the FIU for 2011. He said that the FIU is responsible for the administration and enforcement of the Financial Transactions Reporting (FTR) Act, which is aimed at preventing and detecting money laundering, terrorist financing and other serious criminal activities in Fiji.

The Director of the FIU, Mr Razim Buksh said the FIU continued to implement and enforce the FTR Act in 2011.

In 2011, the FIU received 728 suspicious transaction reports and disseminated 318 intelligence reports to law enforcement agencies for further investigation of possible money laundering and other serious offences. Majority of the intelligence reports related to possible tax evasion and offences under the Crimes Decree. The level and quality of transaction reports submitted by financial institutions to the FIU increased during 2011.

Mr Buksh said that the FIU now has more than 1.6 million financial transaction reports in its database which is used for its intelligence and financial profiling processes. In 2011, the

FIU also developed data-mining tools to further strengthen its intelligence and analytical system and profiling capacity. A number of fraud and money laundering convictions were achieved in 2011 as a result of the work of the FIU.

The FIU continued to provide assistance to local law enforcement agencies relating to ongoing investigations. The FIU also provided assistance to other Government agencies through conducting background checks on persons or entities of interest.

On the international front, the FIU signed memorandum of agreements (MOA) with 12 foreign FIUs. These MOAs enable the exchange of information relevant to the investigation and prosecution of a money laundering, terrorist financing or other serious offence.

Mr Buksh said that the FIU received excellent support during 2011 from the financial institutions, law enforcement agencies and other relevant agencies which has assisted the FIU in effectively implementing the anti-money laundering requirements in Fiji.

The FIU is administered and fully funded by the Reserve Bank of Fiji.



**Fiji FIU**  
Fiji Financial Intelligence Unit



**Press Release No: 24/2012**  
**Date : 16 AUGUST 2012**

## PRESS RELEASE

### MARITIME SAFETY AUTHORITY OF FIJI SIGNS MEMORANDUM OF UNDERSTANDING WITH FIJI FINANCIAL INTELLIGENCE UNIT

The Maritime Safety Authority of Fiji (MSAF) and the Financial Intelligence Unit (FIU) today signed a Memorandum of Understanding (MOU).

The MOU would enable the exchange of relevant information and intelligence between the two parties. Through this MOU framework, the parties aim to establish and strengthen cooperation to effectively perform their respective statutory functions to implement an effective framework to detect, investigate and prosecute money laundering and other serious offences in Fiji.

The Chief Executive Officer of MSAF, Mr Neale Slack said that this MOU will enable MSAF to work closely with the FIU to ensure the safety and protection of Fiji's maritime industry under the current and proposed new laws. Mr Slack also said that under the MOU, MSAF will be able to collaborate with the FIU to implement relevant laws and regulations. The two agencies would work together to ensure full compliance by industry stakeholders. He further said that it was important for Fiji to further strengthen enforcement of MSAF powers leading to protection of Fiji from abuse of systems and resources as well as compliance with international maritime protocols and conventions.

The Director of the FIU, Mr Razim Buksh said the MOU will strengthen the cooperation and networking between MSAF, FIU and other relevant domestic agencies in Fiji in the fight against criminal activities including offences under Fiji's maritime laws. Mr Buksh said that the FIU is required under the Financial Transactions Reporting Act to assist law enforcement and regulatory agencies in Fiji by providing investigative as well as due diligence assistance. The FIU currently maintains over two million financial transaction information and has access to customer information held at various financial institutions. The FIU has signed similar MOUs with the Immigration Department, Fiji Police Force, Fiji Independent Commission Against Corruption, Land Transport Authority, Investment Fiji, Ministry of Justice, and Fiji Revenue and Customs Authority.

The MOU is entered between the parties pursuant to Section 25 of the Financial Transactions Reporting Act.

MSAF signed an MOU with the Fiji Police Force earlier this month.



**Fiji FIU**  
Fiji Financial Intelligence Unit



**Press Release No: 25/2012**  
**Date : 22 AUGUST 2012**

## PRESS RELEASE

### FINANCIAL INSTITUTIONS MAY USE VOTER IDENTIFICATION CARD TO VERIFY CUSTOMERS

As of 15 November 2012, Voter Identification Cards issued through Fiji's Electronic Voter Registration (EVR) can be used to verify identification at financial institutions.

The Financial Intelligence Unit has issued a formal Policy Advisory to financial institutions in Fiji to allow them to rely on the Voter Identification Card to verify their customers' identity when they come in to engage in any financial transactions or services.

The Ministry of Justice, through the Elections Office, has issued identity cards to Fiji citizens who have registered to vote for the general elections, scheduled for 2014. The Voter Identification Card is issued as part of the new EVR system after proper identification of the voter has been established. The Voter Identification Card has a unique voter registration number and contains personal details of the person such as the full name, date of birth, and the residential address.

In making this announcement, the Director of the Financial Intelligence Unit, Mr Razim Buksh said that the Voter Identification Card is a reliable identification document as it is issued after verification of the voter's identity by election registration officials using supporting identification documents such as a birth certificate or passport.

Mr Buksh said that all financial institutions that are covered under the Financial Transactions Reporting Act are advised that they may rely on the Republic of Fiji Voter Identification Card for the purpose of verifying the identity of a customer or client.

Mr Buksh further said that the Policy Advisory supports Government's initiative to encourage and facilitate access to financial services amongst all Fijians. Now, an individual can acquire financial products and services in Fiji using the Voter Identification Card.

The Attorney-General and Minister for Justice, Mr Aiyaz Sayed-Khaiyum, said that many people who previously did not have a formal identity card, now have the Voter Identification Card. He said that the Ministry of Justice and the Elections Office have implemented an effective voter identification and registration system that ensures the integrity of the Voter Identification Card and hopes that financial institutions will use this new document to offer banking and other financial services to people, particularly in rural areas and the outer islands.





**Fiji FIU**  
Fiji Financial Intelligence Unit



**Press Release No: 31/2012**  
**Date : 19 OCTOBER 2012**

## PRESS RELEASE

### POLICE OFFICERS RECEIVE SPECIALISED TRAINING ON INVESTIGATING MONEY LAUNDERING

25 Police officers will receive specialised training on investigating complex fraud cases such as money laundering. These officers will be also trained on how to identify tainted criminal proceeds that may be linked to criminal activities.

The Fiji Police Force and the Financial Intelligence Unit (FIU) announced that an intensive two-day joint workshop will be held on 23-24 October 2012 at the Novotel Hotel in Nadi. The workshop on "Money laundering and following the proceeds of crime" will be attended by crime officers, crime sergeants and fraud investigators based at various Police Stations from Rakiraki to Sigatoka.

Commissioner of Police, Brigadier General Iowane Naivalurua said that the workshop would create more awareness on the offence of money laundering and the legal provisions available to Police officers when tracing, restraining, confiscating and ultimately forfeiting any wealth generated from or linked to criminal activities.

This is the first time the Fiji Police Force and the FIU are organising such a workshop and this will further strengthen the working relationship between the two agencies.

The Director of the FIU, Mr Razim Buksh said that the FIU and the Reserve Bank of Fiji are happy to support this training as it will enhance the skill set, knowledge and caliber of law enforcement officers that is needed to investigate complex cases. Mr Buksh said that investigating and prosecuting fraud cases has always been a challenge for the relevant authorities in Fiji. A number of fraud, money laundering and proceeds of crime cases have been recently successfully investigated and prosecuted as a result of initial intelligence and assistance provided by the FIU. Tracing proceeds of crime and ultimately depriving the criminals from enjoying the criminal wealth is one of the key objectives of Fiji's anti-money laundering framework.

The workshop will be officially opened by the Commissioner of Police. The key facilitator for this specialised training is Madam Nazhat Shameem and other facilitators include Senior Police Officers from the Police Anti-Money Laundering Unit and the FIU.

**APPENDIX 4: FIJI'S AML/CFT LEGAL FRAMEWORK**

Year Law Passed	Particulars	Effective Date	Objective
1997	Proceeds of Crime Act	June 1998	Provides for the confiscation of the proceeds of crime to deprive persons of the proceeds, benefits and properties derived from the commission of serious offences; Assists law enforcement authorities in tracing the proceeds, benefits and properties linked to the commission of a serious offence.
	Mutual Assistance In Criminal Matters Act	June 1998	Regulates the obtaining of international assistance in criminal matters relating to taking of evidence, assistance in investigations and procedures for forfeiture of confiscation of properties used in the commission of a serious offence and related, matters.
2004	Financial Transactions Reporting Act	January 2006; January 2008	Establishes the FIU; Outlines the AML/CFT preventive measures that financial institutions must implement; Establishes STR and other reporting framework; Provides for currency reporting at the border; Establishes the National AML Council.
2005	Proceeds of Crime Amendment Act	January 2006	Further strengthen the Proceeds of Crime Act of 1997
	Mutual Assistance In Criminal Matters Amendment Act	January 2006	Further strengthen the Mutual Assistance In Criminal Matters Act of 1997
2007	Financial Transactions Reporting Regulations	May 2007	Provides detailed requirements on the provisions of the Financial Transactions Reporting Act of 2004
2012	Proceeds of Crime Amendment Decree	September 2012	Provides mechanism for dealing with explained wealth.
	Proceeds of Crime (Management and Disposal of Property) Regulations	September 2012	Provides for the management and control of property that have been restrained or forfeited to the State under the Proceeds of Crime Act.
Currently being finalised	Draft Counter Terrorism Decree	-	Provides measures for combating acts of terrorism and terrorist financing.

Source: Fiji FIU

## GLOSSARY

ABIF	Association of Banks in Fiji
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
CBT	Computer based training
CDR	Case Dissemination Report
CFT	Combating the Financing of Terrorism
CTOG	Counter Terrorism Officials Working Group
CTR	Cash Transaction Report
DMS	Data Mining System
DPR	Detailed Progress Report
EFTR	Electronic Funds Transfer Report
FATF	Financial Action Task Force
FEA	Fiji Electricity Authority
FFIMSO	Fiji FIU Information Management System Online
FINTWG	Financial Integrity Working Group
FIU	Financial Intelligence Unit
FRCA	Fiji Revenue and Customs Authority
FTR	Financial Transactions Reporting
FX	Foreign Exchange
MER	Mutual Evaluation Report
MOA	Memorandum of Agreement
ODPP	Office of the Director of Public Prosecutions
POC	Proceeds of Crime
RBA	Risk Based Approach
RBF	Reserve Bank of Fiji
STR	Suspicious Transaction Report
TFS	Targeted Financial Sanctions
UNODC	United Nations Office on Drugs and Crime
UNSCR	United Nations Security Council Resolution



## SELECTED KEY STATISTICS 2008-2012

	Year	2008	2009	2010	2011	2012
<b>Intelligence and Information Reports to Stakeholders</b>	Case Dissemination Reports	202	196	267	318	246
	Information Dissemination Reports	70	76	147	194	133
	Due Diligence Reports	41	54	43	49	122
<b>Notices to Financial Institutions</b>	Alert Notices	5	4	7	6	8
	Directives	3	6	3	2	4
	Year	2008	2009	2010	2011	2012
<b>Transaction &amp; Currency Reports Received by FIU</b>	Cash Transaction Reports	37,551	132,547	133,487	144,191	200,404
	Electronic Fund Transfer Transaction Reports	95,859	303,380	315,634	450,849	830,959
	Suspicious Transaction Reports	479	750	629	728	579
	Border Currency Reports	198	244	223	194	477
	Year	2008	2009	2010	2011	2012
<b>Education &amp; Awareness</b>	Number of employees of Financial Institution	103	83	212	119	453
	Number of Financial Institutions	8	6	6	5	8
	Employees of Law Enforcement Agencies	42	22	110	165	135
	National AML Learning Centre- Number Completed Courses	-	-	22 <sup>6</sup>	59	39

<sup>6</sup>National AML Learning Centre launched 2010

## SELECTED KEY EVENTS IN 2012

### JANUARY

24-26 Human Trafficking Workshop, Fiji Police Force

### FEBRUARY

- 03 Launch of the RBF/FIU 2012 Workplan
- 05 AML Legal Working Group Meeting 1/2012
- 17 Monika Arora sentenced to seven years imprisonment for money laundering offence
- 21 AML Supervisors and Regulators Working Group Meeting 1/2012
- 22 National AML Council Meeting 1/2012
- 27 FIU Press Release – Beware of Employment Scam
- 25-27 APG Workshop on the Review of the FATF Standards, Kuala Lumpur, Malaysia
- 29 AML Law Enforcement Working Group Meeting 1/2012

### MARCH

- 13 Signed MOA with FIU Macao SAR China
- 26 AML Legal Working Group Meeting 2/2012
- 29 AML Law Enforcement Working Group Meeting 2/2012

### APRIL

- 10 Deepak Rajneel Kapoor sentenced to 16 months imprisonment for money laundering offence
- 11 AML Legal Working Group Meeting 3/2012
- 12 Johnny Albert Stephens sentenced to seven years imprisonment for money laundering offence
- 16-20 Work attachment Solomon Islands FIU Financial Analyst and Investigator

### MAY

- 09-10 AFI Financial Integrity Working Group Meeting, Lilongwe, Malawi
- 14-18 Sub-regional Workshop on the Control of the Cross-Border Movement of Cash/Bearer Negotiable Instruments and Suspicious Transaction Reporting, Tonga
- 23 National AML Council Meeting 2/2012
- 31 Submitted Fiji's Detailed Progress Report to the APG

### JUNE

- 15 FIU Press Release - Authorities Tackle Cybercrime in Fiji

### JULY

- 05 Released FIU 2011 Annual Report  
FIU Press Release - FIU 2011 Annual Report
- 09-13 Egmont Group Plenary Meeting, St Petersburg, Russia
- 11 Signed MOAs with Republic of China (Taiwan) and South Africa at the Egmont Group Plenary Meeting
- 16-20 APG Annual Plenary Meeting, Brisbane, Australia

### AUGUST

- 15 AML Supervisors and Regulators Working Group Meeting 2/2012
- 16 FIU Press Release - Marine Safety Authority of Fiji Signs MOA with Fiji FIU
- 22 FIU Press Release - Financial Institutions May Use Voter Identification Cards to Verify Customers

### SEPTEMBER

- 03 Signed MOA with Belgian FIU
- 04 National AML Council Meeting 3/2012
- 11 AML Compliance Officers Forum (Commercial banks)
- 13 AML Compliance Officers Forum (Securities Sector)
- 20 FIU Interactive Planning Workshop in Suva
- 21 Gazette Notice: Proceeds of Crime (Management and Disposal of Property) Regulations  
Gazette Notice: Proceeds of Crime (Amendment) Decree (Unexplained Wealth)
- 24-28 AFI Financial Integrity Working Group Meeting and AFI Global Policy Forum, Cape Town, South Africa
- 27 Kapil K Samy convicted for money laundering offence and sentenced to one year imprisonment suspended for two years

### OCTOBER

- 01-05 Egmont Group/World Bank Strategic Analysis Course, Bangkok, Thailand
- 04-07 6th International Association of Anti-Corruption Authorities Annual Conference and General Meeting, Kuala Lumpur, Malaysia
- 19 FIU Press Release – Police Officers Receive Specialised Training on Investigating Money Laundering
- 22 Criminal Intelligence Program, Australian Federal Police, Suva
- 23-24 Joint Fiji Police Force and FIU Workshop on "Proceeds of Crime: Follow the Money Workshop", Nadi
- 25-26 Networking visits and trainings to financial institutions, Nadi and Lautoka

### NOVEMBER

- 01 Doreen Singh convicted for money laundering offence
- 19-23 APG Typologies Workshop, Hanoi, Vietnam
- 28 AML Legal Working Group Meeting 4/2012
- 29-30 Money Laundering and Proceeds of Crime Workshop, ODPP, Suva

### DECEMBER

- 06 AML Law Enforcement Working Group Meeting 3/2012
- 20 National AML Council Meeting 4/2012

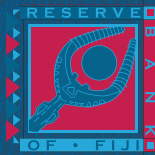




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