



Taking the profit out of crime

STANDARDS OF REPORTING

SUBMISSION OF QUALITY SUSPICIOUS TRANSACTION REPORTS TO THE FID



STRs RECEIVED IN 2017

In 2017, the FID received the following number of STRs:

- UNDER POCA: 126,983
- UNDER TPA: 1



STRS RECEIVED IN 2017

POCA
reports
received
by
sectors

SECTOR	REPORTS SUBMITTED	Percentage
Remittances	113,157	89.11
Cambios	12,566	9.90
Commercial Banks	1,031	0.81
Credit Unions	105	0.08
Building Societies	44	0.03
Insurance	28	0.02
Securities Dealers	25	0.02
DNFIs	23	0.02
Merchant Banks	4	0.01
TOTAL	126,983	100

STRS RECEIVED IN 2017





STRs FROM THE COMMERCIAL BANKS

- Commercial banks submitted **1,031** STRS to FID in **2017**
- Of these, **357** (35%) were on fraud against customers' accounts
- These STRs on bank fraud, although valid, should not be allowed to crowd out reports on other offences



DISSEMINATIONS BY THE FIU IN 2017

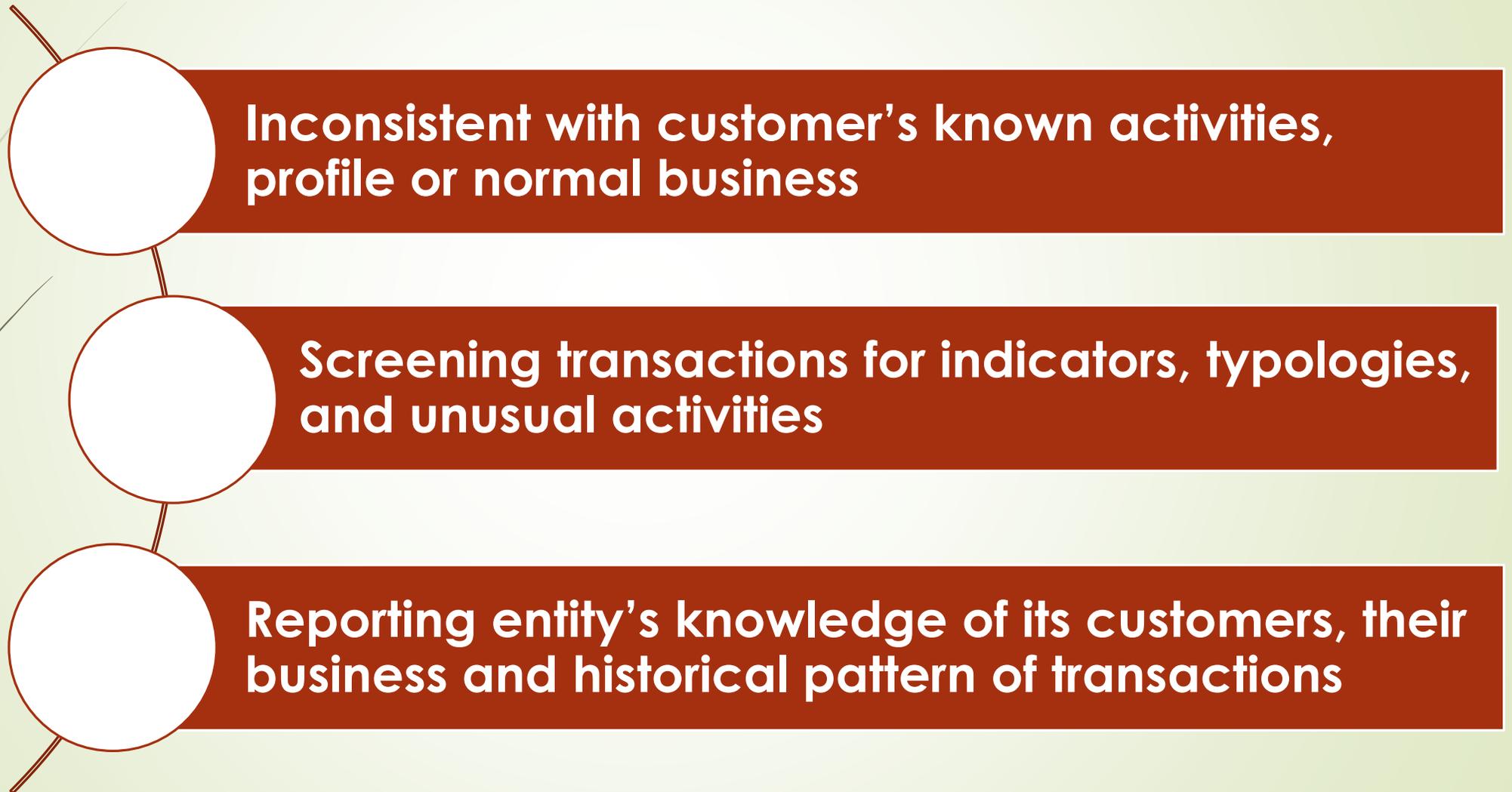
UNIT	NUMBER
Financial Investigation Team (FIT)	112
Fraud Squad	7
TOTAL DISSEMINATIONS	119



DISSEMINATIONS TO FIT (2017)

TOTAL DISCLOSURES	112
Number of Targets	223
Number of Reports Involved	4,410
Total Transaction Value	J\$6.9 Billion

IDENTIFYING SUSPICIOUS TRANSACTIONS



REASONS FOR SUSPICION

- 
- A vertical graphic on the left side of the slide consists of five downward-pointing chevrons in a color gradient: orange, brown, dark green, light green, and teal. Each chevron is positioned to the left of a corresponding text box.
- You are aware that a Customer is the subject of a criminal investigation;
 - Customer does not want correspondence sent to home address;
 - Customer is accompanied and watched;
 - Significant and/or frequent transactions in contrast to known or expected business activities;
 - Nervous or uncooperative behavior;

REASONS FOR SUSPICION (cont'd)



- Customer over justifies or explains the transaction;



- Customer presents confusing details about the transaction or knows few details or is unwilling to disclose details;



- Normal attempts to verify the background of new or prospective customer are difficult;



- Customer spells his or her name differently from one transaction to another;

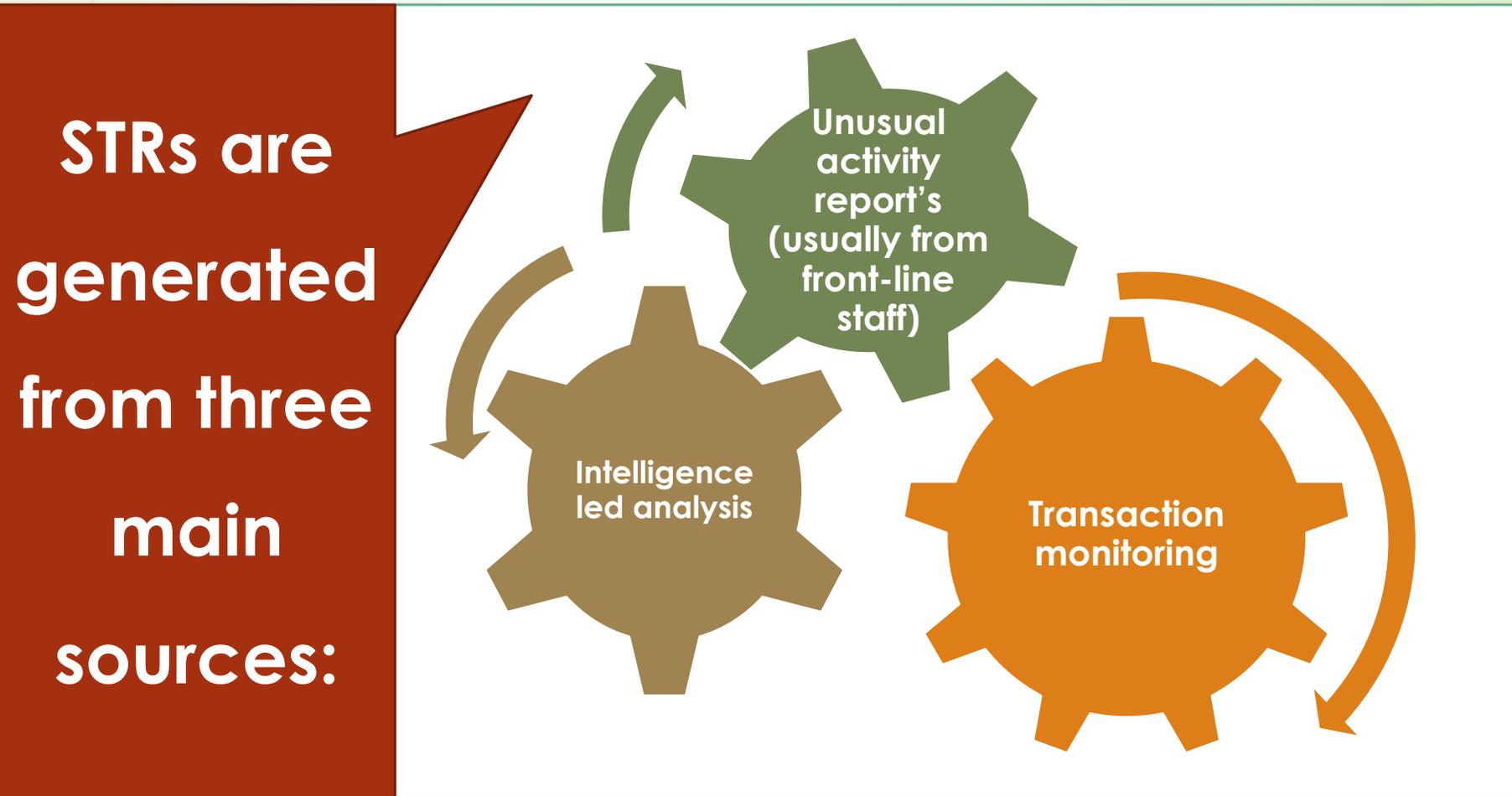


- Prospective, new or existing customer is known to having a questionable legal reputation or criminal background;

REASONS FOR SUSPICION

- 
- A vertical decorative graphic on the left side of the slide consists of five downward-pointing chevrons in a color gradient: orange, brown, green, light green, and teal. Each chevron is positioned to the left of a corresponding text box.
- **The regulated entity is aware or becomes aware that the customer is the subject of a money laundering or terrorist financing investigation;**
 - **Customer makes enquiries that would indicate a desire to avoid reporting;**
 - **Customer offers regulated entity staff, money or unusual favours for the provision of services that may appear unusual or suspicious;**
 - **Money presented in unusual condition, for example, damp, odorous or coated with substance;**
 - **Customer conducts transactions at different physical locations in an apparent attempt to avoid detection;**

HOW ARE STRs GENERATED?



HOW ARE STRs GENERATED?



At a CFATF Heads of FIUs Forum, private sector participants further posited that the transaction monitoring process was deemed to be the most resource intensive but has led to the lowest conversion rate to STRs.



WHAT TO REPORT

A submitted STR must contain:

A valid statement of the grounds on which the reporting entity holds a suspicion;

Mandatory details (as required legislatively or by guidance);

Correct identifications;

Other details or supporting documents;

Additional information that will support FIU analysis



WHAT TO REPORT?

For wire transfer receipts/deposits, all available information should be provided within the STR, to include:

Name of remitter

Account details of remitter

Telephone number

Address

Sending bank's name and address



USE OF TECHNOLOGY

The increased use of technological solutions in identifying suspicious transactions for financial products (Fintech)

The UK Financial Conduct Authority has defined fintech as “the intersection between finance and technology.”

USE OF TECHNOLOGY

Regtech is defined as the “sub-set of fintech that focuses on technologies that may facilitate the delivery of regulatory requirements more efficiently and effectively than existing capabilities.”

Regtech solutions are affecting how firms manage compliance and their use has risen by almost a quarter to 76 % in 2017 in the USA.



SAMPLES OF QUALITY STRs

Example 1

- ▶ John is known to the Bank to be employed as an Engineer with the XYZ Co. Ltd earning a monthly income of J\$XXX. Bank records reflect that from the period 09 August to 17 November 2016, twenty (20) Third Party Transfers totalling J\$1,XXXX from A/C#111 maintained at the Spanish Town Branch belonging to Mary were credited to John's account as illustrated below.

Date of Transfer	Amount
9 Aug 16	\$100,000.00

20 transactions listed

- ▶ Enhanced due diligence conducted on the account of Mary revealed that the transfers to John's account were preceded by Third Party Transfers from A/C#222 @ F Branch belonging to Jim and to a lesser extent, by Branch deposits. (refer STR#20161XXX).



SAMPLES OF QUALITY STRs

EXAMPLE 1 (Cont.)

- ▶ Enhanced due diligence conducted on the account of Bertram, who is known to the Bank to be a self-employed construction worker, revealed that the Third Party Transfers to Mary's account were conducted soon after Bertram's account was credited with proceeds from cheques drawn on the account of XYZ Co. (refer STR#20161XXX)
- ▶ While we cannot confirm the nature of the relationship amongst the parties involved in the aforementioned Third Party Transfers, the manner in which the transactions were conducted coupled with the appearance of a conflict of interest, based on the position held by John at XYZ Co and that he seemed to be the ultimate beneficiary of the funds paid to Bertram by XYZ Co. The Bank felt inclined to report this matter to your office.



SAMPLES OF QUALITY STRs

Example 1 (Cont.)

- A Case Disclosure was disseminated to FIT based on this STR and an investigation carried out leading to the proffering of the following charges against three persons named in the report:
 - Using his office to obtain a benefit under The Corruption Prevention Act;
 - Entering a transaction involving criminal property (POCA);
 - Entering in an arrangement that involves criminal property;

SAMPLES OF QUALITY STRs

Example 1 (Cont.)

Elements of Effective Reporting contained in this STR are:

- Comprehensive flow of funds shown involving related persons and accounts;
- All connected parties identified with associated STRs submitted;
- Possible offence stated;
- Historical transactions provided;
- Information provided in a concise yet detailed and effective format.



SAMPLES OF STRs SUBMISSIONS

Example 2 – Reason For Suspicion

- ▶ In our opinion VB's transaction is suspicious due to the following reasons:
- ▶ The amount received as a wire transfer is outside of the customer's normal deposit activity;
- ▶ The customer is unemployed and is believed to be involved in lottery scamming activities in her community;
- ▶ The recipient (VB) declared that the sender is her aunt-in-law and that the funds are being sent for either construction purposes or electrical wiring and that the funds will be sent monthly.



SAMPLES OF STRs SUBMISSIONS

Deficiencies contained in this report:

- No historical perspective provided with respect to previous transactions;
- No documentation requested from customer for verification of purpose of funds;

Effective Reporting Elements Contained in the report:

- Possible offence identified, that is, lottery scamming;
- Sender's information was provided;
- Funds held and appropriate consent to pay out funds was requested from FID



SAMPLES OF STRs SUBMISSIONS

Results from STR 2

- VB has pleaded guilty to:
 - 4 counts of possession of criminal property
 - 4 counts of engaging in a transaction that involves criminal property

She was fined J\$1.2 million and sentenced to nine (9) months in prison, suspended for two years.

On July 7, 2017 FID/ARA was granted a forfeiture order against VB in relation to a bank account containing approximately US\$46,000.

These funds initially triggered the STR and has now been recovered by the state.



COMPARING STRs FROM TWO REPORTERS

Below are two Reasons for suspicion provided by two institutions on the same person conducting similar transactions at both FIs.

FI 1

- The transactions herein are considered suspicious on the following premise:
- They are outside the prior pattern of activity illustrated by the transaction pattern on the account;
- The volume and value of transactions conducted during June 2014 far exceeds any other month or prior value of transactions cumulatively;
- The transaction values do not appear consistent with DC's stated employment information;
- The wire transfers received to the account were from two senders in different jurisdictions.



COMPARING STRS FROM TWO REPORTERS

FI 2

- DC maintains three (3) joint savings account at the XX branch. During the months of April and May 2014, nine (9) incoming wire transfers totalling US\$71,100 converted to J\$7,721,275 were credited to his account #111. All the wires were sent by E & U from Deutsche Postbank AG (Frankfurt branch) account #001XX. Remittance information stated on the wire transfer forms were, 'good luck with the car, best regards U', 'enjoy the new car', 'good luck', 'for the car', 'the rest for the car', 'have a good trip', 'for the flat', 'care repairs part 1', 'car repair part 2'.
- Attempts were made to contact DC at telephone #2XX, several voice messages were left, however, to date, we have not received any response.
- A recent review of his account #111, revealed that \$6,500,000.00 was transferred to account #112 and \$750,000 to account #113. The latter account was opened May 15, 2014 with \$105,000.00 sourced by a transfer from a/c#111. Other withdrawals conducted on the accounts were done in branch, ABM, and POS purchases.



COMPARING STRS FROM TWO REPORTERS

FI 2 (Cont.)

- ▶ On June 4, 2014 DC visited the XX branch to conduct a transaction when he was interviewed, he advised that the funds were sent by his girlfriend (whose name he could not pronounce) to assist with the expansion of his house and to purchase a motor vehicle.
- ▶ Based on the transaction activities conducted so far there are no indications that the funds were used for the purpose stated on the wire transfer forms by DC. Additionally based on the frequency, volume and value of the wires we suspect that these funds may have been obtained by illicit means.
- ▶ In light of the aforementioned we have since placed a hold on the funds in the accounts.
- ▶ The current balance in the accounts are:
 - ▶ #111- \$5XXXXXXXX
 - ▶ #112- \$6XXXXXX



OUTCOME OF STRs FILED ON DC

A Case Disclosure from both STRs was prepared by the FIU and disseminated to FIT resulting in the following charges:

- Acquisition of criminal property
- Engaging in a transaction involving criminal property
- Possession of criminal property
- Larceny



OBLIGATIONS OF THE NOMINATED OFFICER TO SUBMIT A STR

Under section 95 of POCA a Nominated Officer (NO) has an obligation to submit a STR if:

The NO knows or believes, or has reasonable grounds for knowing or believing that a person has engaged in a ML transaction and

The information came to the NO from a disclosure made under Section 94



PENALTY FOR FAILURE TO FILE A STR

A Nominated Officer who commits an offence under Section 95 is liable:

- On conviction before a Parish Judge to a fine not exceeding \$1 million or to imprisonment for a term not exceeding 12 months or to both such fine and imprisonment;
- On conviction on indictment before a Circuit Court to a fine or imprisonment for a term not exceeding 10 years or to both such fine and imprisonment;



SKILLS AND EXPERTISE REQUIREMENTS OF A NOMINATED/COMPLIANCE OFFICER

As the functions and personal liability of compliance officers expand, there is a correlating increase for knowledge/skills in certain areas including:

- Law
- Accounts
- Auditing
- Technology
- Operations
- Risk Analysis

In fact, a compliance officer now needs to be a super human!



Section 101A (1)(POCA) (Amendment) 2013

Prohibits a person from paying or receiving in excess of JMD \$1,000,000.00 or its equivalent in any other currency, in any transaction for the purchase of any goods or services or for the payment or reduction of any indebtedness, accounts payable or other financial obligation; or

Artificially separating a single activity of course of activities into a set of transactions so that each transaction involves a payments and receipt of cash that is less than the prescribed amount but which activity or course of activities in the aggregate involves payment and receipt of cash that exceeds the prescribed amount the illegality of an individual conducting certain cash transactions in excess of a “prescribed amount” - J\$1,000,000 or its equivalent in any other currency.



Section 101A (1)(POCA) (Amendment) 2013

If a client, in doing a transaction, tells a permitted person that the source of funds for a transaction emanates from a transaction that maybe in breach of section 101A, then the entity is entitled to carry out the transaction since it is a permitted person under the section, but it should make a suspicious transaction report;



Section 101A (1)(POCA) (Amendment) 2013

If a client tells a permitted person that it is his intention to withdraw funds to carry out a transaction that may breach section 101A, then the permitted person can carry out the transaction but does not have to make a report since the entity is only required to report transactions and not intentions.



GOAML – JULY 1, 2018

The FID is implementing a new and more efficient online reporting platform to enable entities in the regulated sector to submit their reports.

GOAML is currently being used in forty (40) countries, to name a few: **Germany, Netherlands, Ireland, New Zealand, South Africa, Egypt, Pakistan, Bermuda and Dominica Republic.**

GOAML will enhance the process of receipt, analysis and dissemination of information in support of the investigative process, as well as identifying emerging trends and typologies within the Jamaican economy.

A solid red arrow pointing to the right is positioned in the upper left corner of the slide.

The End

**THANK YOU
FOR YOUR
ATTENTION**

