



PARLIAMENT OF THE REPUBLIC OF FIJI

STANDING COMMITTEE ON ECONOMIC AFFAIRS

Fiji Financial Intelligence Unit 2017 Annual report



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Chair's Foreword

The Standing Committee on Economic Affairs was tasked by Parliament to review the Fiji Financial Intelligence Unit (FIU) Annual Report 2017.

The Committee commends the overall performance of FIU. The deliberations were inclusive of contributions from the Fiji Police Force and Reserve Bank of Fiji (RBF) who also acknowledged and appreciated the important role played by FIU.

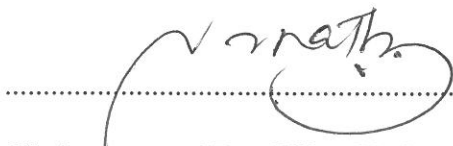
The Committee appreciates FIU's efforts of producing an Annual report despite the fact that they were not mandated to do so. While deliberating on the report, it was very evident that the data collated by FIU is of great value to law enforcement agencies and financial institutions in detecting high-level financial criminal activities. Continuous capacity building must be encouraged and the key role of FIU must be further enhanced to include database on people of interest locally and internationally.

Furthermore, the Committee was also made aware of the various strategies the FIU has put in place in order to expand their network such as signing an MOU with REALB and Interpol. Such partnerships are strongly encouraged as it would enhance the organization's ability to detect and investigate fraudulent activities.

On gender equality, the Committee noted that Fiji Financial Intelligence Unit prides itself as an equal opportunity employer. Since the policies and procedures of FIU are adopted through that of RBF's, an open competitive recruitment and promotion system has been implemented based on merit and work related qualities. Various policies have also been put in place to create a non-discriminatory and harassment free environment.

Finally, I would like to thank our Committee Members who were part of the team that produced this report: - Deputy Chair - Hon. Veena Bhatnagar, Hon. George Vegnathan, Hon. Filipe Tuisawau, Hon. Inosi Kuridrani and Hon. Gavoka. I also take this opportunity to acknowledge and thank the Parliamentary Staff who have given us invaluable support.

On behalf of the Standing Committee on Economic Affairs, I commend the FIU 2017 Annual report to Parliament.



Chairperson – Hon. Vijay Nath

Acronyms:

FIU	-	Fiji Financial Intelligence Unit
AML	-	Anti-Money Laundering
FTR	-	Financial Transactions Reporting Act
SO	-	Standing Orders
REALB	-	Real Estate Licensing Board
MOU	-	Memorandum of Understanding

1.0 Introduction

1.1 Background

Fiji Financial Intelligence Unit is one of the leading agencies in Fiji that is responsible for preventing and detecting money laundering and terrorist financing activities.

The Unit was established in 2006 under the FTR Act in the form of an intelligence agency of the Fijian government. The FIU is also Fiji's "anti-money laundering and combating the financing of terrorism" regulator and the lead agency on AML/CFT policy formulation, compliance and enforcement.

Although FIU is administered and financed by the Reserve Bank of Fiji, it is operationally autonomous and independent. The director of FIU is appointed by the RBF Governor on the recommendation of the National AML Council. The FIU's administrative processes and procedures are linked to that of the RBF and so the FIU's work plan and budget are presented to the Governor for approval every financial year.

In the year 2017, FIU received and analyzed 650 suspicious transaction reports amongst the 11 million or more financial transaction reports that they manage on their database. The FIU works closely with law enforcement agencies and this was reflected in 2017 through the dissemination of about 448 intelligence reports to law enforcers. AML and FTR Act training was also conducted for law enforcers and financial institutions so as to enhance their capabilities. They also issued alert notices to financial institutions regarding suspicious persons and entities.

1.2 Committee Remit and Composition

The Committee is made up of five (5) Members of Parliament, three (3) of which are Government members and two Opposition members. According to Section 109(2)(a) the Standing Committee is responsible to look into matters related to economic development, finance, banking and taxation.

2.0 Findings and Recommendations

1. The Committee appreciates that the production of the Annual Report by FIU is voluntary but given its importance in creating awareness and outreach to members of the public and all stakeholders, the Committee is of the view that FIU should be given the mandate to produce this report.

2. The Committee realizes the highly specialized nature of the work done by FIU and those partners that seconded staff to it. The Committee recommends that all efforts are made to ensure that the officers so seconded are continuously provided with necessary skills through capacity building and that there is stability in tenure, consistent with the nature of the role of FIU.

3. The Committee notes that the 2017 report highlights that FIU is compliant with 9/40 of the technical compliance requirements in terms of international standards. The Committee acknowledges that progress has been made since and hopes that the outstanding 7 will come to completion with the amendment to the Public Order Act.

The Committee recommends related work on the Act be expedited.

4. The Committee acknowledges that the data collated by FIU is of great value to many agencies who regard FIU as a “one stop shop”. The Committee recommends that this key role of FIU to be continually enhanced, including provision of database on people of interest locally and internationally, such as deportees.

5. The Committee notes that FIU is finalizing arrangements to have direct access to Interpol which is currently centered at the Interpol Unit at the Fiji Police Force. Such access will provide FIU with a direct search functionality to the intelligence database at Interpol. The Committee recommends that these arrangements be pursued with urgency.

6. The Committee appreciates the MOU signed between FIU and REALB as well as acknowledges that the current Real Estate Agents Licensing Act is under review. The Committee is hopeful that the amendments from this review will enhance the organization’s ability to detect and investigate fraudulent activities.

7. The Committee notes the important role played by the Real Estate Agents in guarding against questionable transactions including the non-provision of relevant information on properties. Taking into consideration that currently, Agents gain their licenses solely through three years of required experience, the Committee believes that in addition to the three years’ experience, specifically designed workshops, trainings and qualifications should be organized for agents to further upgrade the standards in real estate.

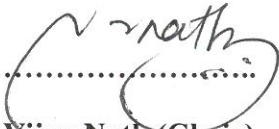
3.0 Gender Analysis

Fiji Financial Intelligence Unit prides itself as an equal opportunity employer. Since the policies and procedures of FIU are adopted through that of RBF's, an open competitive recruitment and promotion system has been implemented based on merit and work related qualities. Various policies have also been put in place to create a non-discriminatory and harassment free environment to ensure that both women and men have equal access to employment conditions

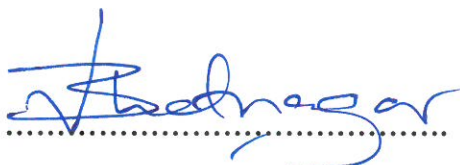
4.0 Conclusion

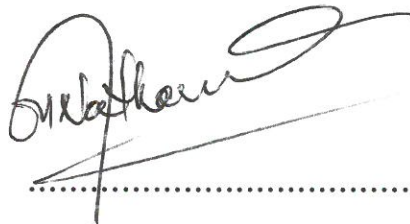
The Standing Committee on Economic Affairs has fulfilled its mandate approved by Parliament which was to scrutinize the 2017 Annual Report of the FIU. The Committee believes that the FIU has made tremendous progress in the fight against money laundering and other criminal activities. And to further strengthen FIU's mission of implementing an effective intelligence management framework, the Committee puts forward seven findings and recommendations.


Members Signature

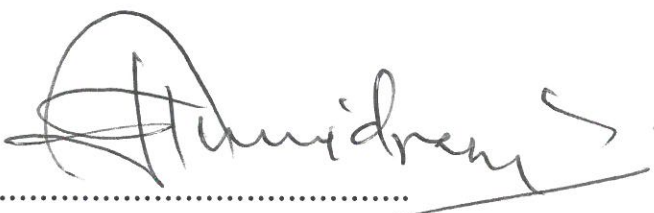

.....
Hon. Vijay Nath (Chair)


.....
Hon. Viliame Gavoka (Alternate)


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Hon. Veena Bhatnagar (Deputy Chair)


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Hon. George Vignathan (Member)

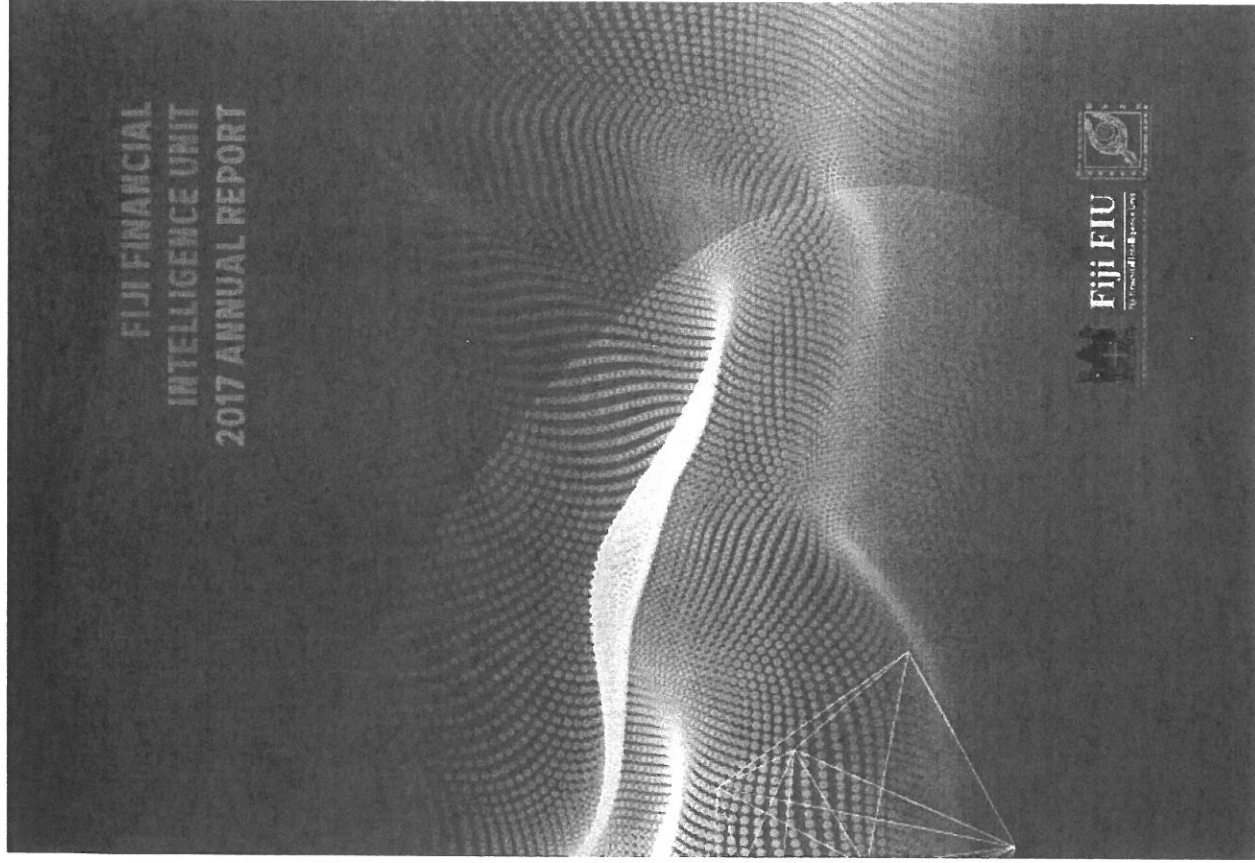

.....
Hon. Ro Filipe Tuisawau (Member)


.....
Hon. Inosi Kuridrani (Member)

Financial Intelligence Unit *Annual Report 2017*

Briefing to the Parliamentary
Standing Committee on
Economic Affairs
25 February 2019

Razim Buksh
Director, Fiji FIU



FijiFIU

Fiji Financial Intelligence Unit



Our Vision

Protecting Fiji from Money Laundering

Our Mission

1. Strengthen our compliance with international Financial Intelligence Unit (FIU) and anti-money laundering and combating the financing of terrorism (AML/CFT) obligations;
2. Implement AML/CFT policies to ensure the safety and integrity of Fiji's financial system;
3. Implement an effective intelligence management framework;
4. Strengthen networking with our partners;
5. Enhance operational governance and communication.



FijiFIU

Fiji Financial Intelligence Unit



THE FIU – Establishment and Functions

- Established in 2006 under the FTR Act;
- Intelligence Agency of the Fijian Government;
- Assist Government combat money laundering, terrorism financing, proliferation financing and other serious crimes;
- Role:
 - Administer the FTR Act;
 - Enforce compliance by financial institutions.



FijiFIU

Fiji Financial Intelligence Unit



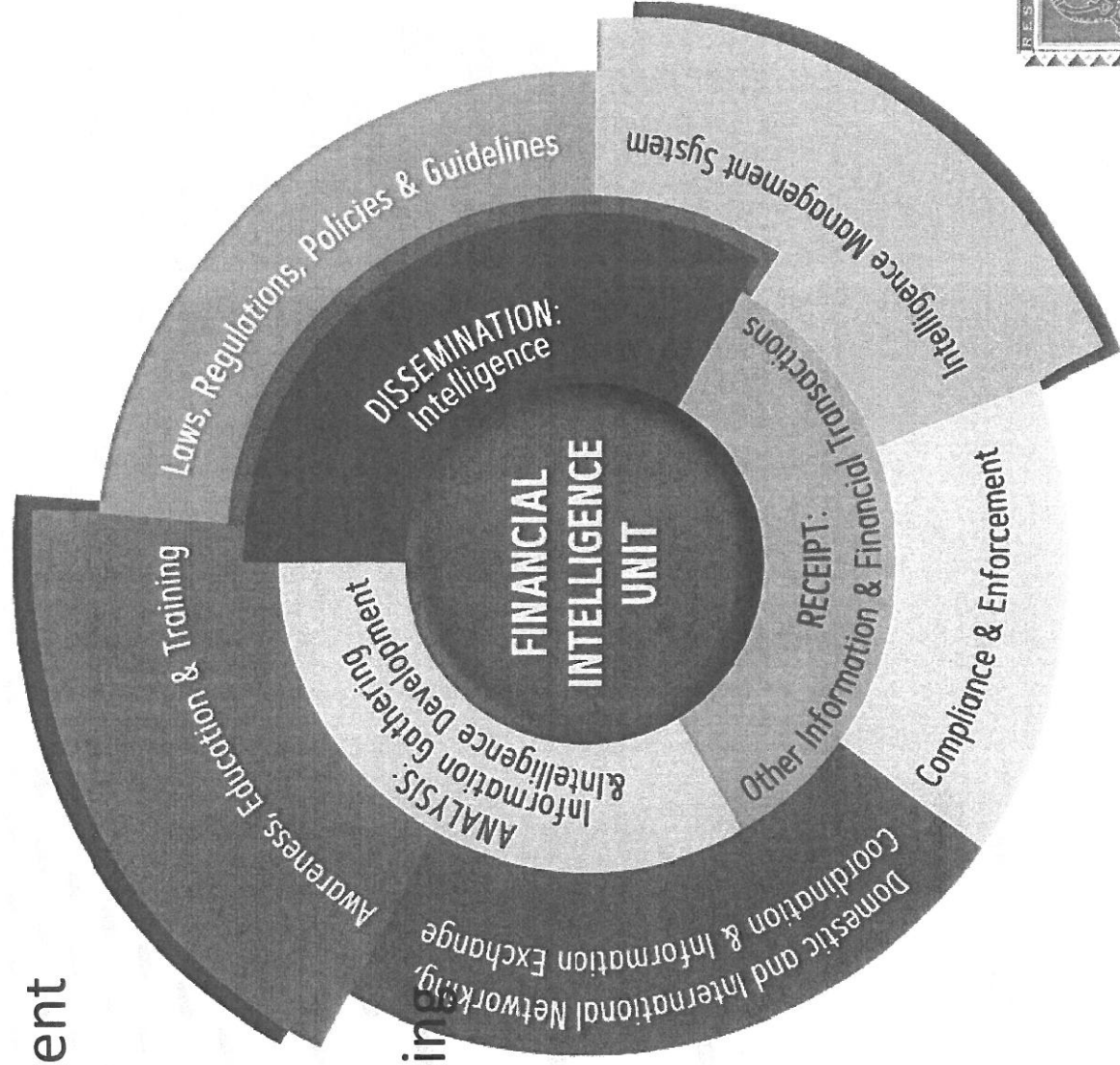
THE FIU – Budget, Accountability & Governance

- Administered & funded by RBF:
 - Annual operating expenditure approximately \$1 million
- RBF also provides rent free office space and provides HR, IT, Accounting and Audit services;
- Director of the FIU is appointed by the RBF Governor on the recommendation of the National AML Council;
- FIU is operationally autonomous and independent;
- Director reports to the RBF Governor in the performance of his functions.



ROLE & FUNCTIONS OF THE FIU

1. Intelligence Management
(receipt, analysis, dissemination)
2. Domestic and International Networking
& Coordination
3. Awareness & Training
4. Policy Formulation,
Compliance &
Enforcement



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Fiji Financial Intelligence Unit



FIU Governance

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 RBF in 2005.

GOVERNOR AND RBF BOARD

- Responsible for the administration of the FIU under the delegation of powers from the Minister for Justice.
- Responsible for the approval of FIU annual work plan and budget.

DIRECTOR FIU

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

NATIONAL AML COUNCIL

- Responsible for providing advice and assistance to the FIU on the prevention of money laundering and terrorist financing activities in Fiji.
- Provides recommendations to the Minister and Governor on the appointment of the Director.



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Fiji's AML/CFT Framework



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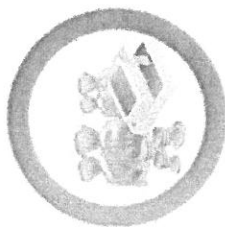
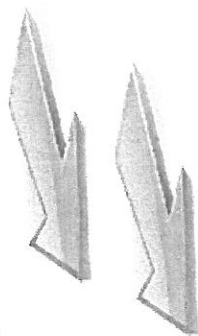
A TYPICAL MONEY LAUNDERING SCHEME

Collection of Dirty Money

1. PLACEMENT



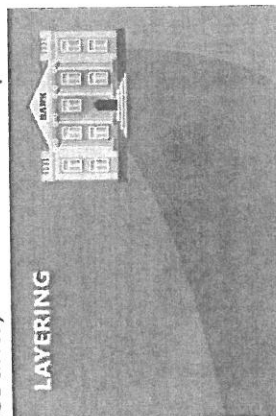
Dirty Money Enters
Financial System



2. LAYERING



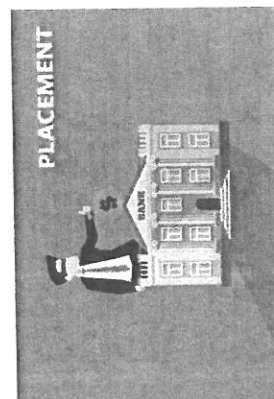
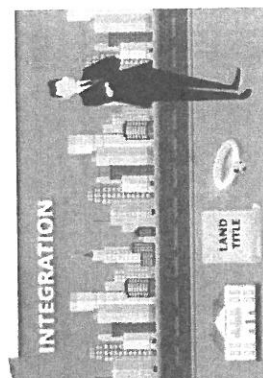
Transfer Funds between various
accounts, institutions and parties



3. INTEGRATION



Purchase of Assets, including real
estate,
Financial Investments
Commercial / Industrial Investments



FijiFIU

Fiji Financial Intelligence Unit



Top Proceed Generating Crimes in Fiji

(Fiji NRA Findings June 2015)

Drug Trafficking

Tax Evasion

Deception/Fraud

Corruption

Cybercrime

Border Currency

Human

Trafficking

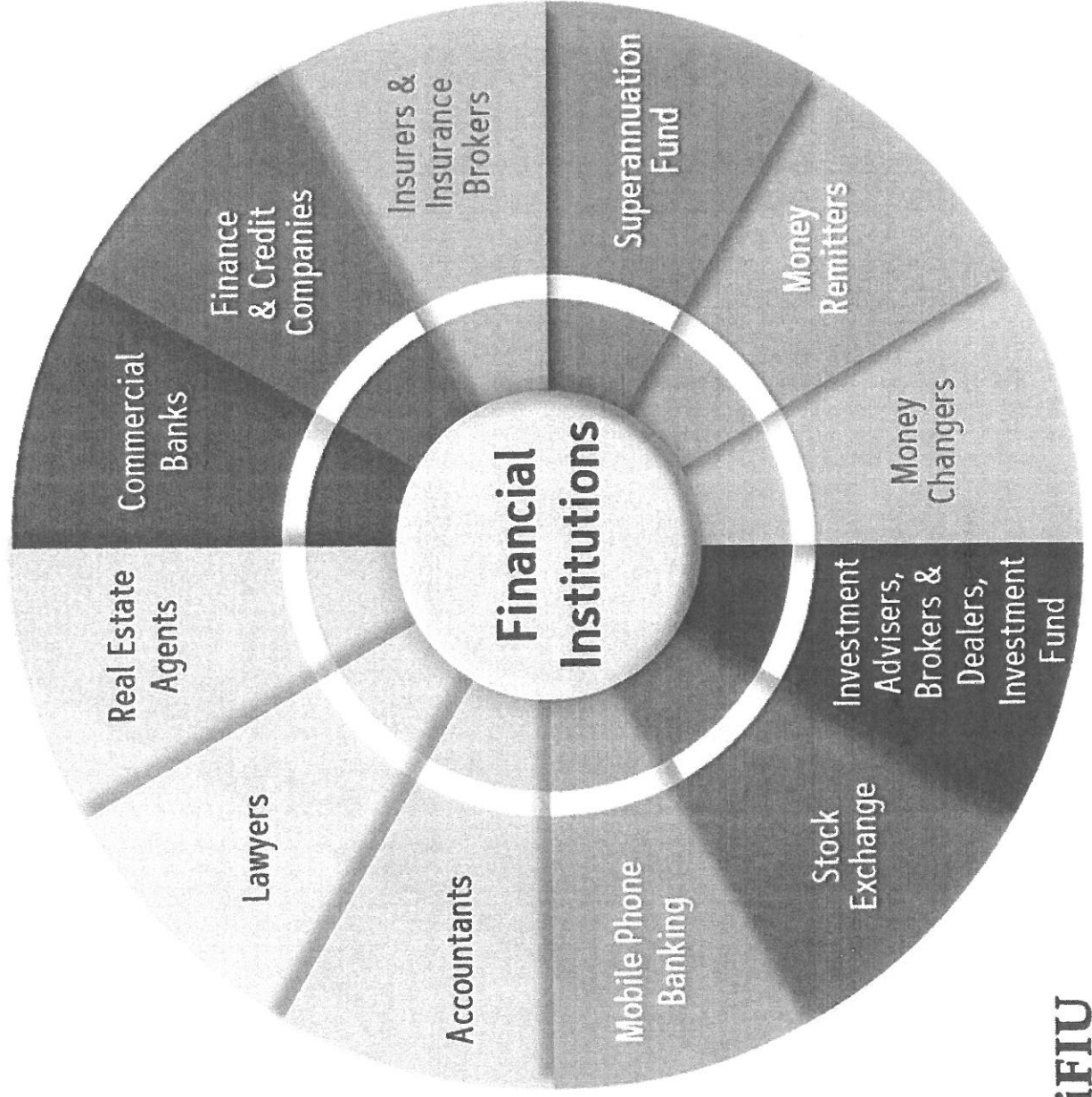


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Fiji Financial Intelligence Unit



Regulatory Reach of the FTR Act

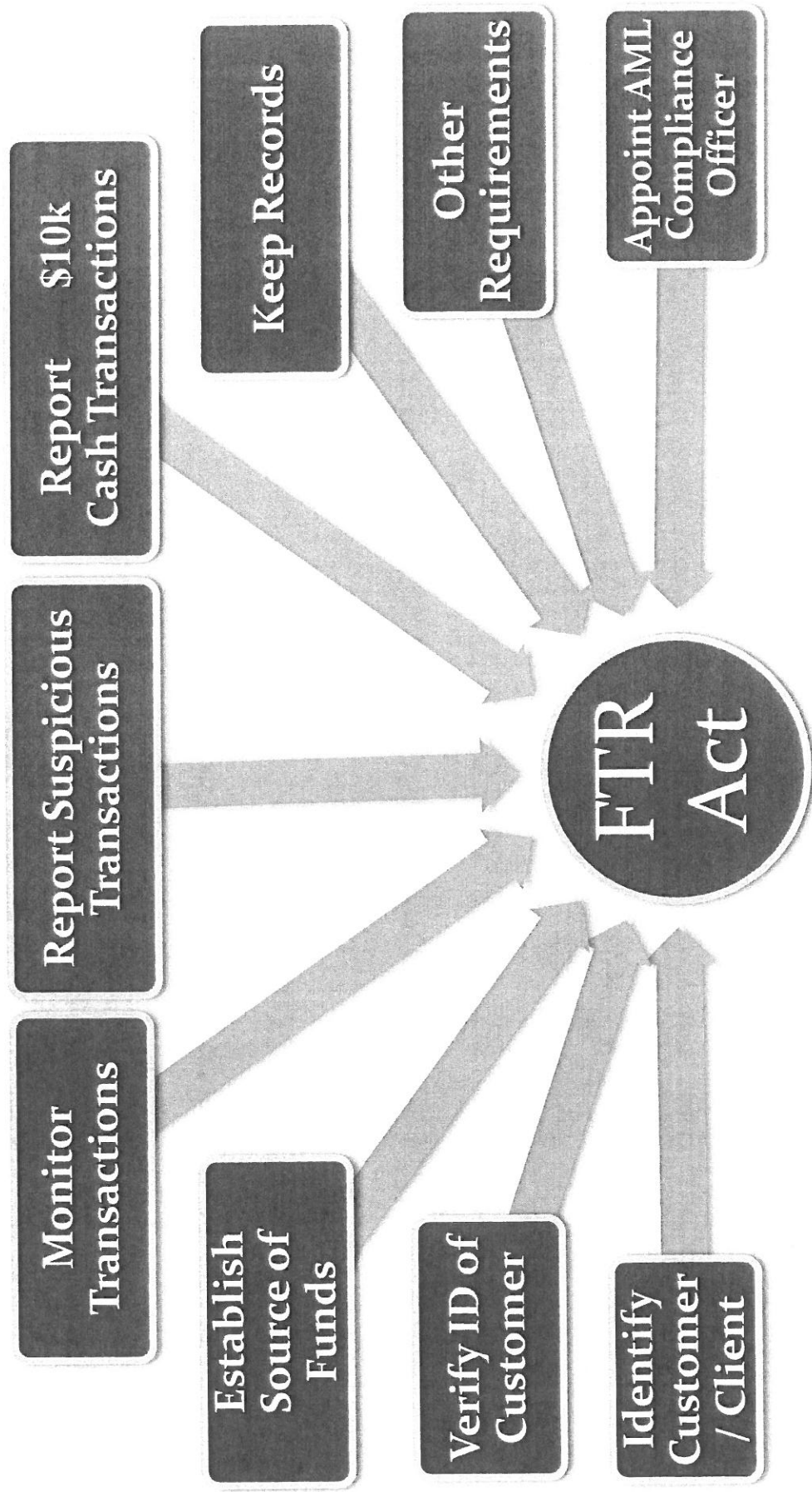


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Preventive Measures FTR Act & Regulations



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Fiji Financial Intelligence Unit



Economic Impact of FIU's Functions

- Safety and integrity of Fiji's financial system;
- Protection of foreign investors, local businesses and ordinary Fijians from illicit financial transactions;
- Commercial and personal financial transactions are conducted in a secure environment;
- Contribution towards crime prevention and investigation;
- Strengthen tax compliance;
- Assist in asset recovery;
- Identify unexplained wealth;
- Enhanced scrutiny of public sector officials to mitigate abuse and corruption;
- Safety from transnational organised crimes and
- Strengthen Fiji's global compliance.



FijiFIU

Fiji Financial Intelligence Unit



Key Deliverables of the FIU 2017

- Contributed to the investigation and prosecution of fraud, corruption, tax evasion and other complex financial crimes by providing timely and credible financial intelligence and information to law enforcement authorities, such as, FICAC, FRCS and the Fiji Police Force.
- Conducted background and due diligence checks on individuals and entities for the Fijian Government and statutory agencies



FijiFIU

Fiji Financial Intelligence Unit



Key Deliverables of the FIU 2017

- In its regulatory role, the FIU ensured that financial institutions (including lawyers, accountants and real estate agents) implemented preventative requirements of FTR Act
- Ensured that Fiji complies with international requirements on anti-money laundering and combating the financing of terrorism
- Contributed to national and inter-agency coordination and international networking



FijiFIU

Fiji Financial Intelligence Unit



HIGHLIGHTS FOR 2017

- **ANALYSED FINANCIAL INFORMATION RECEIVED**
- Analysed various reports of financial transactions received from Fiji's financial institutions

	2014	2015	2016	2017
Suspicious Transaction Report	383	516	579	650
Cash Transaction Report	1,042,074	579,849	591,636	623,213
Electronic Fund Transfer Trans. Report	1,308,633	1,029,993	1,148,711	1,220,602
Border Currency Report	557	491	547	792
TOTAL	2,351,647	1,610,849	1,741,473	1,845,257
Monthly Total Average	195,971	134,237	145,123	153,771



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HIGHLIGHTS FOR 2017

• DISSEMINATED FINANCIAL INTELLIGENCE

- Disseminated financial intelligence to law enforcement agencies –FRCS, Police, Immigration , Others

Law Enforcement Agency	2014	2015	2016	2017
FRCS - Tax	155	166	83	310
Fiji Police Force	69	66	58	84
Immigration Department	1	1	5	2
FRCS - Customs Division	6	5	12	7
Others	10	20	37	45
Total	241	255	195	448



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HIGHLIGHTS FOR 2017

No. of individuals & entities subject to FIU's profiling in 2017 (background & due diligence)

	No. of Requests	No. of Individuals	No. of Entities
Investigative Support to law enforcement agencies	205	694	748
Due Diligence Checks	75	89	88
TOTAL	280	783	836



Number & Value of FIU's Intelligence Reports that were Disseminated to the Fiji Police Force

	2013	2014	2015	2016	2017	2018	Total
No. CDRs Issued	67	69	66	58	84	62	406
Total Value of CDRs	\$7.1 Million	\$8.5 Million	\$55.0 Million	\$60.4 Million	\$9.0 Million	\$54.7 Million	\$194.7 Million



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Fiji Financial Intelligence Unit



Number & Value of FIU's Intelligence Reports that were Disseminated to the Fiji Revenue & Customs Service

	2013	2014	2015	2016	2017	2018	Total
No. CDRs Issued	176	155	166	83	310	193	1,083
Total Value of CDRs	\$133.7 Million	\$112.3 Million	\$94.6 Million	\$113.4 Million	\$211.3 Million	\$118.4 million	\$783.7 Million

Key Deliverables: August 2018- Jan 2019

- Received **315** suspicious transactions reports (STR).
- Analysed and filed away **117** STRs.
- Disseminated **137** intelligence case reports to law enforcement agencies.
- Received cash and electronic fund transaction reports from financial institutions (1,017,979 cash transaction reports; 1,451,377 international electronic funds transfer transaction reports)
- Received **502** border currency reports from FRCS.
- Attended to **104** requests for investigative assistance from law enforcement agencies.
- Attended to **49** requests for due diligence checks from government agencies.
- Made over **181** enquiries on STR information with financial institutions.

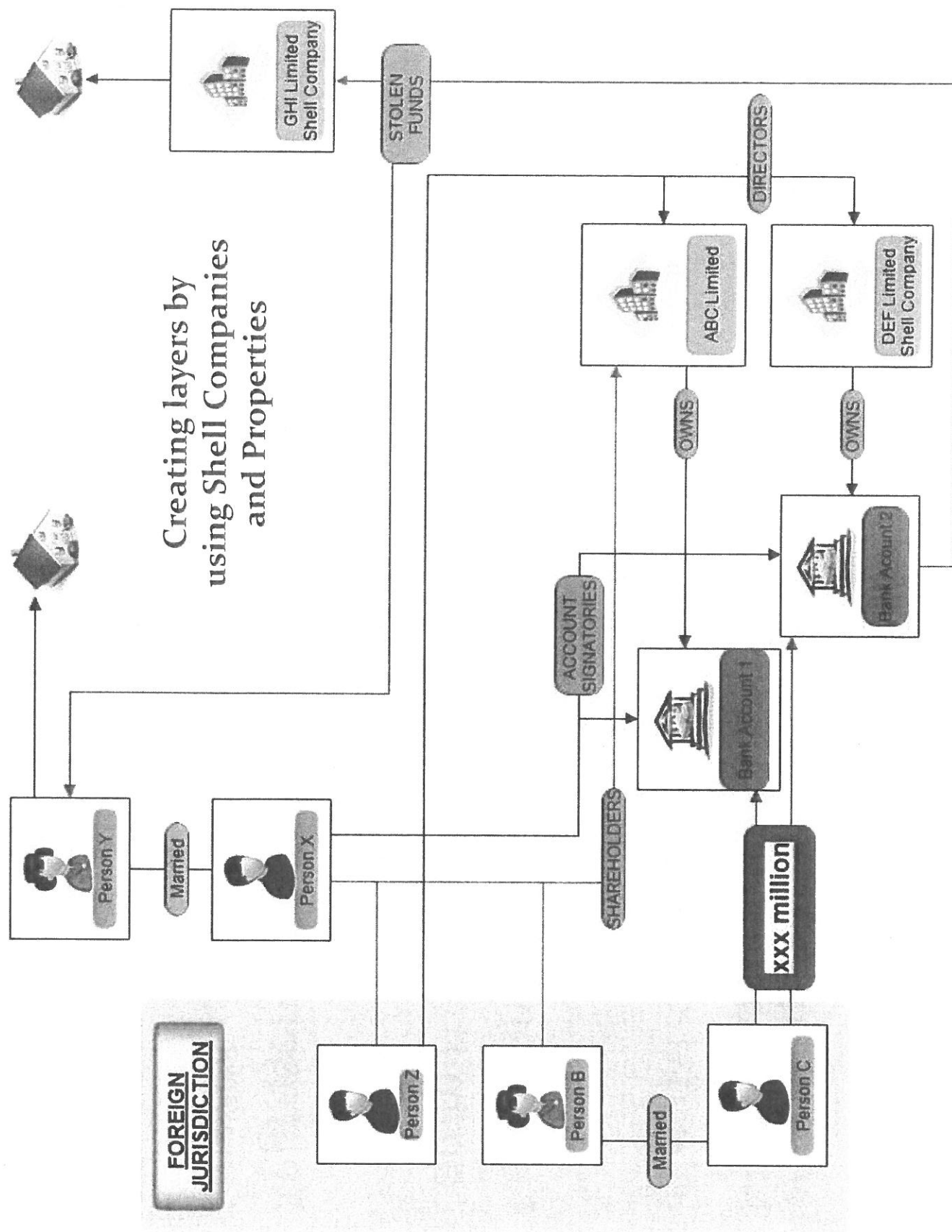


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Intelligence Analyst – Link Chart



National and International Coordination 2017

- MOUs for information exchange with domestic and international partners;
- Representation in various national and international committees and working groups;
- Represent Fiji in key international AML forums (APG; Egmont Group).



Resources

- . 8 permanent staff
- . 3 staff on secondment (FRCS x 2; FPF x 1)
- . Online financial transactions reporting system;
- . Intelligence IT database on financial transaction management;
- . Access to external databases:
 - o Immigration;
 - o BDM;
 - o LTA;
 - o Company registry;
 - o Titles;
 - o Investment Fiji (indirect access);
 - o FRCS tax database (indirect access);
 - o FRCS Customs database (indirect access);
- . Egmont Secure Web (access to 159 FIUs for international information exchange).



FijiFIU

Fiji Financial Intelligence Unit



Gender Equality Analysis

- FIU adopts all RBF policies and procedures on administration, HR, etc.
- RBF/FIU is an equal opportunity employer:
 - Adopts an open competitive **recruitment and promotion process based on merit and work related qualities;**
 - Promotes a **work environment free from discrimination and harassment** (various policies in place to address this e.g. RBF Code of Ethics);
 - **No discrimination in employment conditions and benefits for staff based on gender** (ie male and female staff at the same position have equal access to employment conditions and benefits);
- FIU strongly upholds these values and policies in its operations.



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Gender Equality Analysis

- FIU Staff Gender Ratio

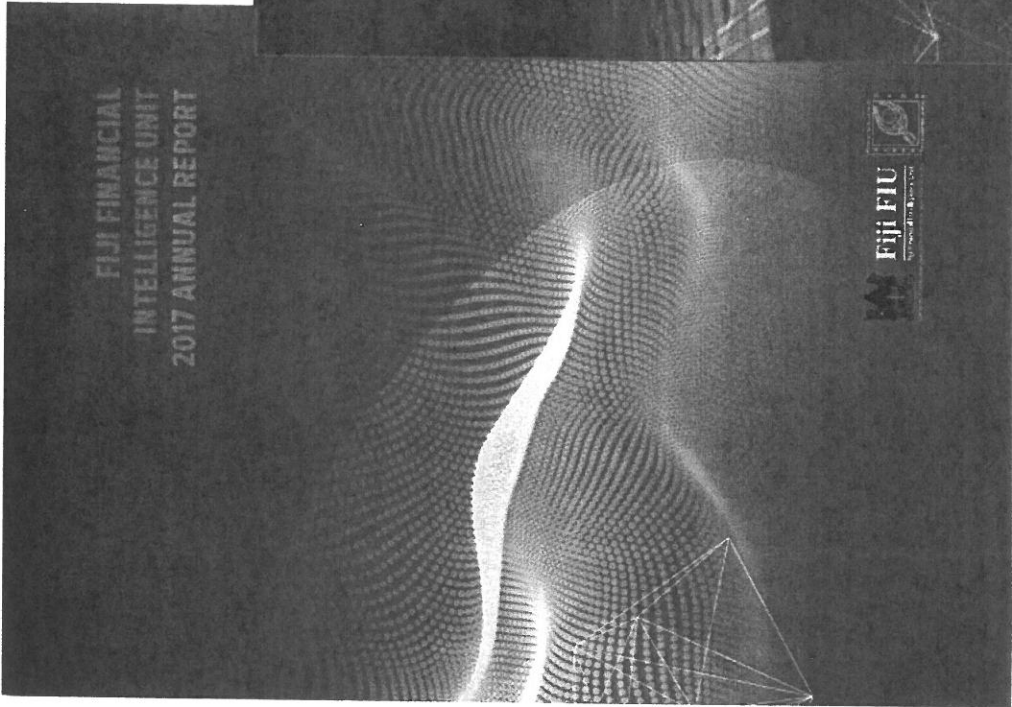
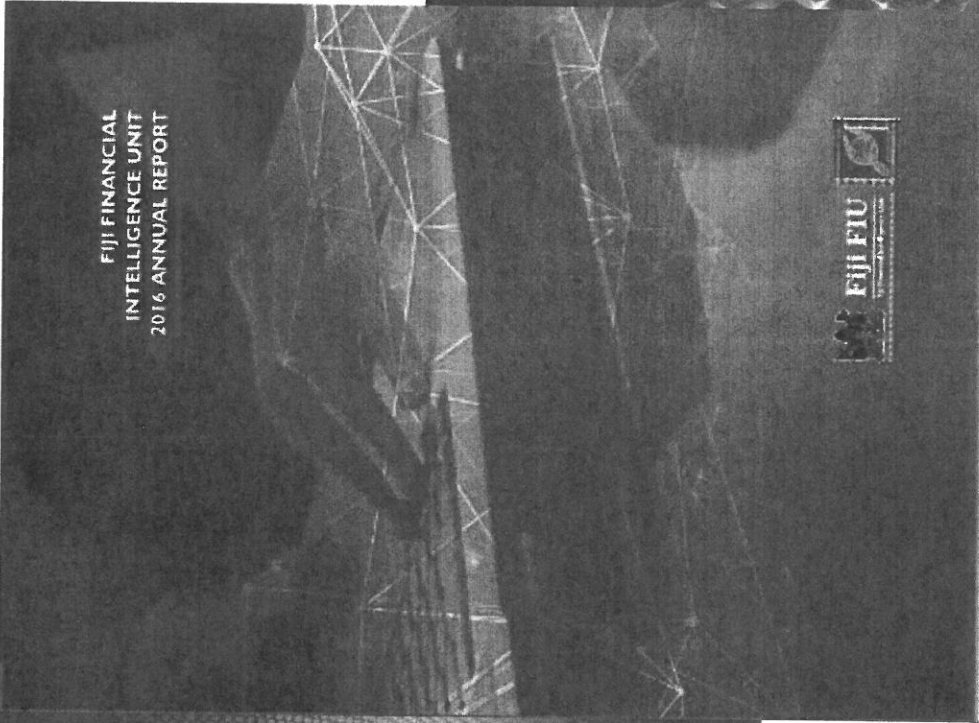
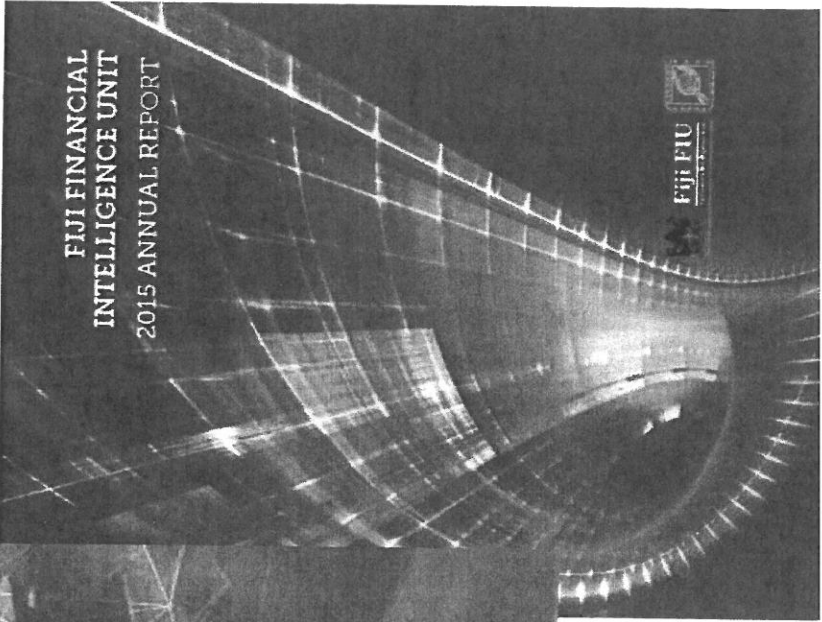
	Male	Female
Executive	1	0
Managers	1	1
Intel Analysts	1	4
IT Analysts	2	0
Admin staff	0	2
TOTAL	5	7



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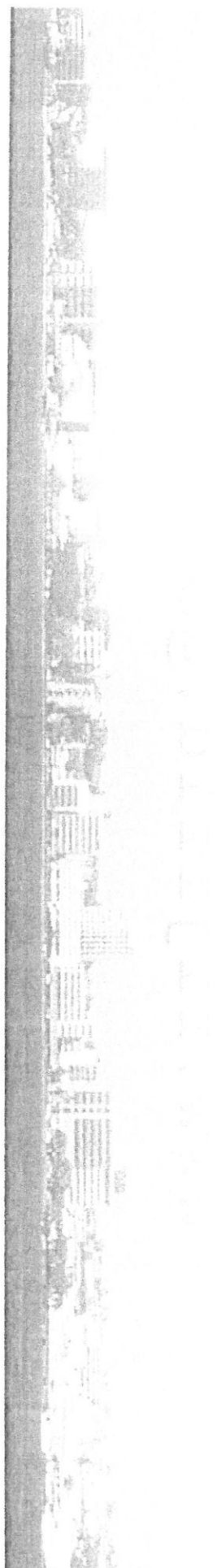
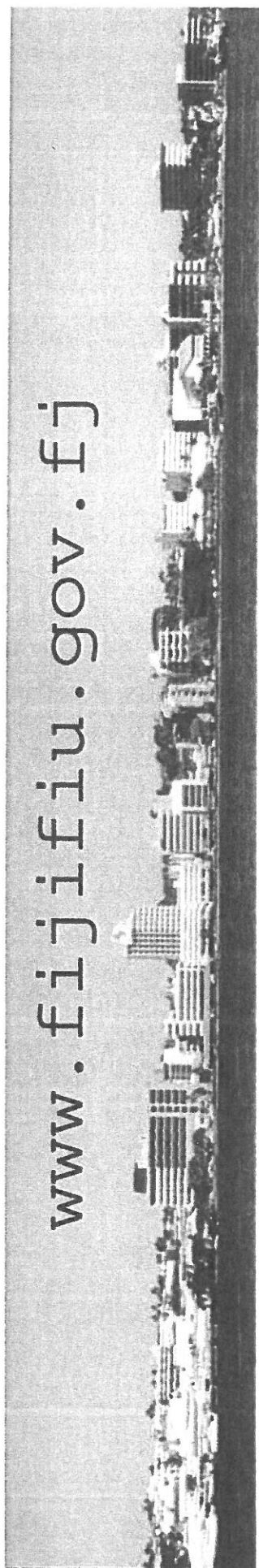
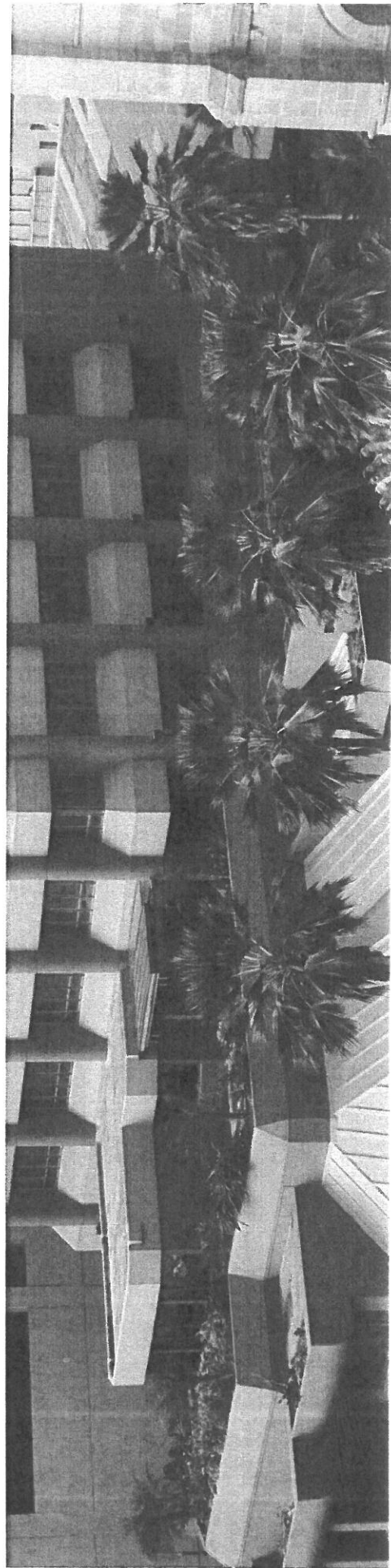
www.fijifiu.gov.fj

THANK YOU!



FijiFIU

Fiji Financial Intelligence Unit



Good Morning and Bula Vinaka.

Chairperson,

Honorable Vijay Nath and other honorable members of the Standing Committee on Economic Affairs.

Firstly I would like to thank the standing committee on giving this opportunity to present on scrutiny of the 2017 FFIU Annual Report.

By way of introduction, I am Superintendent of Police Abhay Nand. Deputy Director Economic and my other team members are:

SP Shailesh Kumar Deputy Director Support Services

Detective Insp Aiyaz Ali Manager AML & POC

Our sincere apologies as we do not have a prepared power point presentation due to the delay in the communication however the team will do an oral detailed brief.

Now I will hand over to IP Aiyaz to brief the committee.

AML & POC Unit is an established unit within the FPF based at 53 Suva Street, Toorak. It has been in existence since 2003. Currently there are total of 9 personnel.

The unit is mandated to investigate:

- Money laundering cases;
- Proceeds of Crime cases;
- Unexplained Wealth Cases; and
- Other predicate offences such as fraud, illicit drugs, tax fraud, deception etc.

These mandate includes:

- Analysis and investigation of CDRs disseminated from FFIU;
- Parallel Covert investigation along predicate offences;
- Ensure Effective Investigation and Prosecution of ML Cases;
- Request for Restraining and Forfeiture applications;

- Provide report to National AML Council;
- Seizure and maintenance of POC;
- Training & awareness;
- Member/Chair of AML working groups; and
- Focal point for coordinating ML/TF investigations.

One of the key stakeholders in our day to day work is FFIU. FPF and FFIU has an existing MOU since 2006.

Based on this MOU FPF has a seconded office at FFIU since then. Officers from the FPF have direct access to FFIU data onsite. These units include

- AML & POC Unit,
- TCU and
- CP's Task Forces.

This enables officers to directly access the FFIU database, retrieve and take the required data for profiling and investigation purposes. Security measures are in place.

AML & POC Unit is the local point to FFIU as such is the recipient of most of the FFIU's CDR.

FFIU in 2017 had disseminated 84 CDRs to FPF including the AML & POC Unit, TCU and other units of the FPF. Most of these CDRs were proactive dissemination for profiling and investigation. These 84 CDRs revolved around FJD 9 million.

There were 65 LIR (Information Report) based on our requests. This is apart from information provided over the phone and emails.

These CDRs includes full profile of business entities, individuals, financial records, travel movements, property back ground, latest transactions, etc. The CDRs included graphs and charts which gives meaning and are user friendly. This

provides lead to investigators and makes investigation easier rather than using traditional methods which takes time and delays the investigation process.

Apart from CDRs and information sharing **FFIU** is involved in coordinating and is the Focal point for:

National Risk Assessment;

Mutual Evaluation of Fiji; and

APG Plenary and Typologies meeting.

It gives an opportunity to show case our successful cases in the global arena. In 2018, Dec Novosibirsk in the Federation of Russia a case typology of the Human Trafficking was presented at the Typologies workshop.

Domestic Coordination - Coordinates AML Working Groups; Legal WG, Law Enforcement WG, Unexplained Wealth TF (FIU always provides secretariat)

Proactive alert notices to Financial Institutions, e.g. Burglary or Agg. Robbery cases. Foreign Currencies are stolen. Alert notice by FFIU alerts the FI's to deal with such exchange with caution. It resulted in number of arrests.

Special Powers S25 FTR Act and Alert Notices: These powers have been utilised on number of occasions. It has a quick turnover and avoids disposal of monies held in the FIs. This gives FPF and ODPP to ample time to file Restraining Order.

Trend 2017

Fake bank statement exaggerated amount most for purposes of visa application;

Fake employment letters;

Emerging trend of Cheques washing;

Continued trend of ATM scams

Involves skimming and unauthorised withdrawals

Chinese, Bulgarians and Cyprus nationals were involved.

ATM scams have two (2) folds.

Skimming: Credit card details are skimmed off by the scammers and used in other jurisdiction

Unauthorised withdrawals: Credit card details skimmed from other jurisdiction are encoded on fraudulent plastic cards and used for withdrawals.

Since FFIU has close links with FIIs, FPF was able to get information in real time.

Convictions 2017

There were 2 ML convictions in 2017

1. State vs Rajneel Chaudary

2. State vs Manjeet Singh

3 Counts of ML the suspects were USP Student. BSP Account was involved and internet banking facility was used to transfer funds from suspect's landlord's account into his and another accomplice. Suspect had access to accomplice ATM card and PIN. In total access of 25,000 was laundered.

8 yrs imp 6 yrs non parole.

9 yrs imp 7 yrs non parole respectively

Key here is trust and lesson learnt is no sharing of PIN.

These organised criminal syndicate usually target vulnerable victims who are illiterate and live in rural settings.

How can FPF ensure that they don't fall victims for these scammers?

Awareness

Community Policing utilising the "Duavata Model"

Media, Radio and TV advertisement which cuts both ways:

1. Educates Members of Public and deters offenders;

Involvement of Turaga ni Koros.

REALB

- Real Estate Agents Licensing Board of Fiji (REALB) is a corporate statutory body of the Fijian Government.
- Ministry of Trade and Tourism (MITT)
- **Our Vision** - *To develop and administer a more vibrant and confident real estate industry in Fiji.*
- **Our Mission** - *To create and sustain an environment of professionalism, expertise, integrity and quality within the real estate industry.*
- **Our Values** - *Integrity, Honesty, Competency, Accountability, Pro-activeness, Impartiality, Professionalism, Courtesy & Diligence*

REALB - FUNCTIONS

- ▶ Grant Annual real estate agents license.
- ▶ Issue permits
- ▶ Approve salesperson certificate
- ▶ Approve Branch Manager
- ▶ Discipline agents

PARTNERSHIP

- ▶ Fijian Competition Consumer Commission (FCCC) - signed 30/06/18
- ▶ Fiji National Provident Fund (FNPf) - signed 08/08/18
- ▶ Fiji Revenue and Customs Services (FRCS) - signed 30/09/16
- ▶ Fiji Financial Intelligence Unit (Fiji FIU) - signed 24/04/17

Referral - Fiji FIU

- ▶ 5 cases referred to FIU for intelligence check in 2017 - Real Estate Agents
- ▶ 2 cases referred to REALB from Fiji FIU in 2018

INFORMATION PROVIDED

- ▶ Bank account details - such loan account details
- ▶ Tax Records
- ▶ Company search
- ▶ Strictly confidential

ACHIEVEMENTS

- ▶ Identify possible money laundering
- ▶ Identify illegal real estate operators

CHALLENGES

- ▶ Prosecute bogus agents, locals and foreigners.
- ▶ Educate agents about the law (REALB Act) to follow when dealing with real estate activities.