



STANDING COMMITTEE ON ECONOMIC AFFAIRS

Review of Fiji Financial Intelligence Unit 2018 Annual Report



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Chairperson's Foreword

The Standing Committee on Economic Affairs is pleased to report to Parliament, its findings and recommendations on the Fiji Financial Intelligence Unit 2018 Annual Report.

The Committee welcomes FIU's effort of producing an Annual report. While deliberating on the report, it was evident that FIU is performing exceptionally well to fulfil its role of combatting Money Laundering and other financially motivated crimes.

To prepare a comprehensive report, the Committee met with various Stakeholders which comprised members of Association of Banks as well as the Designated Non-Financial Business and Professions (DNFBP), namely Fiji Institute of Accountants, Fiji Law Society, Real Estate Agents Licensing Board (REALB) and Real Estate Agents Association of Fiji (REAF).

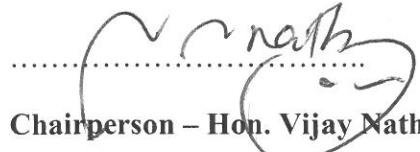
The operations of Fiji Financial Intelligence Unit has significant Economic impact in Fiji. The FIU maintains the safety and integrity of Fiji's financial system, ensures that foreign investors, local businesses and ordinary Fijians are protected from illicit financial transactions. Further to this, FIU also plays an important role in detecting, reporting and investigating suspicious transactions and client. These are, but few of the many vital roles played by FIU.

It was brought to the Committee's attention that many have become victims of scams and fraudulent activities by sharing their Bank security pins and passcodes. The Committee would like to urge Members of Public to be extremely vigilant and adhere to the Bank's safety and security policies. Likewise, in Real Estate dealings, the public must only deal with Members of REAF who are accredited by REALB.

Furthermore, the FIU also plays an active role towards achieving the Sustainable Development Goals (SDGs), specifically SDG16 - Peace, Justice and Strong Institutions by 2030. The aim is to significantly reduce illicit financial and arms flow, strengthen the recovery and return of stolen assets and combat all forms of organized crimes.

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 Vgnathan, Hon. Filipe Tuisawau, Hon. Inosi Kuridrani and Hon. Viliame 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 Fiji Financial Intelligence Unit 2018 Annual Report to the Parliament.


Chairperson – Hon. Vijay Nath

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.

The FIU's key outcomes in 2018 were the amendments to the FTR Act and Regulations, finalization of Fiji's second follow-up report to the Asia Pacific Group on Money Laundering (APG) and improving Fiji's compliance ratings with the international AML/ CFT requirements.

Some of FIU's highlight for the year 2018 were the implementing of AML/ CFT policies as well as effective Intelligence Management Framework to ensure the safety and integrity of Fiji's financial system while also strengthening networking with its partners.

In 2018, FIU received 632 suspicious transaction reports and disseminated 321 intelligence reports to law enforcement agencies. It also handled 260 requests for investigative assistance from law enforcement agencies in relation to 1,241 individuals and 1,077 agencies.

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 is of the view that a National Identification system would lead to the ease of conducting commercial activities in Fiji at the same time providing the needed security. The Committee recommends that Fiji consider developing a National ID system (Biometric and the like) similar to what is practiced in other jurisdictions.
2. The Committee commends the flexibility, in terms of compliance requirements, accorded to low risk customers such as farmers, micro enterprises, small canteen operators and students in terms of accessing financial products and services.
3. The Committee noted that the FIU database is accessible to the partner agencies and likewise FIU should also have access to the database of their partners, in particular the law enforcement agencies.
The Committee recommends that direct access be granted to databases such as the Central Crime Registry and INTERPOL which the Committee understands is approved in principle, and to further continue exploring seamless access to other National and International databases.
4. The Committee noted that FIU had MOAs with 29 foreign FIUs and also joined an international network of 160+ FIUs. The Committee recommends that FIU expand its MOA list to include other potential risk Countries, especially the small island countries, in the region.
5. The Committee noted the concerns by organizations such as Fiji Law Society (FLS) that the requirements by the FIU in terms of reporting Cash Transaction Report (CTR) and Suspicious Transaction Report (STR) are too onerous, and the requirement by FIU for FLS to appoint a special compliance officer is not viable for most of its members. The committee recommends that FIU reviews this aspect of the Act Section 21(2) to assist the likes of FLS to comply in enforcing safeguards required by FIU.
6. The Committee noted that the awareness and appreciation of the important roles played by FIU is still very low across the general public, and recommends that FIU continues with its awareness programs.

7. The Committee applauds the commitment of the Association of Banks in partnering with FIU to combat money laundering and safeguarding the financial system. The Committee noted that FIU was satisfied with the Bank's adherence towards the compliance requirements such as reporting Suspicious Financial Transactions as well as other cash transactions.
8. The Committee noted with concern that the Banks have highlighted that clients surrender their card and pin to Money Lenders, which is illegal and unethical. The Committee recommends that steps are taken by the Registrar of Money Lenders, with guidance from FIU and the Banks, to discourage such practices.
9. The Committee is pleased with the level of awareness and commitment by the Real Estate Association of Fiji (REAF) in supporting the work of FIU. Taking into consideration the progress in the current review of the Real Estate Agent Licensing Act, the Committee is confident that the review will enhance the prevention of bogus and fraudulent activities.
10. The Committee is of the view that agents with proper accreditation and qualifications are well equipped to satisfy the requirements of FIU ; and in this context, the Committee had in 2017, recommended for specifically designed courses for the agents which is yet to happen. The Committee recommends the local Universities to introduce these relevant courses with urgency.
11. The Committee commends Fiji Institute of Accountants (FIA) for its ongoing Professional Development programs and constant collaborations with FIU, which not only enhances the capacity building of its Members, but also assists Fiji Financial Intelligence Unit (FIU) in achieving its vision of protecting Fiji from financial crimes and Money Laundering.

3.0 Gender Analysis

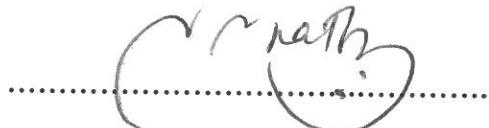
The Committee was pleased to note that Fiji Financial Intelligence Unit's Recruitment Policy is based on Merit and it is inclusive of equal opportunities to both male and female staff.

This is reflected through the current composition of FIU staffing, consisting of thirteen (13) staff of which there are nine (9) females and four (4) males.

4.0 Conclusion

To conclude, the Committee commends the overall performance of FIU and would like to acknowledge the continuous efforts of the Director and his team in ensuring that Fiji's financial system remains safe and sound.

Members Signature



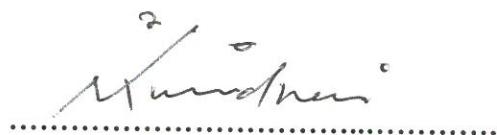
Hon. Vijay Nath (Chairperson)



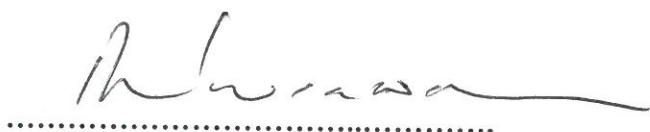
Hon. Veena Bhatnagar (Deputy Chairperson)



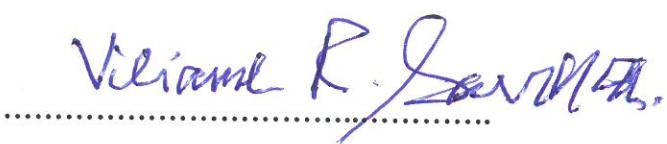
Hon. George Vagnathan (Member)



Hon. Inosi Kuridrani (Member)



Hon. Ro Filipe Tuisawau (Member)



Hon. Viliame Gavoka (Alternative Member)

Fiji Financial Intelligence Unit

Briefing at the
Parliamentary Standing
Committee on Economic
Affairs

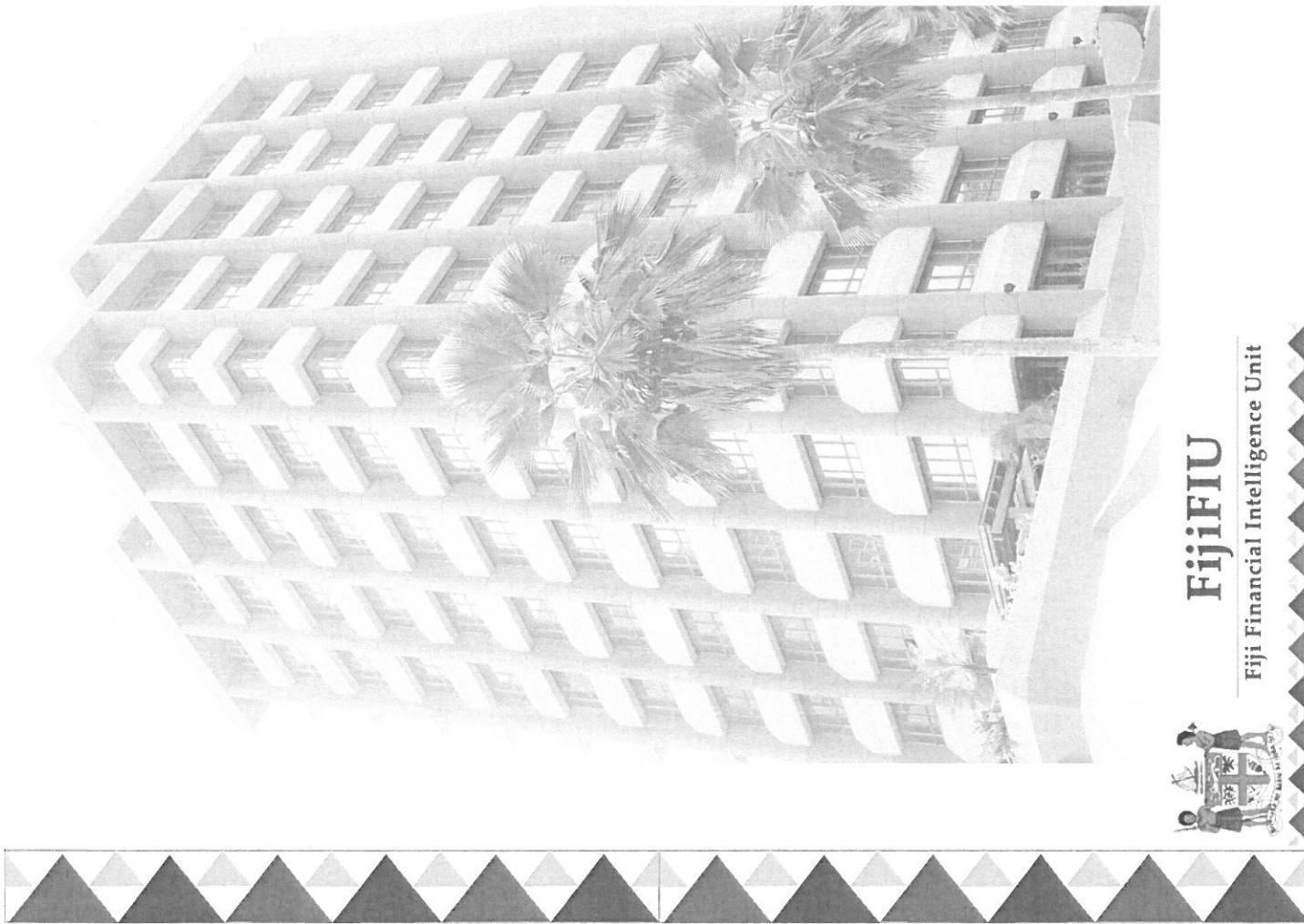
18 September 2019

Mr Razim Buksh
Director, Fiji FIU



FijiFIU

Fiji Financial Intelligence Unit



THE FIU

- Established in 2006 under the FTR Act;
- Intelligence Agency of the Fijian Government;
- Administered & funded by RBF;
- 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

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

KEY ROLE & FUNCTIONS OF THE FIU

1. Intelligence Management (receipt, analysis, dissemination);
2. AML Policy Formulation;
3. Supervision/Regulation;
4. National & International Coordination/ Information Exchange;
5. Awareness & Training.



FIU Governance

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

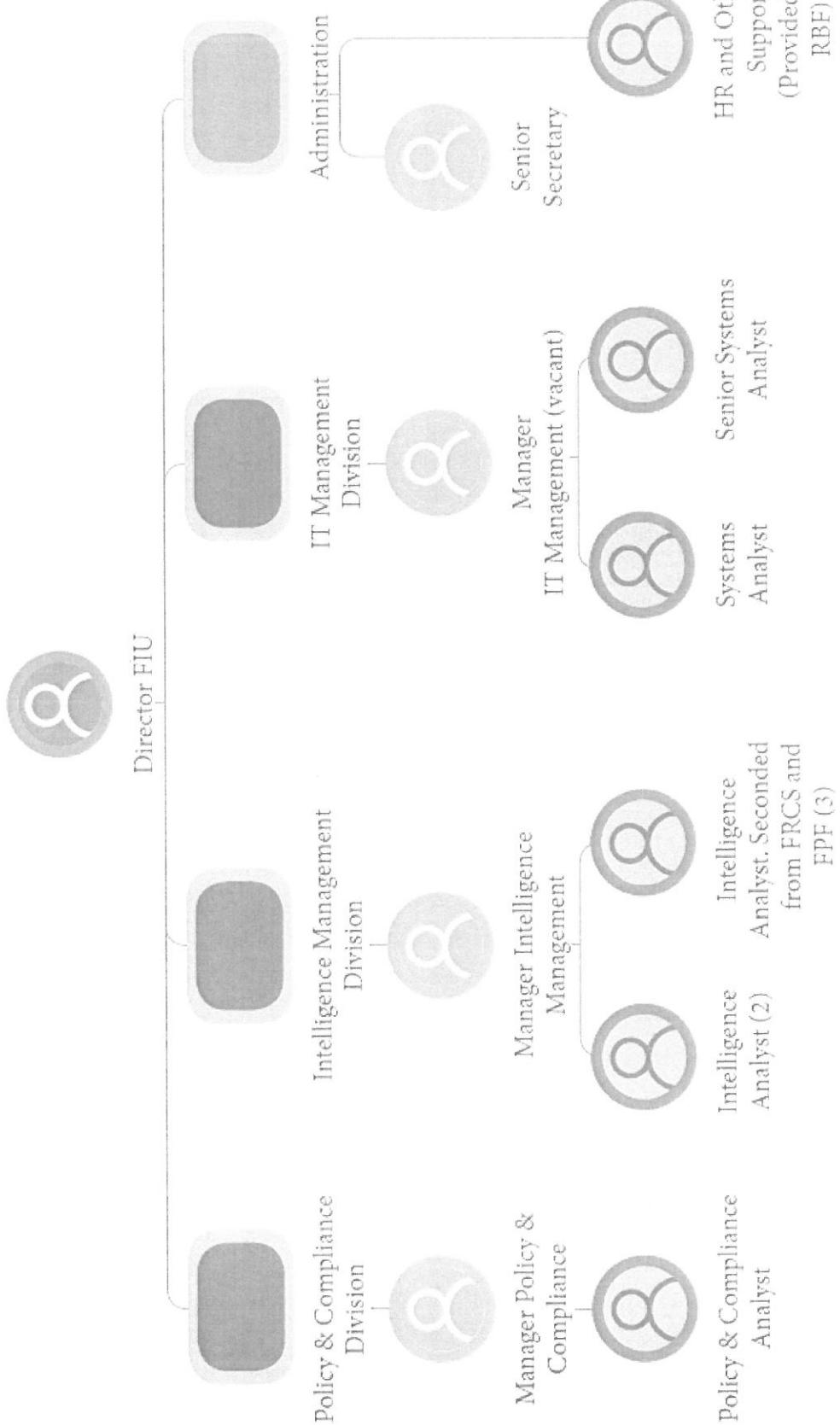
- Responsible for providing advice and assistance to the FIU on the prevention of money laundering and terrorist financing activities in Fiji.
- Provides recommendations to the Minister and Governor on the appointment of the Director.



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Fiji Financial Intelligence Unit

Fiji FIU - STRUCTURE



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Fiji Financial Intelligence Unit



FIJI FIU - STRUCTURE

Unit	Male	Female
• Director's Office	1	0
• Administration	0	1
• Policy and Compliance	0	2
• Information Technology	2	0
• Intelligence Management	1	3
• Project Team and Temporary Staff	0	3
Total	4	9



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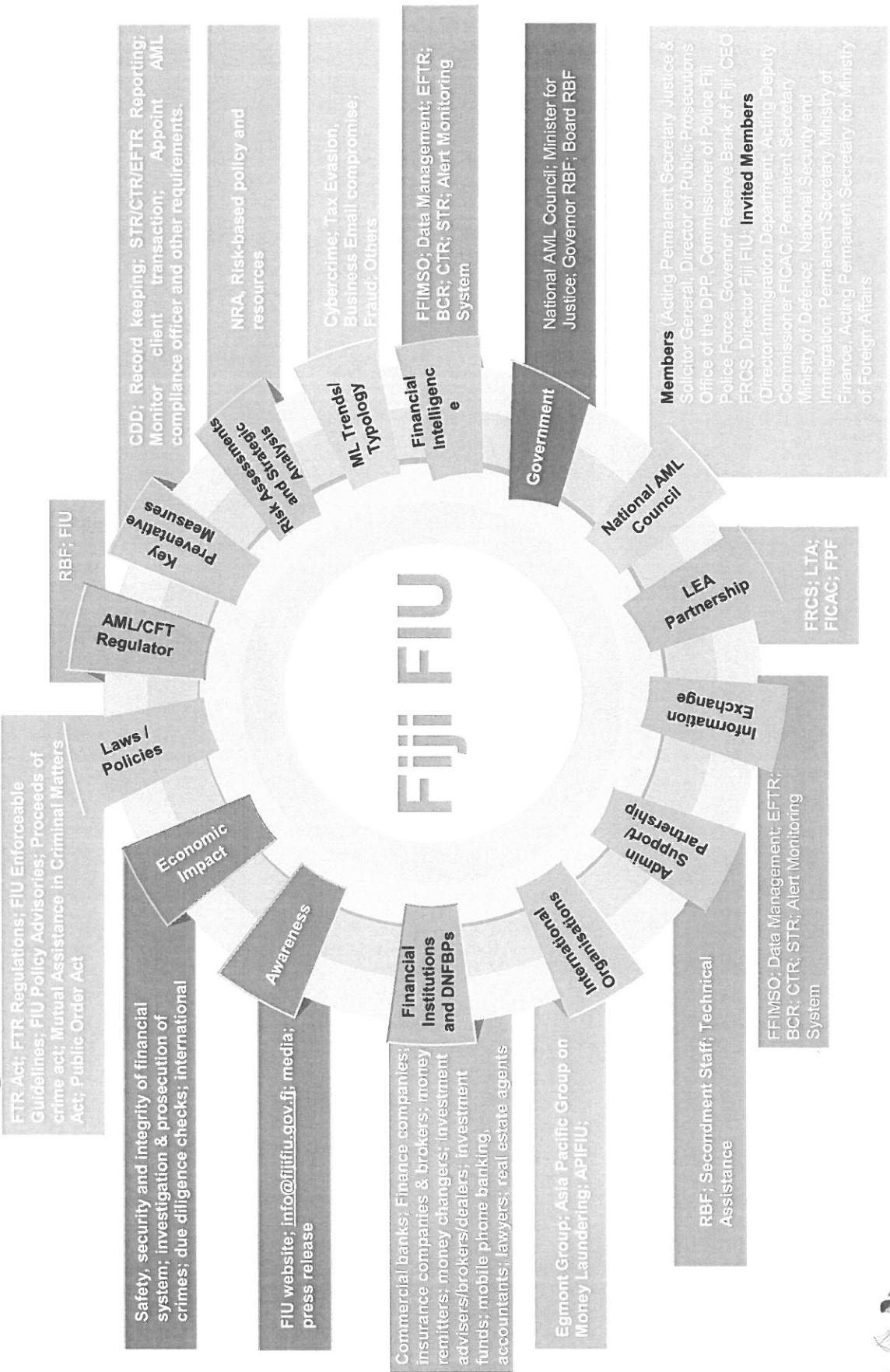
Fiji Financial Intelligence Unit



ECONOMIC IMPACT



Fiji's AML/CFT Framework



Fiji FIU

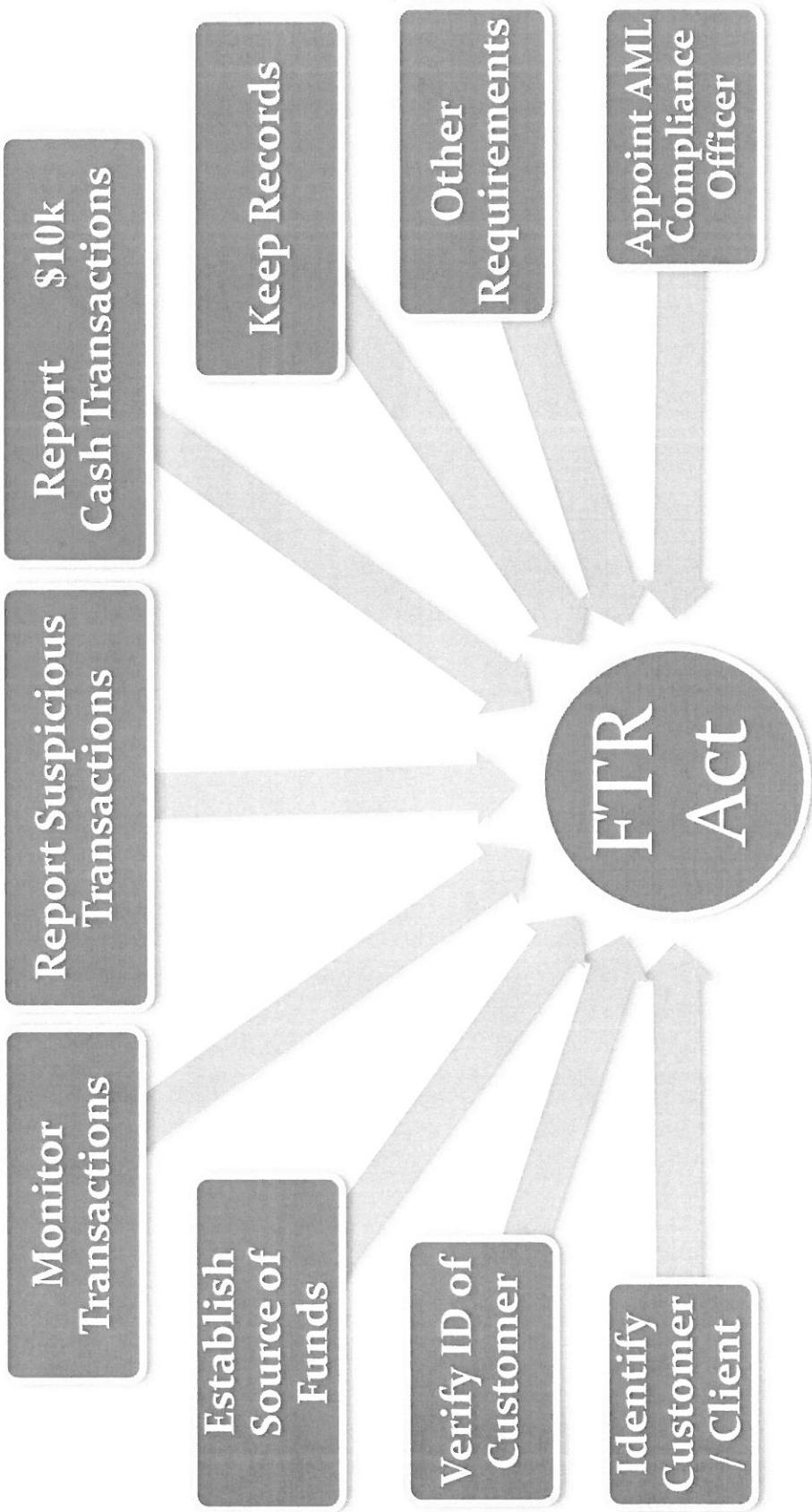
Fiji Financial Intelligence Unit



RESERVED
B A Z K
O F - F I J I

Preventive Measures

FTR Act & Regulations



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RESERVE BANK OF FIJI

HIGHLIGHTS FOR 2018

- STRENGTHEN OUR COMPLIANCE WITH INTERNATIONAL FIU AND AML/CFT OBLIGATIONS
 - Report to APG on measures to address mutual evaluation report (resulting in upgrade in 8 compliance ratings for Fiji)
 - Engaged with international organisations (APG, Egmont Group, FATF, UNODC, etc.)
 - 24/7 network
 - Review of Public Order Act- terrorist financing sanction provisions
- IMPLEMENT AML/CFT POLICIES TO ENSURE THE SAFETY AND INTEGRITY OF FIJI'S FINANCIAL SYSTEM
 - AML onsite compliance examinations of 8 law firms and 5 real estate agents
 - Review of FTR Act and Regulations



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HIGHLIGHTS FOR 2018

- **IMPLEMENT AN EFFECTIVE INTELLIGENCE MANAGEMENT FRAMEWORK**
 - Disseminated 321 intelligence reports to law enforcement agencies (LEA)
 - Handled 260 requests for investigative assistance from LEAs on 1,241 individuals and 1,077 entities.
- **STRENGTHEN NETWORKING WITH OUR PARTNERS**
 - National AML Council (engagement & secretariat support)
 - Contributed to other national committees & working group
 - Unexplained Wealth Taskforce



Enforceable Guidelines issued in 2018

Guideline Title	Date Issued	Purpose of Guideline
Risk Assessment of New Products, New Business Practices and Technologies	31 January	Requires financial institutions and DNFBPs to identify and assess the money laundering (ML), terrorist financing (TF) and Proliferation Financing (PF) risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products and services.
Dealing with Higher Risk Countries	31 January	Outlines further requirements relating to dealing with higher risk countries and countries that have been identified as having inadequate systems in place to detect or prevent ML, TF and PF risks emanating from these countries.
Politically Exposed Persons	27 March	Outlines further requirements on due diligence of domestic and international organisation politically exposed persons.



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Policy Advisories Issued in 2018

Guideline Title	Date Issued	Purpose of Guideline
Parenthood Assistance Payment Programme	8 August	To provide clarification on the application of customer due diligence requirements on bank account opening for recipients of the Parenthood Assistance Payment Programme.
Change in Account Name for Existing Private Companies	23 November	To provide clarification on the customer due diligence requirements under the FTR Act and how it aligns to the requirements under the Companies Act on changes to names of existing Private Companies.



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HIGHLIGHTS FOR 2019

- CONTINUE ANALYSIS AND DISSEMINATION OF FINANCIAL INTELLIGENCE
 - Automated FIU intelligence processes (CMS).
- DOMESTIC COORDINATION AND ENGAGEMENT
 - Review of Fiji's National Risk Assessment;
 - Participated in Fiji's UNCAC Review;
 - Amendment to Public Order Act (strengthen terrorist financing provisions).
- INTERNATIONAL ENGAGEMENT AND CONTRIBUTION
 - Strengthen international networking and coordination.



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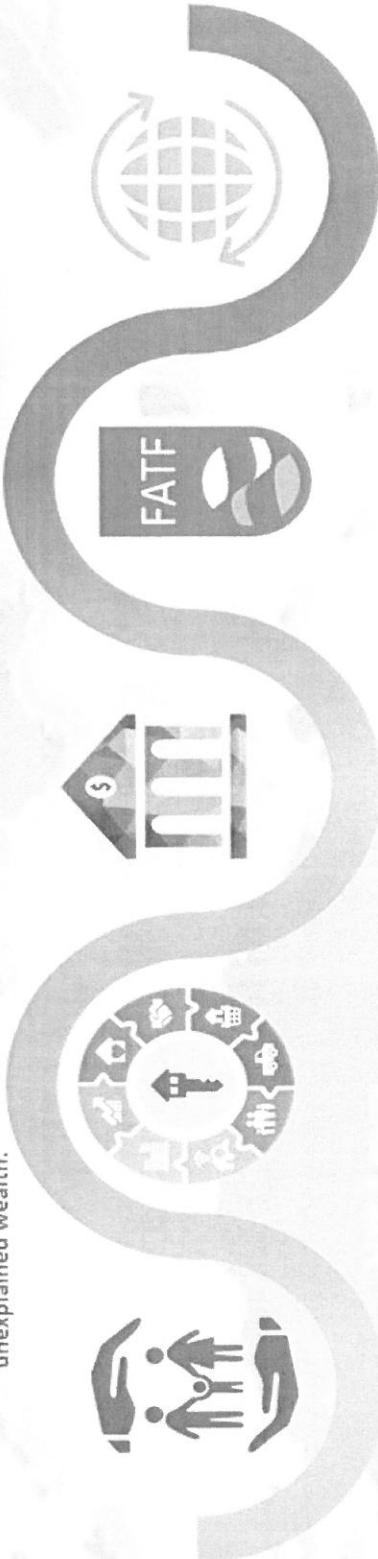


Assessment of Fiji's AML/CFT Framework

Against International Standards

Will have and continues to contribute to the investigation and prosecution of fraud, corruption, tax evasion and other complex financial crimes. Provided necessary assistance to relevant agencies including asset recovery and identifying unexplained wealth.

Fiji will have achieved full compliance with international requirements on anti-money laundering and combating the financing of terrorism.



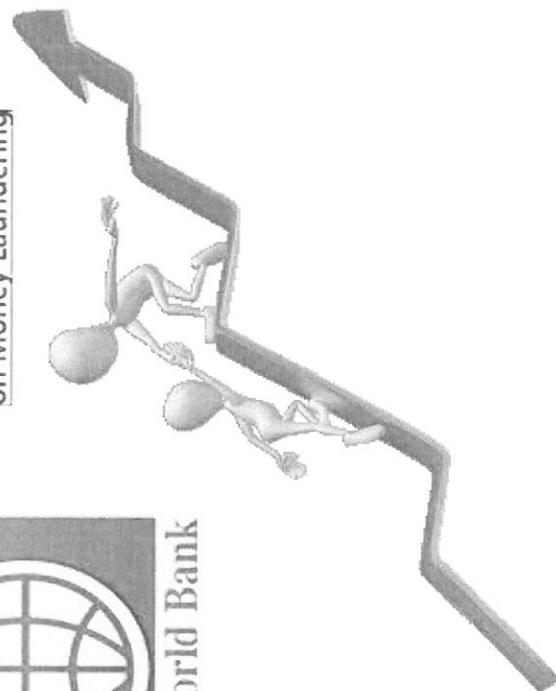
Fiji's financial system remains safeguarded and provides foreign investors, local businesses and ordinary Fijians are secure environment to conduct their trade and financial transactions.

Financial institutions and DNFBPs will have established and implemented preventative customer due diligence measures that facilitated the reporting of suspicious transactions and clients to the FIU.

Substantive contribution to national and interagency coordination and international networking.

[Peer assessment of Fiji's AML & CFT framework]

2016



2006



The World Bank

2003

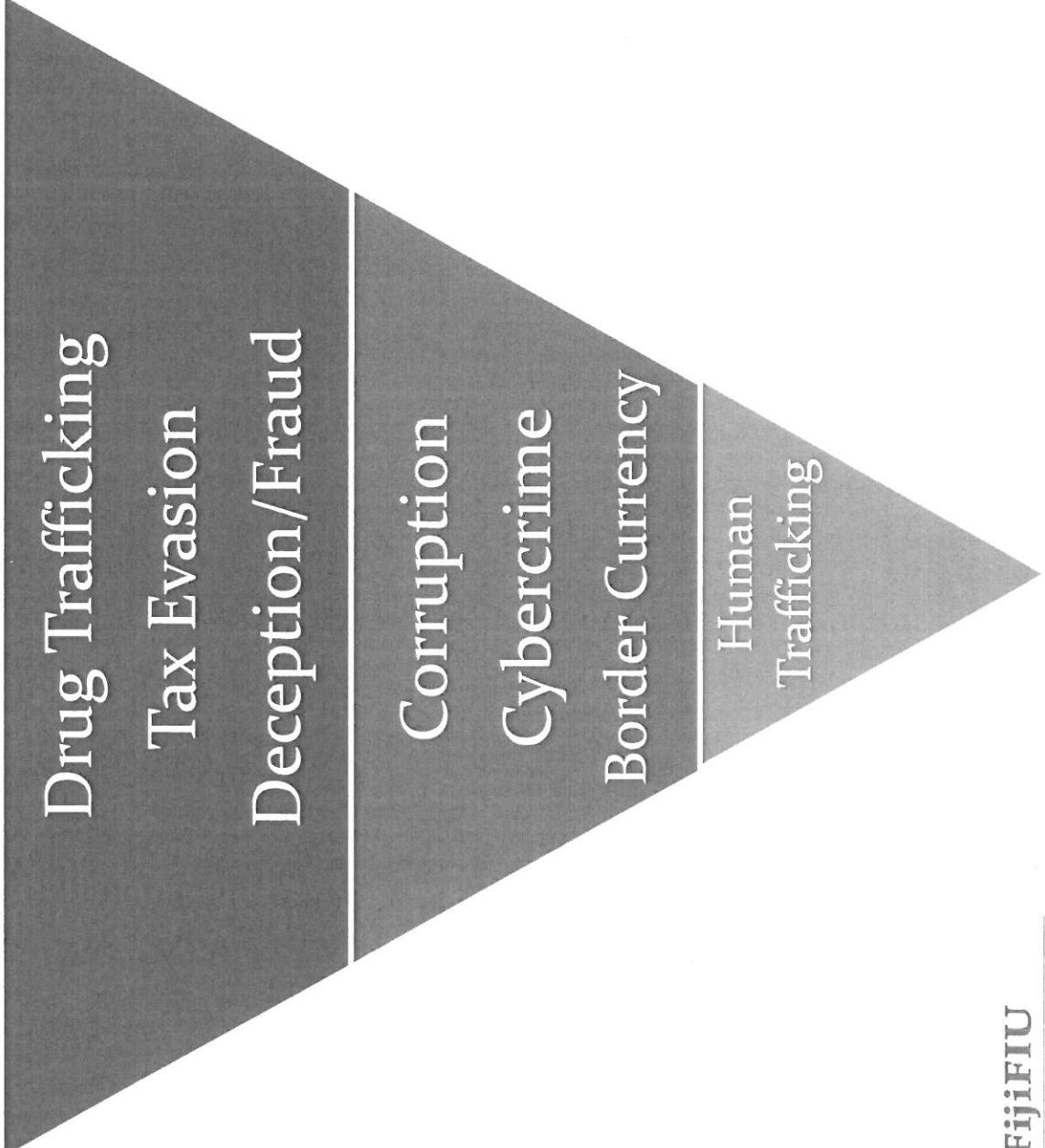


Progress since 2016 in Fiji's Compliance with International AML/CFT Standards

Fiji's Compliance Ratings 2016	Fiji's Compliance Ratings 2019	Non-compliant/Partially compliant with FATF Recommendations	Largely Compliant/Compliant with FATF Recommendations
23/40	6/40	17/40	34/40



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



SDG16 - Peace, Justice and Strong Institutions

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Target 16.4 – By 2030, significantly reducing illicit financial and arms flow, strengthen the recovery and return of stolen assets and combat all forms of organized crime



Money Laundering Prosecutions and Convictions

Date of Conviction / Judgement	Case Reference No.	Amount Involved	Sentence
14 April 2011	State vs Anand Kumar Prasad, Reenal Praneel Chandra, Deo Narayan Singh, Shirley Sangeeta Chand and Atishma Kirti Singh Criminal Case No: 024 of 2010	\$840,00.00	Convicted and sentenced by the High Court for imprisonment as follows: • Anand Kumar Prasad 6 years • Deo Narayan Singh 4 years • Atishma Kirti Singh 2 years
14 December 2011	State vs Monika Monita Arora Criminal Case No: HAC125 of 2007	\$472,466.47 (ML); & \$10,000 : Corrupt Practices	Convicted and sentenced by the High Court to 7 years imprisonment
16 March 2012	State vs Deepak Rainee Kapoor and Krishneel Khanaiya Bhola Nath Criminal Appeal No. HAC 042/2009	\$111,894.54	Mr Deepak Rajneel Kapoor pleaded guilty and was sentenced by the High Court to 1 year and 4 months imprisonment
11 April 2012	State vs Johnny Albert Stephen Criminal Case No: HAC 088 of 2010	\$38,861.46	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	\$157,423.94	Convicted and sentenced by the High Court to 6 years imprisonment.
November 2012	State vs Nirmala Devi	\$1,095.00	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	\$11,398.67	Convicted and sentenced by the Magistrates Court to 3 year suspended imprisonment



Fiji FIU

Fiji Financial Intelligence Unit



Money Laundering Prosecutions and Convictions

Date of Conviction / Judgement	Case Reference No.	Amount Involved	Sentence
31 July 2014	Sate vs Manoj Khera (Mahakali Jewellers)	\$44,611.00	Convicted and Sentenced by the High Court to 4 years imprisonment
21 April 2015	State vs Vikash Prakash Mehta	\$356,707.36	Convicted and Sentenced by the High Court to 5 ½ years imprisonment
19 October 2015	State vs Savita Singh	\$2,400.00	Convicted and Sentenced by the High Court to 5 years imprisonment
12 November 2015	State vs Chris Ronil Singh	\$47,734.58	Convicted and Sentenced by the High Court to 4 years imprisonment.
27 January 2016	State vs Fiu Katarine Gounden	\$15,628.33	Convicted and Sentenced by the Magistrates Court to 4 years imprisonment.
15 March 2016	State vs Fazeel Rasid Ali	\$110,00.00 (Theft)	Convicted and Sentenced by the out of which Magistrates Court to 34 months (2 years & \$82,787.95 (ML) 8 months) imprisonment.



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Money Laundering Prosecutions and Convictions

Date of Conviction/ Judgement	Case Reference No.	Amount Involved	Sentence
18 March 2016	State vs Josefa Saqanavere, Tuimoala Raogo & Savenaca Batibawa	\$638,902.26	Convicted and Sentenced by the High Court to 13 years imprisonment for each.
6 June 2016	State vs Mukeshwar Narayan Singh	\$102,843.50	Convicted and Sentenced by the High Court to 7 years imprisonment.
6 June 2016	State vs Sakiusa Vakarewa	\$117,111.00	Convicted and Sentenced by the High Court to 6 years imprisonment.
8 July 2016	State v Nitesh Kumar	\$9,888.67	Convicted and Sentenced by the Magistrates Court to 2 years imprisonment, suspended for 3 years
4 November 2016	State v Natasha Nilma Singh	\$72,128.74	Convicted and Sentenced by the Magistrates Court to 8 months imprisonment, suspended for 2 years



Fiji FIU

Fiji Financial Intelligence Unit



Money Laundering Prosecutions and Convictions

Date of Conviction/ Judgement	Case Reference No.	Amount Involved	Sentence
17 March 2017	State v Rajneel Chaudary	\$10,500.00	Convicted and Sentenced by the Magistrates Court of Fiji to 8 years imprisonment.
30 March 2017	State v Manjeet Singh	\$24,502.51	Convicted and Sentenced by the Magistrates Court of Fiji to 9 years imprisonment
11 August 2017	DPP vs Prashil Prakash	\$350.00	Convicted and Sentenced by the Magistrates Court of Fiji to 3 years imprisonment.
7 December 2017	State v Preetika Anuwesh Lata	\$285,680.96	Convicted and Sentenced by the High Court of Fiji to 7 years imprisonment.



Money Laundering Prosecutions and Convictions

Date of Conviction/ Judgement	Case Reference No.	Amount Involved	Sentence
22/08/2018	State v Vika Sadrau	\$76,779.32	Convicted and Sentenced by the Magistrates Court of Fiji to 4 years imprisonment.
18/09/2018	State v Rahul Naidu, Avenai Danford & Rimakshni Ranigal	\$20,035.00	Convicted and Sentenced by the High Court of Fiji for 6 years 9 months, 3 years and 5 years imprisonment respectively
19/09/2018	State v Rosheen Raj & Rine Sorby	\$582,244.42	Convicted and Sentenced by the High Court of Fiji for 11 years & 10 years imprisonment respectively
16/08/2019	State v Aidong Zhang	\$1,240,740.74	Convicted of one count of ML. Sentencing is pending. Civil forfeiture case is also pending.



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Asset Forfeiture - 2018

Date of Forfeiture	Case Reference No.	Amount Involved	Asset description
08/2018	State v Abinesh Ajeet Singh	\$230,094.16	Funds held in the personal bank account. Civil forfeiture. Criminal case still pending.
11/2018	State v Christopher Chase	\$89,623.00	Property in Naisoso was purchased with proceeds of crime. The property was sold and funds were restrained. Christopher Chase was charged and convicted in New Zealand for drugs related offences.



FUTURE PLANS : FIU STRATEGIC PLAN 2020-2024

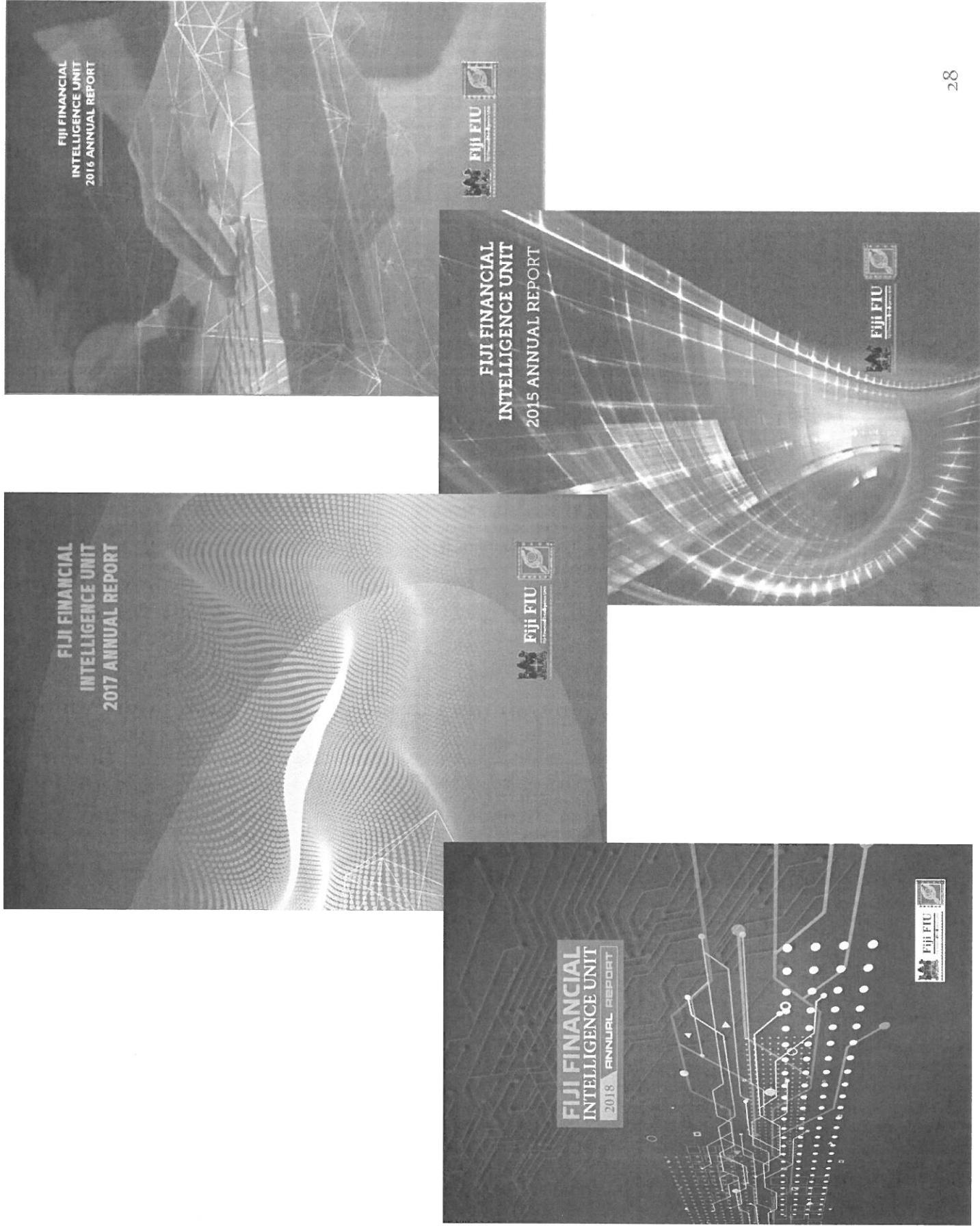
- **STRENGTHEN ANALYSIS AND DISSEMINATION OF FINANCIAL INTELLIGENCE TO OUR STAKEHOLDERS**
 - Utilize advanced technology for the intelligence process
 - Conduct strategic analysis
 - Expand FIU's access to other databases (domestic & international)
 - Strengthen measures for tracing and confiscation of proceeds of crime
- **IMPROVE FINANCIAL INSTITUTION'S COMPLIANCE WITH ANTI-MONEY LAUNDERING REQUIREMENTS**
 - Risk based implementation of FTR Act by all covered entities;
 - Effective compliance assessments of covered entities & enforcement action for breaches
- **IMPLEMENT TECHNOLOGY DRIVEN PROCESSES AND AUTOMATION**
 - Develop innovative data management systems and analytical tools;
- **STRENGTHEN INTERNATIONAL & DOMESTIC ENGAGEMENT AND CONTRIBUTION**
 - New MOUs, information sharing, proactive engagement with partners



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THANK YOU!



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