



## **National Anti-Money Laundering Council**

Established under the Financial Transactions Reporting Act

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# **Money Laundering Threats in Fiji Review of Fiji National Risk Assessment 2020**

(Review Period 2016-2019)

Published: 16 March 2021

## 1. Introduction

Fiji conducted a national assessment of money laundering and terrorist financing risks in 2015.

The National Risk Assessment (NRA) Report was endorsed by the National Anti-Money Laundering Council in June 2015 and was subsequently published in August 2015.

In 2019-2020, a review of the threats that Fiji faces to money laundering was undertaken. This was to update the money laundering threat component of the NRA which was conducted in 2015.

## 2. Methodology for Assessing Money Laundering Threat

In order to understand the money laundering threat in Fiji, an assessment was conducted of the value of funds generated from serious crimes (committed domestically or in foreign jurisdictions) that may be available for money laundering in and through Fiji.

The following assumption is made in determining the risk of money laundering in and through Fiji. Namely, that *the higher the value of illicit funds laundered, the greater the threat for money laundering.*

Certain serious crimes, while committed in Fiji, had its proceeds generated in foreign jurisdictions and was not laundered in and through Fiji. This was considered when assessing the value of illicit proceeds laundered in Fiji.

Proceeds of crime laundered in and through Fiji maybe a result of serious crimes committed domestically and also in foreign jurisdictions.

Information for this review was sourced from key law enforcement agencies, published reports and media reports. The review analysed data from 2016- 2019.

The following agencies contributed to the review on money laundering threats:

- i. Fiji Police Force
- ii. Fiji Independent Commission Against Corruption
- iii. Fiji Revenue & Customs Service

A scale of “very small” to “very large” was used to prioritise the predicate crimes based on the estimated value of illicit proceeds laundered in and through Fiji in a year.

### 3. Summary of Findings: Money Laundering Threats in Fiji

Based on the review, the crimes that provide the greatest threat for money laundering in Fiji are as follows:

- Tax evasion, tax fraud and related offences;
- Drug related offences (import; cultivation; manufacture; trafficking).

The types of crime that provide medium threats for money laundering in Fiji are as follows:

- Corruption, bribery and related offences;
- Robbery and theft;
- Fraud & forgery including cybercrime;
- Environmental crime.

While environmental crime, in particular, illegal fishing, generates substantial illicit proceeds for offenders, much of this funds are laundered in foreign jurisdictions.

Other criminal activities that generate small to very small threats for money laundering in Fiji include human trafficking; piracy and copyright offences, counterfeiting and piracy of products.

Based on information obtained, the estimate value of illicit funds generated from predicate crimes that may be available for money laundering in and through Fiji is provided in the table below:

<b>Very Large</b>	<b>Estimated value of illicit proceeds laundered in and through Fiji of more than FJ\$10 million annually</b>
<ul style="list-style-type: none"><li>• Tax Evasion, tax fraud and Related Offences</li><li>• Drug Related Offences (Import, Cultivation, Manufacture, Trafficking)</li></ul>	
<b>Medium</b>	<b>Estimated value of illicit proceeds laundered in and through Fiji of FJ\$500,000 - FJ\$5 million annually</b>
<ul style="list-style-type: none"><li>• Corruption, Bribery and related offences</li><li>• Robbery &amp; Theft</li><li>• Fraud &amp; Forgery</li><li>• Environmental Crime (illegal fishing, illegal logging etc)</li></ul>	
<b>Small</b>	<b>Estimated value of illicit proceeds laundered in and through Fiji of FJ\$100,000 - FJ\$500,000 annually</b>
<ul style="list-style-type: none"><li>• Human Trafficking</li><li>• Piracy &amp; Copyright Offences</li><li>• Counterfeiting and Piracy of Products</li></ul>	
<b>Very Small</b>	<b>Estimated value of illicit proceeds laundered in and through Fiji of less than FJ\$100,000 annually</b>
<ul style="list-style-type: none"><li>• Counterfeiting Currency</li></ul>	

## 4. Assessment of the Most Significant Criminal Activities Producing Illicit Funds

### 4.1 Drug Related Offences

Cultivation and trafficking of marijuana continues to be a major proceed generating crime in Fiji. Reports from the Fiji Police Force estimated the street value of marijuana seized in 2018 at \$68 million.<sup>1</sup> Investigations by the Fiji Police in 2018 and early 2019 indicate the continuing growing market for marijuana in Fiji.

Rural traditional famers outside of the main island (Viti Levu) are engaging in marijuana cultivation to supplement their farming or agricultural based incomes. Funds received from the sale of marijuana by growers is spent on consumption items.

Fiji continues to be used as a transshipment point for illicit drugs from the US and South America and destined for Australia and New Zealand. Reports of cocaine and meth shipments intercepted in Fijian waters have indicated an increasing trend in the number shipments and value of drugs involved. Most of the funds associated with imported hard drugs would be remitted offshore to suppliers and organised crime groups in other countries.

Authorities have recently reported the increasing use of cocaine and meth among locals. According to Fiji Police, traffickers use some of the drugs from these transshipments as payment to local contacts, which are then trafficked in the domestic market. This contributes to illicit flows of funds in and through Fiji. Media reports indicate that local traffickers can make between \$5,000 to \$10,000 in a day from sale of cocaine and meth in the domestic market. According to authorities, the use of meth is more widespread in Fiji than cocaine and costs between \$700 and \$1,000 a gram. Funds from the trafficking of these hard drugs domestically is spent and laundered locally.

*The funds generated from illicit drug activities which may be available for laundering in and through Fiji is considered very large, that is, more than FJ\$10 million per annum.*

Fiji Sun Online  
11 June 2019  
By Fiji Police Media Cell

#### **Police Uproot Over 700 Plants Believed to be Marijuana In Tunuloa Hills**

A team of officers from the Tukavesi Police Station while conducting a mop up exercise of areas known to cultivate drugs yesterday uprooted more than 700 plants believed to be marijuana. The team also discovered marijuana plants growing amongst yaqona plants

Fiji Sun Online  
11 July 2019  
By Fiji Police Media Cell

#### **Crystal Like Substance Found in Raids Across Fiji**

Two farmers will be produced at the Savusavu Magistrates Court Officers found more than 10 clear plastic containing crystal like substance, believed to be methamphetamine, a container containing bullets of dried leaves, dried leaves found inside a receipt book and seeds all believed to be marijuana...

Fiji Sun Online  
2 February 2019  
By Wati Talebula

#### **Police tie Nightclub Workers to Hard Drugs**

Fiji Police have uncovered a trend where nightclub workers are allegedly actively pedalling hard drugs such as cocaine and methamphetamine.....

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<sup>1</sup> Fiji Times, 11 May 2019 (p1-p3)

#### 4.2 Tax Evasion, Tax Fraud and Related Offences

Total tax revenue collected in the financial period 2016/2017 was \$2.58b. This accounted for 90.6% of total Government revenue.<sup>2</sup> Fiji's tax revenue consists of:

- (i) Income tax (primarily includes Pay as You Earn tax and corporate tax);
- (ii) Value Added Tax (VAT);
- (iii) Trade tax; and
- (iv) Other taxes (such as Service Turnover Tax; Environmental Levy, Capital Gains Tax and Stamp Duty).

##### Tax Revenue Collection 2016-2017

Tax Type	Revenue (\$)	Tax Mix
Income Tax	700,416,316	27.1%
VAT	702,780,155	27.2%
Trade Tax	607,624,736	23.5%
Other	570,449,024	22.1%
<b>TOTAL</b>	<b>2,581,270,231</b>	<b>100.0%</b>

Source: Fiji Revenue and Customs Service

Tax evasion continues to be a major issue for Fiji. This includes income tax evasion (through non-declaration of income or under-declaration of income by registered taxpayers), fraudulent claims for VAT refunds, failure by traders to make VAT payments to FRCS after collection from customers and evasion of custom or trade duties.

The Fiji Revenue and Customs Services (FRCS) continue to raise its concern on the level of non-compliance amongst Fijian taxpayers. According to FRCS, Fiji loses more than \$250m annually in VAT revenue due to fraudulent practices by some businesses in the country.

*Proceeds from tax evasion and other related offences which may be available for laundering in and through Fiji is considered Very Large, that is more than FJ\$10 million per annum.*

FBC News Online  
23 January 2019  
By Rachael Nath

#### Supermarkets Continue to Commit Tax Fraud

Supermarkets are under the spotlight yet again for their constant involvement in illegal activities and trying to defraud the government. FBC News can confirm the Fiji Revenue and Customs Services has launched several investigations including one into a major supermarket chain for its alleged engagement in tax evasion and illegal importation.

<sup>2</sup> FRCS Annual Report 2016/2017; pg 8

### 4.3 Corruption and Bribery

Acts included in this category include bribery, abuse of office, forgery, using forged documents, general dishonesty obtaining a gain, obtaining a financial advantage, embezzlement by an officer/servant and soliciting or accepting an advantage.

A snapshot of corruption and bribery offences prosecuted by the Fiji Independent Commission Against Corruption (FICAC) in recent years is provided below:

#### Snapshot of Corruption and Bribery Cases Prosecuted by FICAC 2014-2018

Year	New Cases Taken to Court	Total Pending Cases Before the Courts at year end	Number of Individuals Charged
2014	9	30	18
2015	15	45	29
Jan-July 2016	6	51	7
August 2016-July 2017	28	79	50
August 2017-July 2018	26	105	39

Source: Fiji Independent Commission Against Corruption

A further analysis on the types of corruption and related offences prosecuted during the period 1 August 2016 - 31 July 2017 revealed that False Information to Public Servant, Abuse of Office, Unauthorised Modification of Data, Dishonesty, Obtaining a Gain, Bribery and General Dishonesty Obtaining a Gain all scored highest percentages respectively.<sup>3</sup>

*Proceeds from corruption and bribery which may be available for laundering in and through Fiji is considered significant that is between FJ\$500,000 to FJ\$5 million per annum. Consequently the resultant funds generated from these activities which may be available for laundering in and through Fiji would be rated as Medium.*

FICAC Website  
2 July 2019  
By FICAC Media Team

#### Former Revenue collector Charged

A former Revenue Collector for the Ministry of Justice appeared in the Savusavu Magistrates Court yesterday on corruption-related charges.

It is alleged that he used receipts, revenue collectors cash analysis sheet and bank lodgements which contained false material with the intention to deceive the Ministry of Justice. He is further alleged to have used the above mentioned documents to attempt to gain \$1,402.95 from his former employer between June 2015 and September 2017.

FICAC Website  
2 July 2019  
By FICAC Media Team

#### Technician Sentenced for Abuse of Office

A former technician at the Judicial Department was sentenced to 18 months in the Suva Magistrate Court today...Mr Chand was found to have abused the authority of his office by acquiring Samsung mobile devices for his personal use through the Vodafone subsidy given to the High Court of Fiji.

<sup>3</sup> FICAC Annual Report 1 August 2016-31 July 2017; pg 30

#### 4.4 Fraud & Forgery

Fraud is common in Fiji. Fraud cases reported includes fraud against employers, obtaining financial advantage by deception, internet banking fraud, use of fake payment instruments such as cheques to make purchases.

Cases of business emails compromise have also resulted in substantial loss of funds to local businesses however, these funds are remitted to overseas bank accounts and are not available for laundering in Fiji. Internet advance fee fraud/scams is common with local victims losing funds to perpetrators abroad.

*Illicit funds from these activities are considered to be significant and are likely to be in excess of FJ\$500,000 but less than FJ\$5 million dollars annually. Consequently the resultant funds generated from these activities which may be available for laundering in and through Fiji would be rated as Medium.*

Fiji Sun Online  
17 December 2018  
By Ashna Kumar

##### **Big Fraud Probe**

Police have started investigations on how three local companies were allegedly defrauded by a group allegedly presenting fake cheques or remittance order. The alleged fraudsters have cost at least three local tyres and spare parts companies hundreds of thousands of dollars by allegedly presenting fake cheques created to be seen coming from reputable companies.

Fiji Village  
8 March 2019  
By Dhanjay Deo

##### **Two of Three Executives of a Major Supermarket Plead Not Guilty to Money Laundering**

Three former executives of a major supermarket chain who are charged with offences relating to obtaining money deceptively... obtaining more than \$200,000 ...  
...It is alleged that the three paid additional salaries to themselves  
....

Fiji Sun Online  
30 April 2019  
By Ashna Kumar

##### **Former Teacher Faces Charges Involving \$108k Fraud**

A 44 year old former school teacher facing 147 charges of obtaining a financial advantage by deception. It is alleged that Nakalevu obtained \$108,151.99 from the Ministry of Education by deception.

#### 4.5 Human Trafficking

Fiji is a source, destination and transit country for people subjected to sex trafficking and forced labour.<sup>4</sup>

There have been reports of Fijian women and children subjected to sex trafficking and domestic servitude.

There are also reports of foreign workers forced to work in Fiji in sectors such as the construction sector and on fishing vessels that transit through Fiji or board foreign fishing vessels from Fiji ports and waters.

In 2018, two Fijian sisters were charged on 17 counts for their alleged involvement of trafficking 17 Fijian citizens in New Zealand in 2014.

Victims had responded to employment advertisements put out by the two sisters who were operating a travel agent business in Suva. The victims were exploited to work in unfavourable conditions in Auckland, New Zealand. This case highlights the vulnerability of Fijians working abroad to forced labour. According to media reports, the suspects had remitted and received more than \$83,000 to and from their accomplice in New Zealand who was convicted in NZ for human trafficking offences.

The Human Trafficking Unit within the Fiji Police Force investigated 10 cases in 2018. In 2017, the Unit investigated six new cases compared to five in 2016.<sup>5</sup>

*Proceeds from human trafficking which may be available for laundering in and through Fiji is considered small that is between FJ\$100,000 to FJ\$500,000 per annum.*

FBC News Online  
19 August 2018  
By Maggie Boyle

#### **Fijian Sisters Charged with 17 Counts of Alleged Human Trafficking**

Two Fijian sisters have now been charged on 17 counts for their alleged involvement of trafficking of 17 Fijian citizens in New Zealand in 2014....

Fiji Sun Online  
26 June 2019  
By Ashna Kumar

#### **Court Remands Accused Charged with Aggravated Sexual Servitude and Domestic Trafficking in Children**

The defence lawyer in the case of a 35 year old man facing domestic trafficking and aggravated sexual servitude charges has asked for time to arrange for her client's sureties to be present in court to sign the bail form.

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<sup>4</sup> 2018 Trafficking in Persons Report-Fiji

<sup>5</sup> 2018 Trafficking in Persons Report-Fiji



#### 4.6 Robbery & Theft

Acts of robbery, burglary and theft is common in Fiji. Cases of robbery/burglary and theft are reported in rural and urban parts of Fiji and range from opportunist acts to more organised types of robberies and thefts.

Based on a desk based analysis of 2018 conviction cases for the offences of aggravated robbery and theft, the value of proceeds (items or property involved in these cases) was around \$700,000.

This excludes robbery and theft cases that are 1) still subject to investigation and have not been brought before the courts for prosecution; 2) cases that are still pending before the courts in 2018 and 3) cases that are not reported to law enforcement authorities.

*Proceeds from robbery, aggravated burglary and theft which may be available for laundering in and through Fiji is considered significant that is between FJ\$1 million to FJ\$5 million per annum. Consequently the resultant funds generated from these activities which may be available for laundering in and through Fiji would be rated as Medium.*

FBC News  
4 June 2019  
By Leba Reece

#### **Four Involved in Courts Fiji Robbery Charged**

The four men alleged to have been involved in the Courts Fiji robbery have been charged with one count each of robbery.

Police say the accused persons who are believed to be in their 20s, broke into the Courts Fiji outlet in the town and allegedly stole items worth up to \$10,000.

FBC News  
4 June 2019  
By Leba Reece

#### **Theft and Aggravated Burglary Top Last Month's Criminal Offence**

41 Fijians were charged with 57 counts of separate incidents last month, out of which, nine were charged for aggravated burglary and another nine charged for theft.

Cash and assorted items ranging from \$338 to \$12,000 were stolen during the alleged aggravated robbery and aggravated burglary offences consisting of home invasions, shops and restaurant break-ins.

#### 4.7 Environmental Crime (illegal fishing, illegal logging etc.)

Environmental crime in the form of illegal fishing and logging is prevalent in Fiji given it is a natural resource rich country.

A report prepared for Pacific Islands Forum Fisheries Agency (FFA) in 2016 estimated the total value of illegally harvested or transhipped tuna in the *Pacific region* at over US\$600 million a year. The report estimates the direct economic loss to FFA members (which includes Fiji) at around US\$150 million a year.<sup>6</sup> It's highly likely that the proceeds of this illegal fishing activity does not enter Fiji's financial system, as the destination for the illegal catch is international markets. There is some illegal fishing activity by local fishermen which is sold in local markets; however the proceeds from this activity is considered to be of a medium level.

Illegal logging is an issue for Fiji. Government is putting in place strategies to tackle this issue which indicates the seriousness of this issue. While there are no definite estimates of the total proceeds generated from illegal logging and laundered in Fiji, it is likely that this sum is significant.

*The total proceeds from environment crime (namely illegal fishing and illegal logging) which may be available for laundering in and through Fiji is considered significant at over FJ\$500,000 but less than FJ\$5 million annually.*

Fiji Times  
3 June 2019  
By Viliamaina Naqelevuki

##### **Lost Logging Revenue**

The Ministry of Forestry says between 70 to 80 percent of all revenue earned from logging is not given to resource owners and the Government.

Fiji Times  
3 June 2019  
By Viliamaina Naqelevuki

##### **Report Illegal Logging**

The Ministry of Forestry has called on the public to report illegal logging activities. Permanent Secretary Pene Baleinabuli said there were businesses logging illegally and not keeping records.

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<sup>6</sup> FFA (2016), Towards the Quantification of IUU Fishing in the Pacific Islands Region

#### 4.8 Piracy & Copyright Offences

Movie piracy is widespread in Fiji and generates proceeds. A pirate movie DVD sells for \$3 each in the market and pirate movie DVD shops are commonly found in all rural areas.

The unauthorised copying, distribution and selling of music is also common.

There has also been a recent case where the High Court issued a judgement for infringement of copyright music by a local town council.

*Proceeds from piracy which may be available for laundering in and through Fiji is considered small that is between FJ\$100,000 to FJ\$500,000 per annum.*

#### 4.9 Counterfeiting and Piracy of Products

Sale of counterfeit or pirate goods is evident in Fiji. These range from fake mobile phones, electronic goods, vehicle spare parts, cosmetics, clothes, shoes, alcohol, chemicals and bags.

*Proceeds from sale of counterfeit or pirate goods which may be available for laundering in and through Fiji is considered small that is between \$100,000 to \$500,000 per annum.*

#### 4.10 Murder and Grievous Bodily Injury

Proceed motivated murder or grievous bodily injury offences is not common in Fiji. There was no case reported in the period under review.

#### 4.11 Counterfeit Currency

The crime of issuing and dealing in counterfeit currency is not a major concern for Fiji. The value of counterfeit currency discovered during the year August 2018- July 2019 was \$1,990, which is less than 0.1 percent of the value of total currency in circulation. For the previous year (August 2017 – July 2018) this was valued at just over \$9,000.<sup>7</sup>

*Proceeds from counterfeit currency which may be available for laundering in and through Fiji is considered very small, that is less than FJ\$100,000 per annum.*

Fiji Sun ONLINE  
3 July 2019  
By Kelera Sovasiga

#### **Pay Up Or Face Fines: Music Association Urges Businesses**

The Fiji Performing Rights Association is calling on businesses to pay to them if they wish to play music in public for commercial purposes.

This followed a landmark judgement where the Fiji Performing Rights Association (FPRA) received the High Court decision against the Lautoka Sugar Festival Association. The festival committee had to pay for the infringement of copyright music played during the festival for the past couple of years. The Committee was expected to pay \$11,866.97 another \$2,000 for court fees to FPRA.

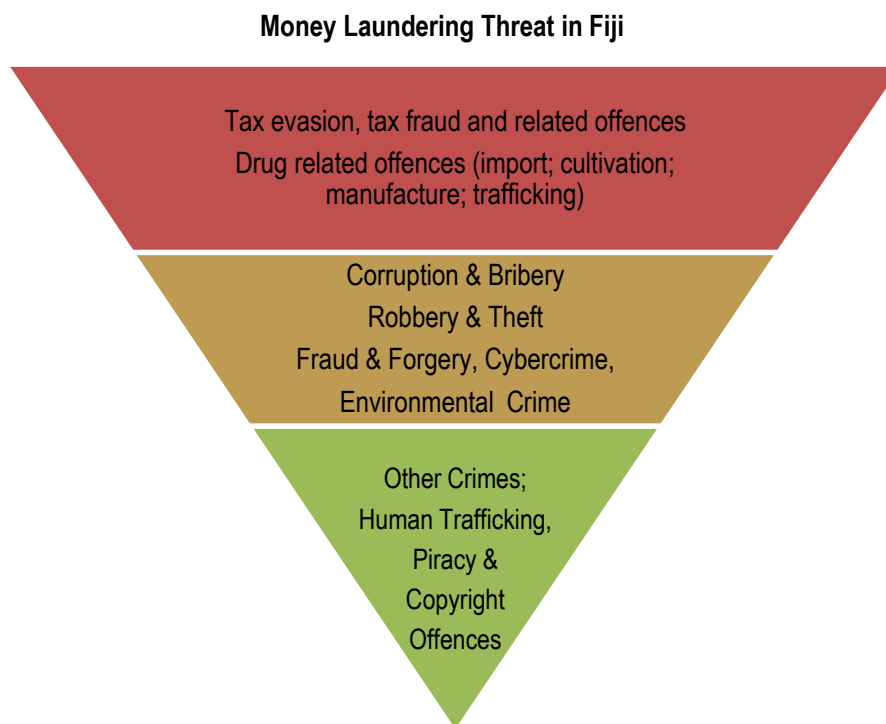
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<sup>7</sup> Reserve Bank of Fiji Annual Report 2018/2019

## 5. How Financial Institutions and Government Agencies Should Use this Information?

Information on money laundering threats can be used by law enforcement agencies to make policy decisions on allocation of resources and designing mitigation measures to investigate and prosecute these crimes.

For financial institutions (including legal practitioners, accountants and real estate agents), an understanding of money laundering threats can assist it in its internal money laundering risk assessment of clients, products and services. Having an understanding of the criminal activities that contribute to money laundering threats in Fiji will also assist financial institutions to monitor for relevant indicators when monitoring transactions or business relationship for possible money laundering activities.



The Report on Fiji's "Money Laundering Threats" was coordinated by the FIU and was endorsed by the National Anti-Money Laundering Council on 9 March 2021.

The published version of the report excludes confidential statistics.

This publication was prepared by the Financial Intelligence Unit.  
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