

Fiji FIU

Fiji Financial Intelligence Unit

FIJI FINANCIAL
INTELLIGENCE UNIT
2009
ANNUAL REPORT

OUR VISION

Protecting Fiji from Money Laundering

OUR MISSION

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

PROTECTING FIJI FROM MONEY LAUNDERING

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Overview

Role of the Fiji Financial Intelligence Unit

The Fiji Financial Intelligence Unit (FIU) is an independent agency of the Government established under the Financial Transactions Reporting (FTR) Act 22 of 2004. The FIU is responsible for carrying out wide ranging functions aimed at preventing and detecting money laundering and terrorist financing activities in Fiji.

The FTR Act and Regulations outlines a range of requirements for financial institutions to implement in order to prevent the use of Fiji’s financial system from money laundering activities and other serious offences. The vision of the FIU is to protect Fiji from money laundering. It achieves this vision through its functions provided under the FTR Act.

Key functions of the FIU include receiving and analysing financial transaction information that is provided by financial institutions. Information of possible money laundering activities or

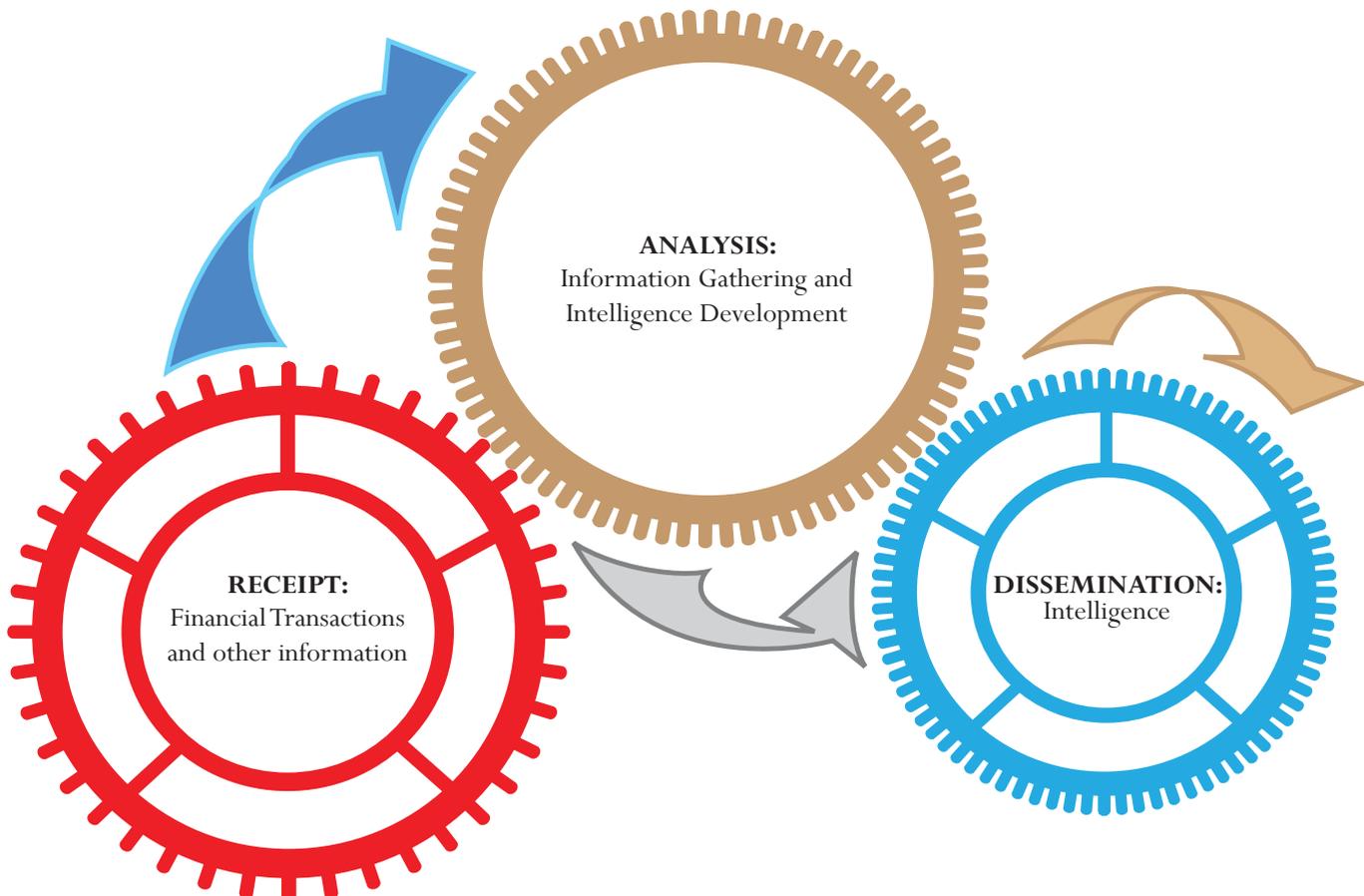
other serious offences are then referred by the FIU to appropriate law enforcement agencies for their further investigation (Diagram 1).

The FIU provides assistance to domestic and foreign law enforcement agencies in their investigation and prosecution of money laundering and other serious criminal activities.

The FIU also has a regulatory function and is responsible for ensuring that covered financial institutions comply with the provisions of the FTR Act and Regulations. Another key responsibility of the FIU is to provide trainings and guidelines to covered financial institutions on their obligations under the FTR Act.

The Reserve Bank of Fiji provides funding and administrative support for the FIU’s operations.

Diagram 1: FIU’s Intelligence Framework



Director's Foreword



I am pleased to present the 2009 Annual Report of the FIU.

FIU's outputs and achievements in 2009 are noted in this Annual Report and include key legislative, policy, operational, and stakeholder networking and cooperation developments.

The FIU continued to drive Fiji's anti-money laundering (AML) initiatives and the implementation of relevant AML laws in consultation with our key partner government agencies during 2009.

FIU's involvement with the private sector financial institutions was very crucial. Consultations were held throughout 2009 and as a result the FIU was able to introduce further policy guidelines on customer due diligence to be implemented on a risk-based-approach.

2009 was the second year of Border Currency Reporting framework and the FIU issued a policy checklist on border currency requirements for front-line Customs and Immigration officials.

The FIU had mapped out a transitional and gradual package of introducing AML reforms under the Financial Transactions Reporting (FTR) Act that was enacted in 2004. The FTR Act was implemented fully in 2008. 2009 was a very challenging year for the FIU as we commenced with the compliance framework. On-site examinations of targeted financial institutions were undertaken in 2009.

I am very pleased to report the success of the inaugural national AML Conference that was organised by the FIU in early 2009. A number of other outreach, training and awareness programmes were conducted during 2009 to ensure that all relevant stakeholders, including members of the public were well informed of the operational and policy developments in combating money laundering and other serious criminal activities in Fiji.

FIU's admission as a member of the Egmont Group of International FIUs in 2009 was another milestone achievement. We continued to provide coordination and liaison with international organisations and agencies.

The support and assistance provided to the FIU by our key partner agencies during 2009 has also largely contributed to accomplishing our vision of protecting Fiji from money laundering. Our networking with government agencies and departments has become stronger over the past years. We were able to achieve this as a result of putting in place a number of bilateral information exchange and sharing arrangements with these agencies. I am also pleased to report the continued assistance of the Fiji Police Force and the Fiji Islands Revenue and Customs Authority for the secondment of their staff to the FIU.

Law enforcement agencies continue to benefit from the FIU's information and intelligence disseminations. The FIU was able to team-up with these agencies in profiling and investigating complex and emerging crimes such as cybercrime, internet banking fraud, advance fee fraud and forgery. The FIU's intelligence has also contributed towards tax revenue collections as we continue to identify and report individuals and businesses engaged in tax evasion activities in Fiji.

The FIU's IT system for on-line financial transaction reporting and data management is being managed well and is now producing the expected outcomes given that we have a sizeable volume of financial transaction data in our database.

Our priority for the coming years would be to further strengthen the use of the FIU's intelligence by our partner agencies, maximise use of financial transaction data, and develop FIU's IT and staffing capacity.

Finally, I would like to acknowledge the financial and administrative support provided to the FIU by the Reserve Bank of Fiji during 2009. I would also like to thank the National AML Council, our partner government agencies, law enforcement agencies and private sector entities and financial institutions for their continued hard work and support to the FIU during 2009 to protect Fiji from money laundering.

Razim Buksh
Director

Key Results

During 2009, the FIU:-

- organised Fiji's first national Anti-Money Laundering Conference;
- launched the FIU's information management system;
- provided secretarial support for the 4 meetings of the National Anti-Money Laundering Council;
- signed memorandum of agreements with 3 domestic partner agencies;
- signed a memorandum of agreement with a foreign FIU;
- was admitted as a member of the Egmont Group of international FIUs;
- issued 2 Policy Guidelines and 50 ad-hoc policy advisories to financial institutions;
- conducted targeted on-site compliance examinations of 7 financial institutions;
- received and analysed 750 suspicious transaction reports;
- received 127,566 cash transaction reports;
- received 297,312 electronic fund transfers reports;
- received 244 border currency reports;
- disseminated 196 intelligence reports to law enforcement agencies;
- issued 4 Alert Notices to financial institutions on suspicious persons and entities;
- issued 6 Directives to financial institutions in relation to transaction reports received by the FIU;
- issued 1 freezing order;
- attended to 76 requests for investigative assistance from law enforcement agencies;
- attended to 54 requests for due diligence and background checks from government agencies;
- provided AML & FTR Act training to 6 financial institutions;
- made 691 enquires and requests for further information from financial institutions;
- held 19 industry visits and 5 industry forums;
- registered 77 (since 2006) AML Compliance Officers of financial institutions; and
- registered 110 (since 2008) authorised users of the FIU's online IT system.

Governance

Establishment of the FIU

The Fiji FIU was established on 1 January 2006 by virtue of the coming into force of the FTR Act. Prior to this, the FIU had been operating on an interim arrangement since 2003 under a Memorandum of Agreement (MOA) between the Reserve Bank of Fiji, Ministry of Justice, Office of the Director of Public Prosecutions and the Fiji Police Force. The FIU is an administrative statutory establishment of the Government and its powers, duties and functions are clearly defined in the FTR Act.

Minister for Justice

Pursuant to section 23(3) of the FTR Act, the Minister for Justice, or such other person as the Minister may appoint, is responsible for overseeing the performance of the Director of the FIU (Figure 1). The Minister is also responsible for appointing the Director of the FIU on the recommendation of the National AML Council.

Governor of the Reserve Bank of Fiji

In late 2005, the Minister for Justice delegated his responsibilities and powers as provided under the FTR Act, to the Governor of the Reserve Bank of Fiji. Thus the Director of the FIU is responsible to the Governor of the Reserve Bank for the discharge of his powers, duties and functions under the FTR Act. Subsequent to this delegation and on the recommendation of the Governor, the Board of Directors for Reserve Bank approved the organisation structure for the FIU.

Director of the FIU

The Director of the FIU is the Chief Executive Officer and is responsible for exercising the powers, duties and functions of the FIU as specified in the FTR Act. The Director is responsible to the Minister for Justice or such other person as the Minister may appoint, in the performance of his duties. Following the Minister's delegation of his responsibility in 2005, the Director is now responsible to the Governor of the Reserve Bank.

Accountability to the Governor

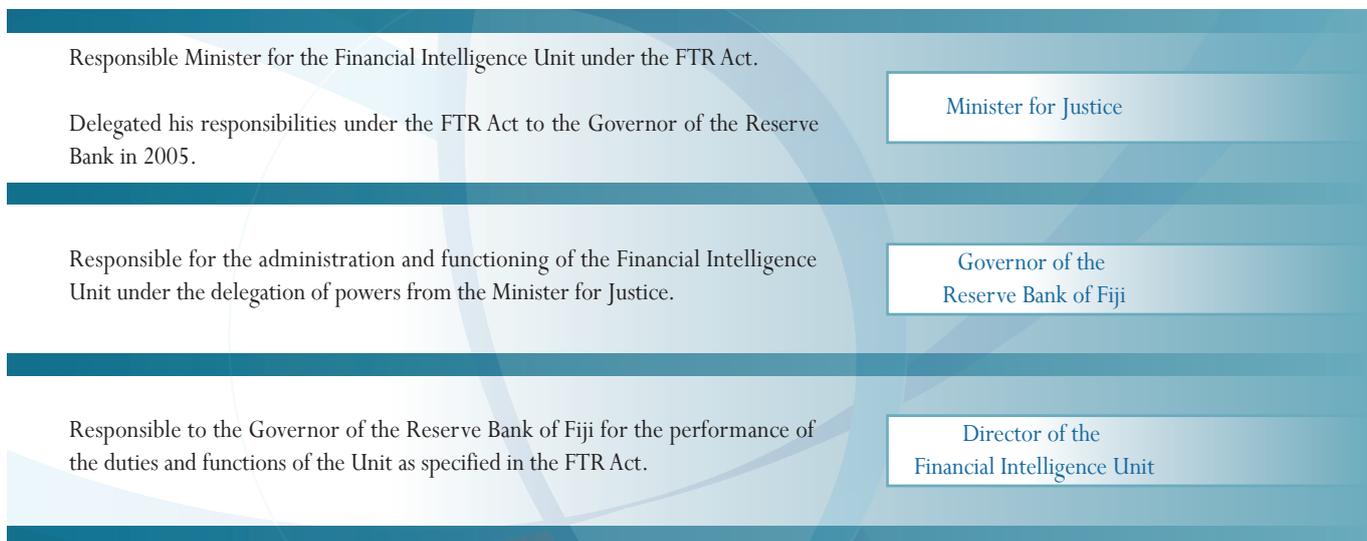
The FIU observes the corporate planning and budgeting policies and procedures of the Reserve Bank of Fiji. The FIU's annual workplan and budget are presented to the Governor and the Reserve Bank Board for their approval in November of the previous year.

The Director FIU provides quarterly reports to the Governor of the Reserve Bank on the FIU's performance and achievement of workplan targets. The Director of the FIU also provides regular progress updates to the Board, Governor and the Deputy Governor on FIU outputs.

Reporting to the National Anti-Money Laundering Council

The FIU provides regular reports and updates to the National AML Council. The Council is also responsible for making recommendations to the Minister on the appointment of the Director of the FIU.

Figure 1: Governance & Accountability Framework



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

Funding and Administration

The FIU has been administratively housed within the Reserve Bank of Fiji since its interim (2003) and formal establishment (2006). The FIU is also subject to all the administrative protocols, policies and procedures of the Reserve Bank of Fiji.

The FIU is fully funded by the Reserve Bank of Fiji and is organised as a separate functional group within the



Reserve Bank’s organisation structure. The annual budget of the FIU is submitted for approval by the Board of the Reserve Bank each year. The FIU is accountable to the Governor and the Board for the use of funds allocated annually.

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

The FIU also receives indirect financial support from the Fiji Police Force and the Fiji Islands Revenue and Customs Authority (FIRCA) through secondment of an officer from their respective agencies to the FIU on a full time basis. This secondment arrangement is provided under Memorandum of Agreements the FIU has signed with these agencies.

Independence of the FIU

While the FIU is administratively dependent on the Reserve Bank, the technical functions of the FIU are totally independent of the Reserve Bank. The Director of the FIU is responsible and accountable for the decisions relating to the delivery of the FIU core outputs.

The functional and operational independence of the FIU is provided under Part 4 of the FTR Act. The FTR Act requires that the consideration for appointment of Director FIU by the Minister (Governor of the Reserve Bank under delegation of authority) is subject to the recommendation of the National AML Council. The FTR Act also provides that the remuneration package of the Director FIU be determined by the Higher Salaries Commission. To ensure that the functions of the FIU are not influenced by other parties, the FTR Act vests with the Director of the FIU the powers to discharge the statutory and functional responsibilities of the FIU.

Mission 1

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

Implement Strategies to Combat Money Laundering and Other Serious Crimes

Legislative, Policy and Procedural Measures

Implementation of the FTR Act and Regulations

The FTR Act is Fiji’s primary legislation for combating money laundering and terrorist financing. Entities and businesses that are required to comply with the FTR Act include traditional financial institutions (such as commercial banks; insurance companies and intermediaries; finance companies; money remitters; money changers; investment advisors/brokers/dealers; unit trust or managed funds) and other non-financial businesses and professions (such as accounting firms; law firms; real estate agents or businesses). All entities and businesses that are covered by the FTR Act are referred to as “financial institution” in the legislation.

The FTR Act outlines various requirements that financial institutions in Fiji have to meet in order to prevent or detect money laundering and terrorist financing activities. In 2009, financial institutions were focused on implementing these requirements of the FTR Act. The FIU also worked closely with the financial institutions to ensure their compliance with the legislation.

The FIU attended various industry group (Association of Banks in Fiji; Foreign Exchange Dealers Association) meetings and one-to-one meetings with financial institutions to explain the legislative requirements and provide guidance on implementation of these requirements.

AML Guidelines & Policy Advisories

In 2009, the FIU issued 2 Guidelines to assist financial institutions in meeting the requirements of the FTR Act. The first Guideline was on *Reporting Cash Transactions of \$10,000 or above by Paper* aimed at assisting smaller financial institutions to better understand the cash transaction reporting requirements of the legislation.

The second Guideline was on *Customer Identification and Verification*. This Guideline aims to enable financial institutions to better meet the identification requirements of the FTR Act without restricting access to financial services of those customers who pose a low risk of money laundering or terrorist financing activities (such as rural dwellers; students and minors; microfinance businesses). It is expected that the Guideline will encourage and facilitate a move by financial institutions towards applying customer identification and verification measures on the basis of risk of the customers. Appendix 1 lists all the Guidelines issued to date by the FIU.

The FIU also assists financial institutions by providing policy advice on an ad-hoc basis, as and when requested by financial institutions. In 2009, the FIU issued 50 ad-hoc policy advisories explaining various requirements of the FTR Act and Regulations. Majority (24) of the ad-hoc policy advisories related to the customer due diligence requirements of the legislation (Table 1). A number of ad-hoc advisories have been developed into formal advisories and issued for industry wide implementation. Appendix 2 lists all the formal Policy Advisories issued to date by the FIU.

Table 1: Ad-hoc Policy Advisories Issued by FIU in 2009

Nature of Advisory	Number of Ad-hoc Advisories Issued
Customer Due Diligence Requirements	24
Transaction Reporting Requirements	16
Other Issues	2
Border Currency Reporting Requirements	8
TOTAL	50

Source: Fiji FIU

Compliance

Supervision of Financial Institutions for Compliance with the FTR Act

The FIU, Capital Markets Development Authority (CMDA) and Reserve Bank of Fiji (RBF) are obligated under the FTR Act to ensure and supervise financial institutions’ compliance with the FTR Act and Regulations.

During the year the FIU participated in 2 onsite compliance visits (bank and insurance company) undertaken by the Reserve Bank. The FIU also conducted targeted compliance examinations of 7 licensed foreign exchange dealers. The purpose of these compliance visits was to assess these institutions’ level of compliance with the AML legislative requirements and provide recommendations for improving their compliance where necessary. The findings from these compliance examinations have been submitted to and discussed with the respective institutions.

The Reserve Bank of Fiji also cancelled the license of a local authorised foreign exchange dealer for serious breaches under the Exchange Control Act and the FTR Act and non-compliance with its conditions of license. Thus, the Reserve Bank is treating seriously any non-compliance with AML requirements by any licensed financial institution.

Awareness & Training

National AML Conference

Awareness and training on the requirements of the FTR Act and other AML issues continued to be a priority for the FIU in 2009. The FIU organised an inaugural national AML conference in early 2009. The conference brought together 129 delegates from the private and public sector to hear and discuss emerging AML issues. The conference was also aimed at creating awareness on Fiji's AML framework. Papers presented at this Conference are available on the FIU website. Participants who attended consisted of financial institution and business executives, AML compliance officers, law enforcement officials, members of the judiciary, policy makers, financial sector regulators, academics and members of the media.

Trainings & Awareness Forums for Financial Institutions

The FIU also provided awareness training to a number of commercial banks on the recently issued *Guideline on Customer Identification and Verification*. A total of 83 financial institution employees attended these trainings. These training sessions were important in explaining the Guidelines and promoting the risk based approach when implementing the customer identification requirements. The FIU continued to provide general AML training to financial institutions during 2009.

During the year, the FIU had regular meetings with AML Compliance Officers of financial institutions to explain policy issues and to also hear from them any issues or queries that they had regarding the implementation of the legislation. The FIU held 5 forums with AML Compliance Officers from the commercial banks, law firms, accounting firms, finance companies and foreign exchange dealers & money remitters. These forums aimed at addressing sector specific AML issues and concerns.

Public Awareness

The FIU was invited by 2 tertiary institutions during the year to provide education and awareness on the FTR Act and money laundering issues in Fiji. A total of 130 senior students attended these awareness briefings. The FIU also informed the public of AML issues through media interviews and formal media releases.

Domestic Coordination

Memorandum of Agreement with Partner Agencies

As part of its efforts to further strengthen domestic coordination, the FIU continued to embark on signing MOAs with partner agencies in 2009. The FIU is empowered under the FTR Act to enter into MOAs with other agencies. In 2009, the FIU signed MOAs with 3 important partner agencies namely the Land Transport Authority (LTA), Fiji Independent Commission Against Corruption (FICAC) and Data Bureau Ltd. This brings to 8 the total number of domestic agencies that the FIU has entered into formal agreements with to date (Table 2). These MOAs allow the FIU to exchange confidential information with these agencies while at the same time putting in place controls to safeguard the use of any shared information. The MOAs with the Fiji Police Force and FIRCA also provides for the secondment of an officer each from their respective agencies to the FIU.

Table 2: Memorandum of Agreements with Partner Agencies

FIU's Partner Agency	Date MOA Signed	Type of MOA
Immigration Department	12 July 2007	Information exchange
Fiji Islands Revenue and Customs Authority	28 November 2007	Information exchange and secondment of a staff with the FIU
Fiji Police Force	24 January 2008	Information exchange and secondment of a staff with the FIU
Fiji Islands Trade & Investment Bureau	13 June 2008	Information exchange
Ministry of Justice	3 July 2008	Information exchange
Land Transport Authority	5 October 2009	Information exchange
Fiji Independent Commission Against Corruption	3 November 2009	Information exchange
Data Bureau Ltd	18 December 2009	Information exchange

Source: Fiji FIU

National Anti-Money Laundering Council

2009 was the second year of operation of the National AML Council. The Council was established in 2008 under section 35 of the FTR Act. The Council's mandate under the FTR Act includes coordinating national AML initiatives and advising Government and the FIU on AML issues.

The members of the Council are:

1. Permanent Secretary for the Ministry of Justice (Chairperson);
2. Director FIU;
3. Director of Public Prosecutions;
4. Commissioner of Police;
5. Governor of the Reserve Bank of Fiji; and
6. Chief Executive Officer of FIRCA.

The Council met 4 times in 2009. The Council held a Strategic Planning Workshop in 2009 which was aimed at setting the strategic direction of the Council. As a result of the Workshop, a 5-year Strategic Plan for the Council was developed.

The Council played a crucial role in the organisation and hosting of the National AML Conference in early 2009. 4 members of the Council, namely the Permanent Secretary for Justice, CEO of FIRCA, Director of Public Prosecutions and the Director of FIU were speakers at the Conference while the Governor of the Reserve Bank provided the closing remarks for the Conference. All members of the Council attended and participated during the Conference discussion sessions.

During the year the Council liaised with the Anti-Money Laundering Assistance Team (AMLAT) consultant that had been engaged in 2008 to provide technical assistance in the development of procedures and guidelines for restraining and forfeiting properties under the Proceeds of Crime Act and the disposal of forfeited assets. This project is still in progress and will continue in 2010.

The Council was supported in its work during the year by the 3 AML working groups, namely the AML Legislation Working Group, the AML Supervisors & Regulators Working Group and the AML Law Enforcement Working Group. The FIU provides secretarial support to the National AML Council as well as for its 3 working groups.

UNODC Review of the FIU

The National AML Council approved that an independent review be undertaken on the administrative arrangements of the FIU which would provide recommendations on the future direction on the administration and independence of the FIU. During 2009, technical assistance was secured from the United Nations Office on Drugs and Crime (UNODC) to conduct this independent review. Mr. Graham Pinner, the consultant engaged by UNODC for this project, conducted the review



Egmont Group Plenary, Qatar, May 2009.

from 26 October to 5 November 2009. The Council was actively involved in the consultation process with Mr. Pinner as part of this review. Formal discussions were also held between the Council and Mr. Pinner on the preliminary findings of the review. The final report and recommendations arising from this review project will be considered by the Council in 2010.

International Coordination

Egmont Group Membership

In May 2009, the FIU was admitted as a member of the Egmont Group at the 17th Egmont Group Plenary Meeting that was held in Doha, Qatar. The Egmont Group is an association of FIUs from various jurisdictions which was first formed in 1995. The Egmont Group currently has 116 FIUs from around the world as its members. The goal of the Egmont Group is to provide a forum for its member FIUs to improve support to their respective governments in the fight against money laundering, terrorist financing and other financial crimes.

The purposes of the Egmont Group are to:

1. expand and systematise international cooperation in the reciprocal exchange of financial intelligence information;
2. foster better communication among FIUs and share expertise;
3. identify existing and emerging counterpart agencies;
4. to offer training to increase the effectiveness of FIUs; and
5. to increase the application of technology.

The Fiji FIU formally applied in late 2008 to join the Egmont Group and was sponsored in its application by the Malaysian and Indonesian FIUs. Fiji is now one of the 7 FIUs from the Oceania region that is a member of the Egmont Group. As a member of the Egmont Group, the Fiji FIU is expected to participate in the activities of the Egmont Group and to observe its principles for exchanging information with other Egmont members. The Fiji FIU now has access to the Group's secure website for information sharing and gathering of intelligence. In



Chairman Egmont Committee Mr. Neil Jensen and Director FIU signs the Egmont Charter on Fiji's admission to the Egmont Group.

2009, the FIU made 3 requests for information through the Egmont Group website. It is expected that this number will increase in 2010 as the Fiji FIU makes greater use of the Egmont Group website.

Memorandum of Agreements with Foreign FIUs

The Fiji FIU is authorised under the FTR Act to enter into formal agreements with foreign FIUs or law enforcement agencies to share information that would be relevant to the investigation or prosecution of a money laundering offence, terrorist financing offence or any other serious offence. In 2009, the FIU signed a Memorandum of Agreement with the Indonesian FIU for the exchange of information. This is the first Agreement that the Fiji FIU has entered into with a foreign FIU. The FIU plans to sign similar Agreements with other foreign counterparts in 2010.

Assessment of Risk for Money Laundering and Terrorist Financing in Pacific Island Countries

In 2009, the International Monetary Fund (IMF) conducted a study to assess the risk of money laundering and terrorist financing in Pacific island countries. Fiji was invited to participate in this study. The IMF team visited Fiji from 19–20 March 2009 to collect the data required for this study and to consult with relevant government agencies and private sector stakeholders. The FIU also provided administrative support for the onsite visit by the IMF team.

Asia Pacific Group on Money Laundering and Other International Agencies

The FIU liaised with the various international agencies on AML/CFT issues throughout 2009. In particular, as a member of the Asia Pacific Group on Money Laundering (APG), the FIU liaised closely with the APG on AML issues affecting Fiji. The FIU also participated in key APG programmes in 2009 such as the APG Annual Plenary and the APG Typologies Workshop in Cambodia. The FIU also prepared and submitted Fiji’s country report, technical assistance report and mutual evaluation progress report for the APG Plenary. The FIU contributed to the APG’s mutual evaluation programme for 2009. A staff of the FIU participated as a reviewer in the APG Expert Quality Control Group for the mutual evaluation of an APG member country. The staff also participated as a financial sector evaluator in a World Bank and APG combined mutual evaluation of the Solomon Islands in late 2009.

The Director FIU represented Fiji at the APG Annual Plenary in 2009 which was held in Brisbane, Australia. In early 2009, the Director FIU was invited to attend the AML and Counter Terrorism Financing Conference in Australia. He also participated in a panel discussion as part of the Conference programme.



Signing of MOA between the FIU and partner agencies in 2009. From left: Mr. Razim Buksh (Director FIU) and Mr. George Langman (Deputy Commissioner, FICAC); Middle: Ms. Delores Elliot (Manager, Data Bureau Ltd.); Right: Mr. Etuate Koroi (Chief Executive Officer, LTA).

Mission 2

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



Fiji FIU
Fiji Financial Intelligence Unit



Comply with Global Standards on Anti-Money Laundering & Combating Terrorist Financing

Implementation of the World Bank Recommendations

Fiji last underwent a mutual evaluation in 2006 which was conducted by the World Bank. The mutual evaluation highlighted progress made by Fiji in meeting the FATF recommendations²

The World Bank identified areas for improving Fiji's compliance with the FATF recommendations and made a number of recommendations for addressing these areas.

In 2009, the FIU together with assistance from other partner agencies addressed key recommendations of the World Bank.

Fiji's admission into the Egmont Group in 2009 is expected to strengthen its networking and coordination with international FIUs. This was a recommendation of the World Bank in their mutual evaluation report.

A key recommendation of the World Bank was for further guidance to be provided to financial institutions on

the requirements of the FTR Act. The issue of the *Guidelines on Cash Transaction Reporting and Customer Identification and Verification* by the FIU together with ongoing consultations with financial institutions and training provided to financial institutions should address this recommendation.

The AML/CFT compliance examinations of financial institutions undertaken by the FIU and in conjunction with the Reserve Bank during the year ensured that financial institutions are implementing the requirements of the FTR Act as recommended by the World Bank.

The work undertaken by AMLAT in 2009 to develop procedures and guidelines for implementing the restraining and forfeiture provisions under the Proceeds of Crime Act should also address a key recommendation of the World Bank for more effective use of these provisions.

Efforts to address the World Bank's recommendations have been ongoing since 2006 and will continue into 2010 (Table 3).

² FATF has developed 40 recommendations on combating money laundering which covers the criminal justice system and law enforcement, the financial system and its regulation and international co-operation. FATF has also developed 9 Special Recommendations to counter terrorist financing.

Table 3: Measures undertaken by the FIU to Comply with the World Bank Mutual Evaluation Recommendations: 2006-2009

Key Areas of the World Bank's Recommendations	Key Measures Undertaken by the FIU to Comply with the World Bank Recommendations
Legal System	<ol style="list-style-type: none"> 1. Member of the Government Working Group established to implement the UN counter terrorism conventions. 2. Liaised with AMLAT on the development of policies and guidelines for the management and disposal of restraint and forfeited assets. Currently working with the National AML Council for the completion of this project.
Law Enforcement	<ol style="list-style-type: none"> 1. Provide secretarial support for the Law Enforcement Working Group which facilitates networking and coordination amongst key law enforcement agencies. 2. Provided support when required, to law enforcement agencies in money laundering related investigations.
AML Supervision	<ol style="list-style-type: none"> 1. Introduced the FTR Regulations in 2007 which designated the relevant AML supervisory authority for the various financial sectors. 2. Assisted the Reserve Bank of Fiji in AML compliance examinations of a number of its licensed financial institutions since 2006. 3. Conducted AML compliance examinations of 7 licensed foreign exchange dealers in 2009. The FIU has liaised directly with these respective entities on how to improve their level of AML compliance. 4. Provide secretarial support for the AML Supervisors & Regulators Working Group which facilitates networking and coordination amongst the 3 AML supervisory authorities.
FIU	<ol style="list-style-type: none"> 1. Secured adequate and secure office accommodation for FIU staff. 2. Increased the staffing capacity of the FIU with funding from the Reserve Bank of Fiji and secondment of 1 additional officer from FIRCA. 3. Capacity building of FIU staff through technical training. 4. Instituted procedures for the collection and recording of detailed statistics on the operations of the FIU. 5. Facilitated the independent review of the operations of the FIU which was conducted by the UNODC.
Preventive Measures for Financial Institutions and Designated Non-Financial Businesses and Professions	<ol style="list-style-type: none"> 1. Issued the FTR Regulations in 2007 which provides further guidance to financial institutions and DNFBPs on the requirements of the FTR Act. 2. Introduced key provisions of the FTR Act relating to reporting of cash and electronic transactions by financial institutions in 2008. 3. Issued ad-hoc policy advisories and formal policy advisories and FTR Guidelines to provide detailed guidance on specific AML requirements since 2006. 4. With assistance from AUSTRAC, rolled out an electronic reporting system which enables financial institutions to report transactions electronically to the FIU. 5. Raised awareness on the requirements of the FTR Act and Regulations through trainings, briefings and one-to-one consultations with financial institutions and DNFBPs since 2006.
Border Currency Reporting Framework	<ol style="list-style-type: none"> 1. Introduced the border currency reporting requirements with the assistance of FIRCA in 2008. 2. Provided public awareness on the border currency reporting requirements. 3. Provide support on an on-going basis to FIRCA in the implementation of the border currency framework.
International Coordination	<ol style="list-style-type: none"> 1. The FIU was admitted as a member of the Egmont Group in early 2009. 2. As a member of the Egmont Group, the FIU now has access to international FIUs through the Egmont secure website. 3. The FIU has signed a Memorandum of Agreement for information exchange with a foreign FIU. 4. The FIU actively participates in the APG programmes.

Source: Fiji FIU

Mission 3

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

Detect and Investigate Money Laundering and Terrorist Financing

Suspicious Transaction Reports

The FTR Act and the FTR Regulations requires all financial institutions to report suspicious transactions, including attempted transactions, to the FIU by completing the Suspicious Transaction Report (STR) form.³ A **suspicious transaction** is a transaction or attempted transaction which a financial institution has reasonable grounds to suspect may be related to money laundering activity or any other serious offence. A suspicious transaction may be identified as one which is not consistent with a customer’s known legitimate business or personal activities or with the normal business of that type of account (Diagram 2).

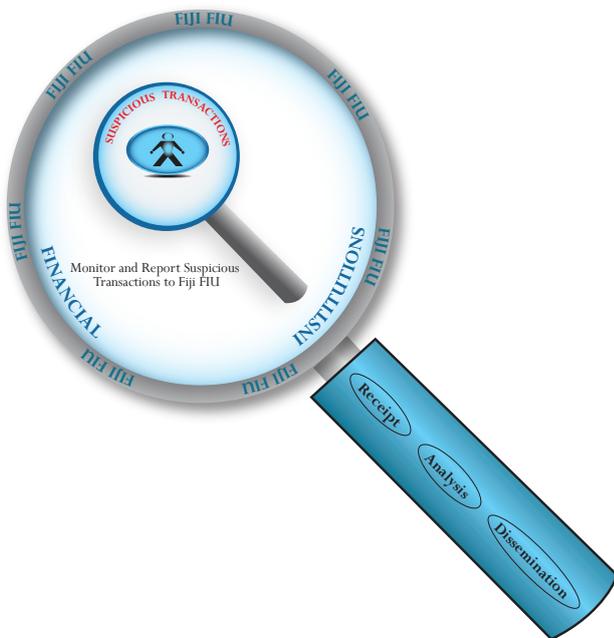
The FIU received 750 STRs from financial institutions and members of the public in 2009 (Table 4: Graph 1). This is an increase of 56 percent from the previous year (479).

Table 4: Suspicious Transactions Reported

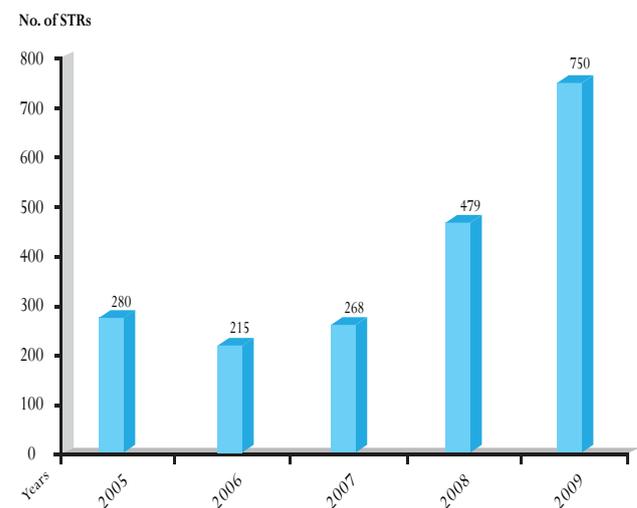
Year	Total STRs	Monthly Average STRs
2005	280	23
2006	215	18
2007	268	22
2008	479	40
2009	750	63

Source: Fiji FIU

Diagram 2: FIU’s STR Framework



Graph 1: Suspicious Transactions Reported



Source: Fiji FIU

Case Study

STR Typology: Use of family members and third parties.

A finance clerk of a local company fraudulently processed a number of cheque payments to parties that he had been colluding with. The cheques were encashed by one of his associates at a local bank. The cheques were cashed by his de-facto partner who was working as a teller at the same local bank. His de-facto partner deposited the cash into her bank account and the accounts of family members.

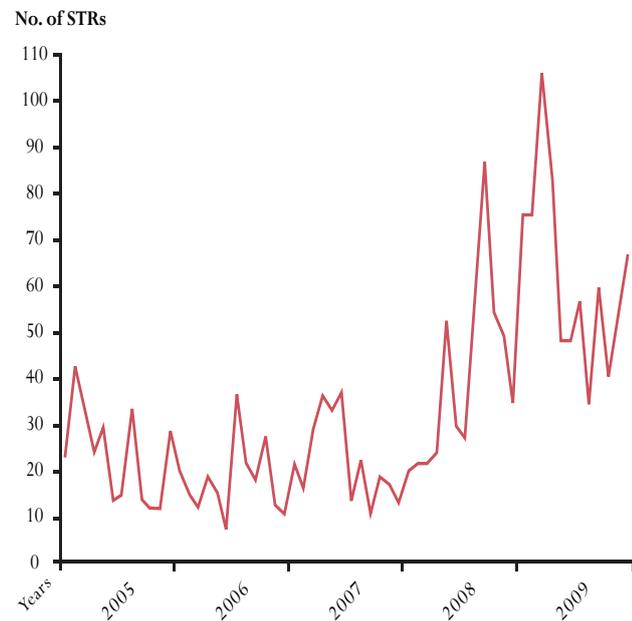
Suspicious Indicators:

1. Large deposits in the bank account of a customer who handles cash daily during the course of his stated occupation.
2. Customer receiving deposits outside of his usual salary payments.
3. Customer goes to the same bank officer or employee of a financial institution to conduct transactions.

³ Section 14, FTR Act.

The FIU received an average of 63 STRs per month from financial institutions in 2009 compared to an average of 40 STRs per month in 2008 (Graph 2). This is due to the increased level of awareness and experience of the reporting institutions to identify suspicious transactions. The level of STR reporting by financial institutions has grown exponentially since 2007.

Graph 2: Monthly Suspicious Transactions



Source: Fiji FIU

Reporting Financial Institutions

Various financial institutions including members of the public submitted STRs to the FIU (Table 5: Graph 3).

The commercial banks continue to be the primary source of STR reporting (85 percent) in comparison to the other reporting sectors.

The number of STRs submitted by the money remittance service providers has significantly increased since 2007. The STRs received from this reporting sector are mainly on individuals that are victims of possible advance fee fraud and fraudulent lottery schemes. Advance fee fraud schemes always instruct victims to use money remittance service providers because these methods of payment are usually irreversible, untraceable and at times can be completely anonymous. Reporting from other non-bank financial institutions and designated non-financial businesses and professions is also improving.

The FIU also made 691 enquires and requests to AML Compliance Officers of relevant financial institutions for additional information on STRs.

Table 5: Summary of Reporting Financial Institutions

Financial Institutions and Persons Reporting	Number of STRs Received				
	2005	2006	2007	2008	2009
Commercial Banks	274	209	231	412	639
Money Remittance Service Providers	1	0	17	43	86
Finance Companies and Superannuation	4	0	10	7	8
Members of the Public	1	5	7	9	10
Regulatory Authorities	0	1	3	0	2
Law Firms	0	0	0	2	2
Accounting Firms	0	0	0	2	0
Insurance Companies	0	0	0	3	2
Real Estate Businesses	0	0	0	1	0
Others	0	0	0	0	1
TOTAL	280	215	268	479	750

Source: Fiji FIU

Case Study

STR Typology: Use of money remittance service providers and small value remittance transactions.

Tertiary students were involved in remitting \$500 to beneficiaries in Nigeria and Manchester.

Suspicious Indicators:

1. The beneficiary customer is based in a known advance fee fraud destination.
2. The occupation of the customer does not match the transaction.
3. The customers were remitting funds as "Gift" payments to unknown and unrelated parties.
4. The amount involved is below the FIU reporting threshold and does not require Exchange Control approval from RBF.

Graph 3: Summary of Reporting Financial Institutions

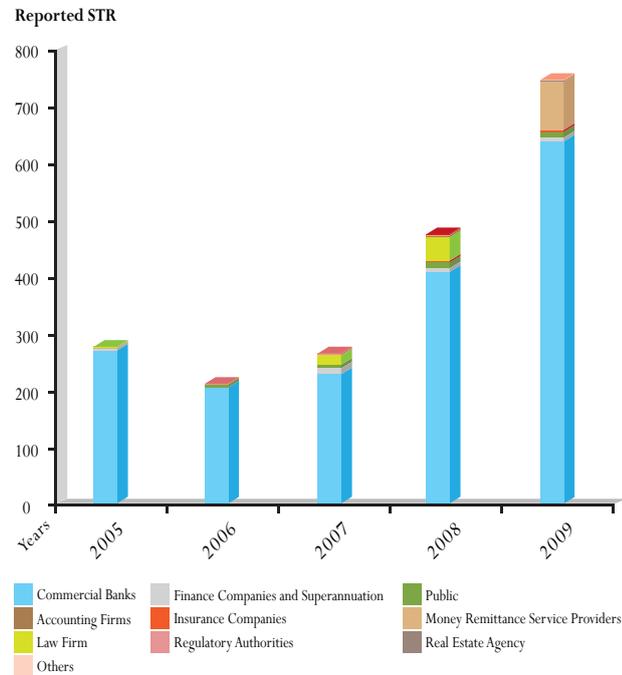
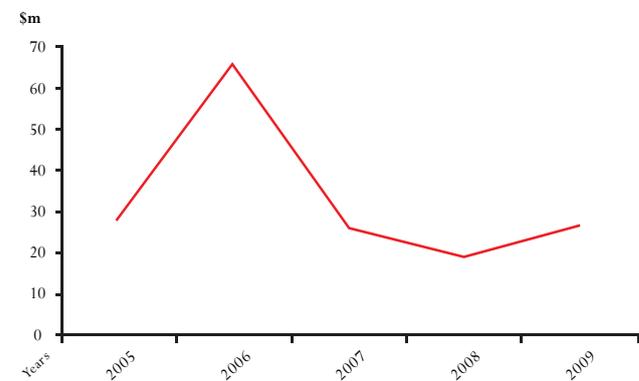


Table 6: Total Value of Transactions Reported as Suspicious

Year	Total Value (\$million)	Average value reported (per STR)
2005	\$28.2	\$100,000
2006	\$65.9	\$306,000
2007	\$26.3	\$98,000
2008	\$19.2	\$40,000
2009	\$26.3	\$35,000

Source: Fiji FIU

Graph 4: Total Value of Transactions Reported as Suspicious



Value of Transactions Reported as Suspicious

The total value of reported suspicious transactions increased to \$26 million in 2009 compared to \$19 million in 2008 (Table 6: Graph 4).⁴ However the average value of transactions (\$35,000) was lower than the average value of \$40,000 in 2008. This is due to the increase in the number of STRs reported and the increase in the number of lower value transactions reported as suspicious in 2009.

Case Study

STR Typology: Use of third parties to conduct transactions.

A foreign national contacted a staff member of a local financial institution via email providing details of an investment proposal that would provide attractive returns. The staff member used his personal funds that were remitted to the foreigner. Since he was aware of the exchange control restrictions, he had to structure the remittance transactions to below \$500 and use other persons to conduct these transactions. He bribed an officer at a local money remittance service provider and used the identity of his work colleagues to conduct the international remittances. He also requested unrelated third parties such as taxi drivers and “off-the-street” persons to conduct the remittances on his behalf. Over 40 international remittance transactions were sent to the same foreign national.

Suspicious Indicators:

1. Investment proposal received via email from an unknown individual who is based overseas.
2. The broker instructs that the payment should be made through a money remittance service provider.
3. A customer appears to be instructed by a third party to conduct a transaction. The third party can at times not be sure of the transaction details, in particular the name and address of the beneficiary.
4. Only one common individual is the beneficiary of a large number of remittances from multiple senders.

⁴The number of STRs reported and the funds that are involved in suspicious transactions do not necessarily indicate the size of money laundering activities in Fiji. However, these transactions have been subject to a greater level of scrutiny by reporting financial institutions and have been flagged and reported as questionable and suspicious transactions. The figure suggests money laundering symptoms, risk and vulnerabilities in Fiji.

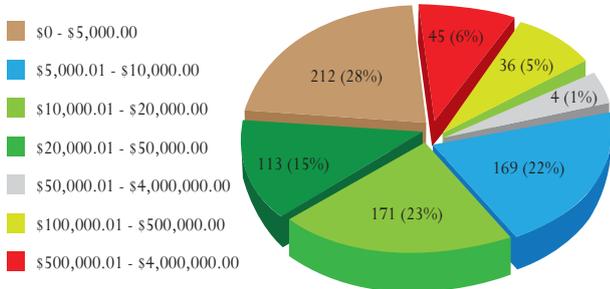
Analysis of Suspicious Transactions by Transaction Value

Suspicious transactions (or attempted transactions) do not have a value threshold, that is, such transactions must be reported to the FIU regardless of the value of the transaction. The monetary value of a transaction is an indicator that determines whether a transaction should be reported as suspicious. However, as in previous years, suspicious transactions do not always involve substantial dollar amounts.

50 percent of STRs received in 2009 involved transactions below \$10,000 compared to 29 percent in 2008. This indicates that lower value transactions are being scrutinised by financial institutions, in determining whether a transaction is suspicious or not.

More than 70 percent of STRs submitted by financial institutions in 2009 were reported on transactions below \$20,000 (Graph 5). This range of transactions includes attempted transactions, “off-the-street” customers, and reports from members of the public.

Graph 5: Transaction Value of STRs for 2009



Source: Fiji FIU

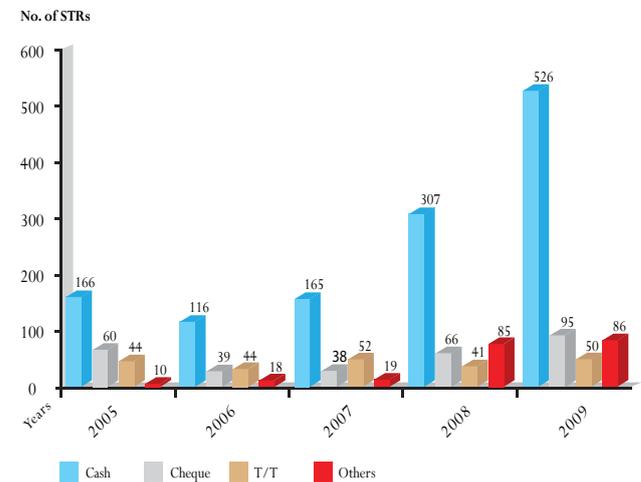
Analysis of Suspicious Transactions by Instrument Type

Cash continued to be the primary financial instrument used in transactions reported in STRs. Out of the 750 transactions reported as suspicious in 2009, 526 (70 percent) were cash transactions (Graph 6). A few STRs involved more than two types of financial instruments.

The types of financial instruments involved in STRs are:

1. cash;
2. cheque (personal and company cheques);
3. remittances (telegraphic transfers/SWIFT transfers); and
4. other instruments (account-to-account transfers, credit cards and travelers cheques).

Graph 6: Analysis of Suspicious Transactions by Instrument Type

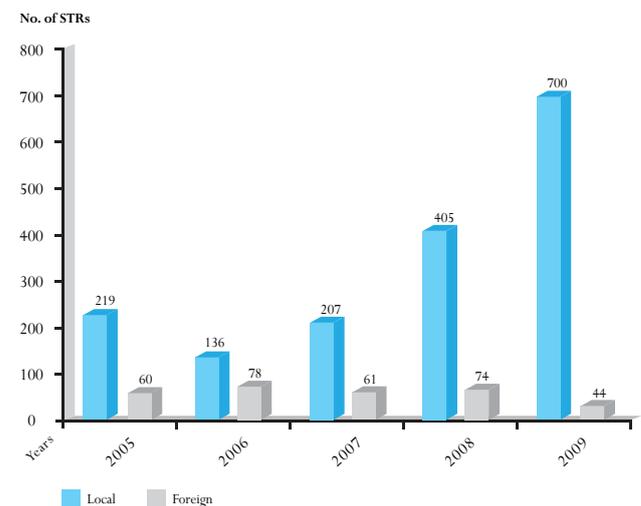


Source: Fiji FIU

Analysis of Suspicious Transactions by Currency Type

700 (93 percent) of STRs received in 2009 involved Fiji currency (Graph 7). 44 STRs involved foreign currencies and 6 STRs did not involve any specific value and were excluded from this analysis.

Graph 7: Analysis of Suspicious Transactions by Currency Type

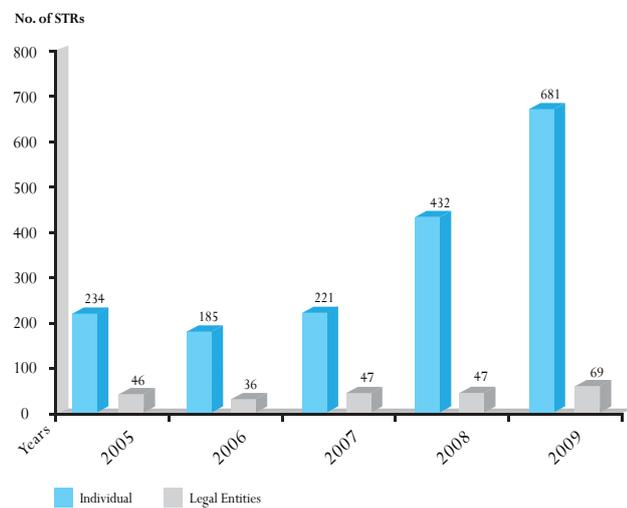


Source: Fiji FIU

Analysis of Suspicious Transaction Reports by Customer Type

There were 681 (90 percent) STRs reported on transactions conducted by individuals or personal customers in 2009 (Graph 8). The STRs on legal entities such as companies increased by 46 percent from 2008 which may indicate that financial institutions also conduct equal scrutiny of transactions with established businesses, companies, organisations and other legal entities.

Graph 8: Analysis of Suspicious Transactions by Customer Type



Source: Fiji FIU

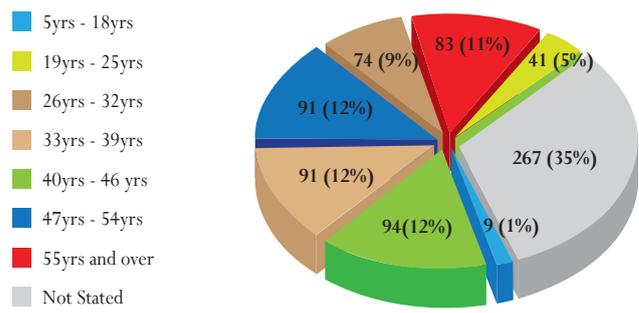
Analysis of Suspicious Transaction Reports by Customer Age

A key identification factor for financial institutions when conducting transactions, such as opening accounts or establishing a business relationship for their customers is the date of birth.

24 percent of the STRs on individuals were reported on customers between the ages of 40 and 55 (Graph 9).

The number of STRs reported on minors was quite low in 2009 indicating a declining trend in the use of minors' accounts to conceal income. 267 (35 percent) of STRs received in 2009 did not have details on the date of birth of the persons being reported on.

Graph 9: Analysis of Suspicious Transaction Reports by Customer Age



Source: Fiji FIU

Case Study

STR Typology: Use of minors bank accounts.

A local money remittance service provider maintained a business bank account at a local commercial bank. The money remittance service provider would purchase bank drafts and remit money for their customers through the International and Treasury Department of the local commercial bank. Therefore, these transactions were not captured on the statement of the business bank account of the money remittance service provider. The transactions that were conducted on the same day were for related parties such as family members and the amounts per transaction were below the FIU reporting threshold and Exchange Control approval threshold. The transactions were also conducted for some minors.

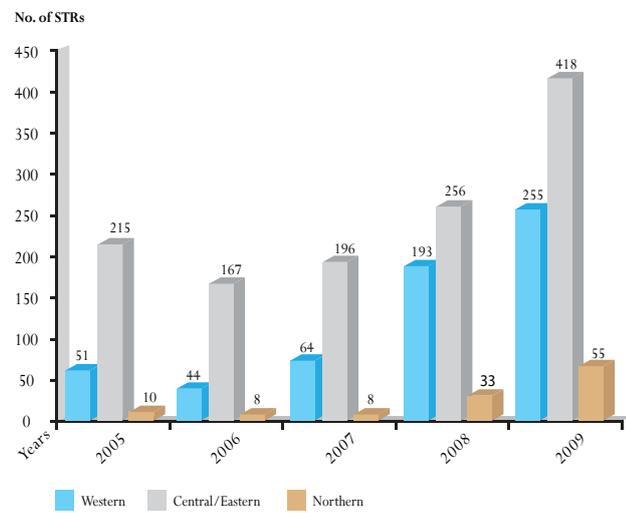
Suspicious Indicators:

1. Large remittance transactions are conducted in cash.
2. Large remittance transactions are conducted at the International and Treasury Department even though the customer has an account with the bank. This may indicate that the customer does not want the remittance transactions detected and traced.
3. Same day transactions or transactions carried out within a short period of time are conducted in the following manner:
 - i. under different names but individuals appear related and this can be detected through common surnames, addresses or occupation.
 - ii. involves amounts just below the FIU reporting threshold (\$10,000) and Exchange Control approval threshold (\$10,000). This can indicate that a common entity wants to send a larger amount of money without being detected and avoid undergoing any scrutiny for an approval.
 - iii. involves minors or students.

Analysis of Suspicious Transaction Reports by Geographical Location of Reporting Institutions

Financial institutions must ensure that all its branches are aware of the STR reporting requirement under the FTR Act. In 2009, the Central/Eastern Division continued to be the primary geographical location where suspicious transactions are conducted and reported (Graph 10).

Graph 10: Analysis of Suspicious Transactions by Geographical Location of Reporting Institutions



Source: Fiji FIU

Analysis of Reasons for Suspicious Reporting

Financial institutions use certain indicators that assist their staff in detecting transactions that maybe related to the commission of a serious offence. These indicators are based on the customer’s usual occupation or business activity, customer’s transaction history, income level and source of income and complexity of the transaction. These indicators can also be based on known money laundering typologies. It is therefore important that financial institutions know their customers in order to identify transactions that are not appropriate and normal for a type of customer (Table 7).

Table 7: Examples of Reasons for Reporting Transactions as Suspicious

1.	“Customer is unemployed and perusal of account reveals a total deposit of \$60,200.....Deposit amount does not match customer’s employment status”
2.	“Overseas telegraphic transfer sum of \$224,000.00 came into external account and \$XXX transferred to account XXX which had been a dormant account. Such types of transactions were never carried out on the 2 accounts”
3.	“Cash deposit of \$240,000. Cash denominations \$60,000 in \$100 bills and \$179,000 in \$50 bills.....This was deposit for property purchased”
4.	“Client’s occupation is domestic duties and trends of large deposits shown in her account”
5.	“Client is a salesman.....Several small deposits received into account. Back to back transactions done”
6.	“Receiving money in large sum with no details”
7.	“The same beneficiary receiving 4 transactions at the same time”
8.	“Changes in responses on the source of funds”
9.	“XXX is one of the common countries where scam is happening”
10.	“Customer’s occupation is a garment worker. \$20,000 is declared as income from construction business. This could be depositing funds on someone else’s behalf”
11.	“Account beneficiary not willing to provide information”
12.	“Customer deposited \$10,000 and then took out the statement and after the statement he withdrew \$10,000.....”
13.	“We only became suspicious when we received our letter of engagement and a letter from this company saying that Company A was making a payment (enclosing the cheque).....we had not written or communicated in any way with Company A.....”

Cash Transaction Reports

Financial institutions are required to report to the FIU any cash transaction of \$10,000 and above.⁵ Cash is defined in the FTR Act as including coin or paper money; bank drafts, bank cheques, bearer bonds, travelers cheques, postal notes and money orders.

The FIU received 127,566 cash transaction reports (CTR) in 2009, averaging around 10,000 CTR reports per month (Table 8). This is an increase of 229 percent (88,786) compared to the number of CTRs received in 2008. The CTR framework was implemented in January 2008 and some financial institutions were given additional time to develop their IT systems to enable them to electronically report CTRs to the FIU. As a result a number of financial institutions commenced full CTR reporting in 2009. This contributed to the increase in CTRs for 2009.

CTRs are not analysed individually, but are used as an important source of information in the analysis, investigation and profiling process by the FIU.

Table 8: Cash Transactions Reported

Month	2008	2009
January		4,202
February		5,069
March	5,560 ⁶	21,364
April		9,389
May		9,443
June		11,774
July	8,876	8,950
August	6,012	14,228
September	4,741	11,775
October	5,239	9,307
November	5,001	10,064
December	3,351	12,001
TOTAL	38,780	127,566

Source: Fiji FIU

Majority (99 percent) of the total CTRs were reported by commercial banks (Table 9).

Table 9: Cash Transactions Reported by Sector

Year	Banks	Non-Banks & DNFBPs	Total
2008	37,551	1,229	38,780
2009	126,213	1,353	127,566

Source: Fiji FIU

Case Study

STR Typology: Use of Internet

A foreign national staying in Fiji reportedly applied for a job advertisement online and was contacted by another foreigner supposedly living in Nigeria. The foreign national provided his local bank account details and was informed that deposits would be made into his account. He was instructed to keep a certain percentage of the funds, remit the remaining funds overseas to a third party in the US, and to use a money remittance service provider when remitting the funds.

Investigations revealed that the funds deposited into the bank account of the Fiji resident were unauthorised transfers from another local bank accounts. The owners of these bank accounts were internet banking customers and had received a 'spam' email that looked like it was sent by the local commercial bank. The email requested internet banking users to enter their username and password on the email. These emails were not sent by the local commercial bank.

Suspicious Indicators:

1. The profile of the customer did not match the irregular and sudden transfers made into the customer's personal bank account.
2. Any email or notice that instructs an individual to provide account details or login details should be handled with caution.
3. Communication from unknown individuals should be avoided.

⁵ Section 13(1) FTR Act; section 25 FTR Regulations

⁶ There was sporadic reporting of CTRs during this period as this was the early stages of implementation of the CTR framework.

Electronic Fund Transfer Reports

Financial institutions are required to report to the FIU all international electronic fund transfers.⁷

The FIU received 297,312 electronic fund transfer reports (EFTR) in 2009. This is an increase of 213 percent (202,401) compared to the number of EFTRs received in 2008 (Table 10). EFTRs are a major part of the FIU's analysis process. Due to the extremely large volume of reports submitted, each individual report is not analysed, however, these reports contribute towards analysis, other investigations and cases conducted by the FIU by providing important relational information. As in the case of CTR reporting, the EFTR framework was also implemented in January 2008 and some financial institutions were allowed time to develop their IT systems to electronically report their EFTRs to the FIU. Thus complete EFTR reporting from a number of financial institutions only began in 2009 contributing to the increase in number of EFTRs received in 2009.

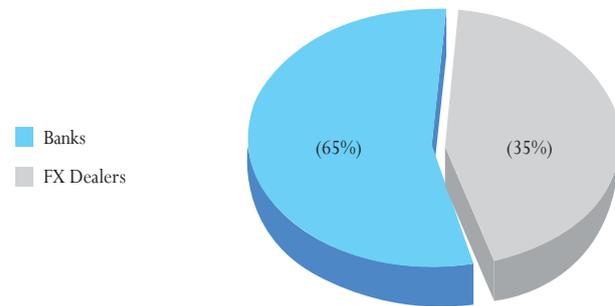
Table 10: Electronic Fund Transfer Transactions Reported

Month	2008	2009
January		19,307
February		24,035
March	5,918	25,284
April		17,227
May		26,700
June		18,818
July	9,629	26,671
August	11,045	21,352
September	11,409	18,315
October	15,760	26,541
November	24,771	50,599
December	16,379	22,463
TOTAL	94,911	297,312

Source: Fiji FIU

The FIU receives EFTR from the banking sector and money remittance service providers. The majority of EFTRs (65 percent) received during 2009 were from the banking sector (Graph 11).

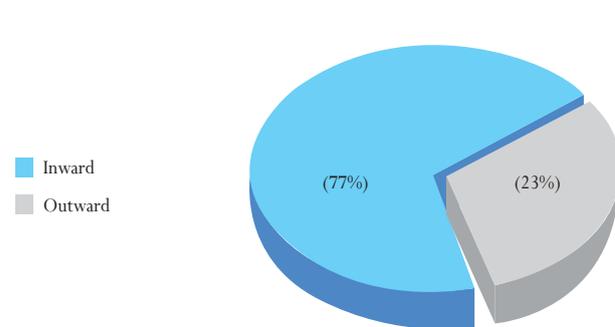
Graph 11: EFTRs by Sector



Source: Fiji FIU

77 percent of EFTRs received during 2009 were for inward remittances (Graph 12).

Graph 12: Directions of EFTRs



Source: Fiji FIU

Case Study

STR Typology: Laundering illegal funds through the business account.

The business bank account of a local business recorded large cash transactions totaling approximately \$1.1 million within a 9-month period. The bank had received information that the account signatory was allegedly involved in illegal dealings. The case was referred to the Fiji Police and it was established that the owner of the business was laundering the proceeds of illegal drug dealings in his business account.

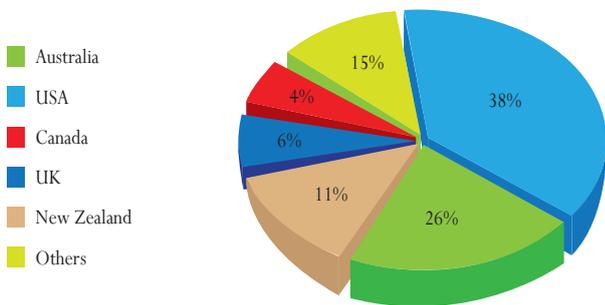
Suspicious Indicator:

The location of this business and the nature of the business did not match the high volume and high value transactions conducted through its bank account.

⁷ Section 13(2) FTR Act; Section 26 FTR Regulations

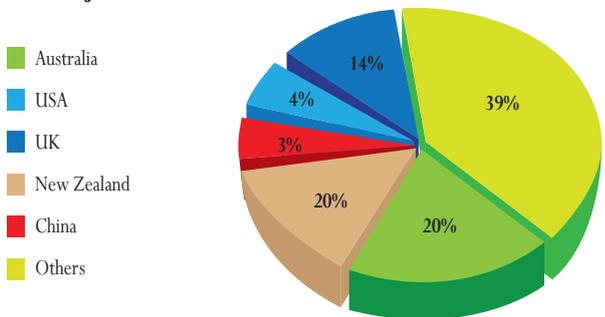
The top 5 countries that are involved in inward and outward international remittance transfers reported to the FIU are the United States of America (USA), Australia, New Zealand (NZ), United Kingdom (UK) and Canada (Graph 13-14).

Graph 13: EFTRs:- Countries involved in Inward Remittances to Fiji



Source: Fiji FIU

Graph 14: EFTRs:- Countries involved in Outward Remittances from Fiji



Source: Fiji FIU

Border Currency Reports

All travelers into and out of Fiji are required to declare to Customs Officials if they are carrying currency or negotiable bearer instruments of \$10,000 or more (or its equivalent in foreign currency)⁸. This declaration is made in the first instance on the arrival or the departure cards and secondly by completing a Border Currency Report (BCR) form available at Fiji’s ports of entry or exit. These BCRs are submitted by FIRCA to the FIU for further analysis.

In 2009, 244 BCRs were submitted compared to 198 BCRs in 2008 (Table 11: Graph 15). The FIU worked closely with FIRCA in the implementation, reporting and monitoring of cross-border movement of currency.

Table 11: Border Currency Reports Received

Persons Declaring	2008	2009
Declarations made by Inbound Travelers	98	139
Declarations made by Outbound Travelers	100	105
TOTAL	198	244

Source: FIRCA & Fiji FIU

BCR Case Study 1

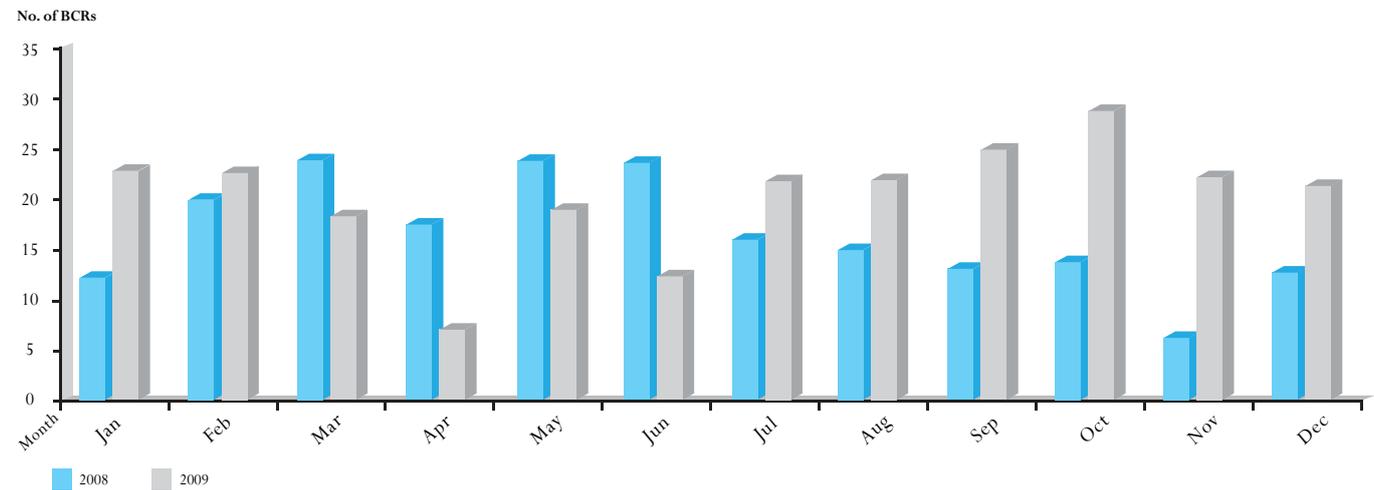
Two Asian nationals brought substantial amounts of cash above FJ\$10,000 and deposited the funds at a local commercial bank that reported these transactions as suspicious. The bank found that both individuals had recently arrived into the country. A few days after the deposit, the bank investigators interviewed the customers and found that the money was split between other family members who had also traveled into the country with them. The case did not eventuate as there was lack of evidence to clearly prove that the individuals had brought in the large sum of cash exceeding FJ\$10,000 on them individually.

BCR Case Study 2

A 21 year old Nigerian national reportedly a “student” was found in possession of a large amount of foreign currency consisting of US dollars, British pounds and Australian dollars when he arrived into Fiji. The person was questioned by custom and immigration officials and found that he was carrying funds above the BCR declarable amount of FJ\$10,000.00.

⁸ Section 32(1) FTR Act; section 39 FTR Regulations.

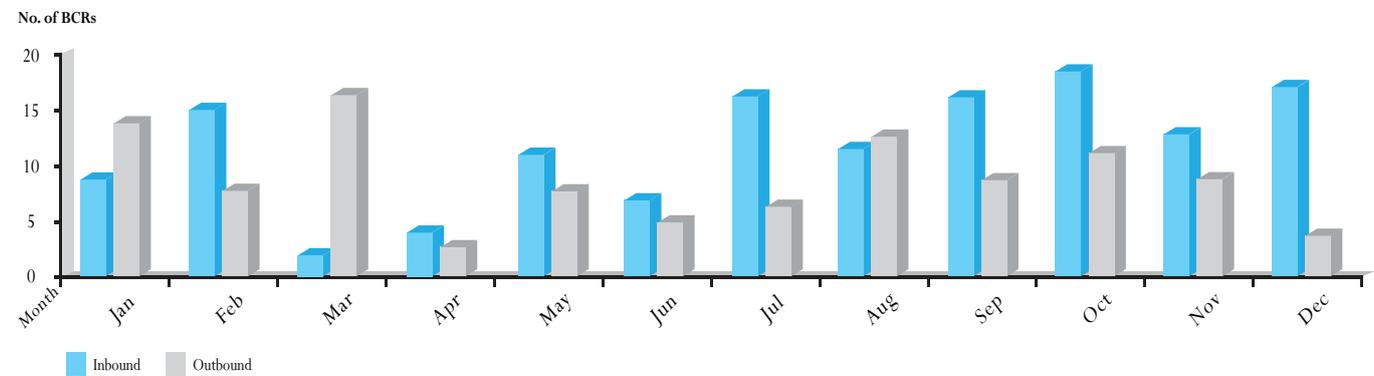
Graph 15: Comparison of Total Declarations Made by Travelers



Source: FIRCA & Fiji FIU

On average there were more declarations made by inbound travelers compared to outbound travelers (Graph 16). This is primarily due to restrictions under the Exchange Control Act on export of currency.

Graph 16: Declaration of Boarder Currency by Travelers in 2009 by Direction of Movement



Source: FIRCA & Fiji FIU

The increase in BCRs received comes after widespread public awareness campaigns were carried out during 2008-2009 to inform travelers of their obligations for declaring physical currency, along with movements of bearer negotiable instruments. The information campaigns through display of posters at ports of entry on the BCR requirements indeed made the general public aware of this reporting requirement as per the FTR Act & Regulations. The total value of currency declared by travelers in 2009 in these BCRs was \$8 million (Table 12).

Table 12: Value of Border Currency Reports Received

Persons Declaring	2008 Value of Currency Declared (F\$ million)	2009 Value of Currency Declared (F\$ million)
Travelers Arriving in Fiji	3.4	4.2
Travelers Departing Fiji	3.8	3.8
TOTAL	7.2	8.0

Source: FIRCA & Fiji FIU

Failure to declare currency at the border is an offence under the FTR Act. If convicted, a person is liable to a fine of up to \$60,000 or imprisonment of a maximum of 10 years or both.

⁹ Foreign currency is converted to Fijian currency for reporting and analysis purposes.

Case Dissemination Reports to Law Enforcement Agencies

STRs and other financial transaction data received by the FIU are analysed for possible money laundering or other serious offences. If a suspicious transaction or series of transactions are found to involve possible criminal activity or activities, this information is quickly disseminated to relevant law enforcement agencies for further investigations and prosecution if necessary.

Case dissemination reports (CDRs) refer to the case reports developed from STRs that are disseminated to the law enforcement agencies for their further investigations. The CDRs provide the law enforcement agencies with useful intelligence and information which will assist them in their respective investigations.

196 CDRs were referred to law enforcement agencies in 2009.¹⁰ This is slightly lower than the number of CDRs issued in 2008 (202) (Table 13: Graph 17). The CDRs were developed from STRs received in 2009 and prior to 2009. In some cases, a CDR is disseminated to more than one law enforcement agency.

In 2009, 72 percent of the total CDRs were disseminated to FIRCA. This indicates that tax related violations are the most common possible offences identified during the analysis of STRs. The number of CDRs that were sent to the Fiji Police Force also increased in 2009 (37) by 48 percent from 2008 (25).

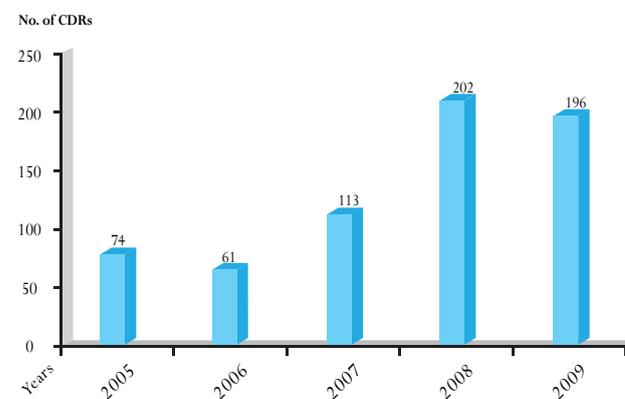
The FIU also, after detailed analysis, filed away 181 STRs during 2009 for future intelligence references. STRs are filed away for future intelligence references and analysis if after analysis and intelligence gathering, the FIU is able to reasonably conclude that the transaction or information does not involve a money laundering or other serious offence.

Table 13: Case Dissemination Reports to Law Enforcement Agencies

Law Enforcement Agency & Reason for Dissemination	2005	2006	2007	2008	2009
FIRCA - Inland Revenue Services Possible violations under the Income Tax Act; VAT Decree.	30	14	60	131	143
Fiji Police Force Possible violations under the Proceeds of Crime Act and serious offences under the Penal Code.	17	12	12	25	37
Immigration Department Possible violations under the Immigration Act and Passport Act.	14	15	20	7	3
FIRCA-Customs Division Possible violations under the Customs Act.	0	0	0	4	2
Others¹¹ Reserve Bank Possible violations under the Exchange Control Act.					
Transnational Crime Unit Possible criminal involvement of foreign individuals and business entities; involvement of regional or international organised crimes.	13	20	21	35	11
TOTAL	74	61	113	202	196

Source: Fiji FIU

Graph 17: Case Dissemination Reports



Source: Fiji FIU

¹⁰ Due to strict confidentiality requirements, this annual report does not discuss details of cases being investigated and prosecuted as a result of the FIU's intelligence or CDRs. Cases that involved proceeds of crime that were subject to monitoring, restraining, confiscation or forfeiture orders as a result of the FIU's intelligence are also not mentioned in this report.

¹¹ Other Law Enforcement Agencies include the Transnational Crime Unit, Reserve Bank of Fiji and Foreign Law Enforcement Agencies.

Advice to Financial Institution

STRS Emerging Trends

- Access to the internet has made Fiji citizens vulnerable to cybercrimes. Members of the public have been lured into disclosing personal and sensitive information, such as bank account details, telephone numbers and addresses, to individuals or entities online.
- Counterfeit overseas cheques were in circulation towards the end of 2009. Financial institutions were advised to ensure that no payment or service is provided unless the cheque has been cleared by a local commercial bank.

STRS continuing trends

- Local individuals continue to be victims of advance fee frauds. These types of schemes work by persuading an individual to advance sums of money in the hope of realising a significantly larger gain.
- The unusual deposits made into the account of an individual who is authorised to handle finances for a company or organisation is a suspicious indicator that continues to determine suspicious transactions reported to the FIU.

Alert Notices to Financial Institutions

In order to safeguard the financial system from being used by adversely reported individuals and businesses, the FIU issues Alert Notices to financial institutions. An Alert Notice contains information on adversely reported individuals and business entities that require enhanced due diligence and scrutiny by financial institutions. Due to the sensitivity and confidentiality of the Alert Notice, financial institutions are advised to circulate the Alert Notices internally with caution.

There were 4 Alert Notices issued by the FIU in 2009. These involved 21 individuals out of whom 7 were local nationals and 14 were foreign nationals; 7 entities out of which 2 were locally incorporated companies and 5 were foreign incorporated companies.

Directives to financial Institutions

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

The FIU issued 6 directives to 3 financial institutions in 2009. These Directives involved 5 local individuals and 1 locally incorporated company.

Investigative Assistance

Assistance Provided to Law Enforcement Agencies

In addition to the analysis of STRs received from financial institutions, the FIU also provides investigative assistance to domestic and foreign law enforcement agencies (Figure 2). The request for assistance from the law enforcement agencies are received formally in writing and are related to investigations of suspected money laundering activities and other serious offences such as forgery and fraud, drug trafficking/dealing, human trafficking, obtaining money by false pretences and larceny. These requests can also be related to an investigation initiated by a CDR disseminated to a law enforcement agency.

During 2009, the FIU received a total of 76 such requests for assistance from local law enforcement agencies such as the Fiji Police Force, Transnational Crime Unit, FIRCA and foreign FIUs.

The investigative assistance provided to law enforcement agencies by the FIU also involves the tracing and freezing of suspected proceeds of crime that is maintained at local financial institutions to ensure that the funds are immediately secured while the formal investigations into the suspected crime is underway.

In 2009, the FIU applied through the Attorney General's Office to the Court for a Freezing Order under section 25(2) of the FTR Act. The High Court issued the Freezing Order which was subsequently served on a financial institution to refrain from conducting any transaction during a specified period on a customer's funds that was allegedly the proceeds of crime.

Request for Assistance from Foreign FIUs

The FIU receives requests for information from foreign FIUs. In 2009, the FIU received 4 requests from foreign FIUs through the Egmont Group secure web network.

Due Diligence

The FIU has the mandate under section 25 of the FTR Act to conduct due diligence and background checks on individuals and entities upon a request made in writing by a government department or authority. Requesting agencies are required to fill out the FIU request form and provide relevant details on the individuals and businesses that are under scrutiny.

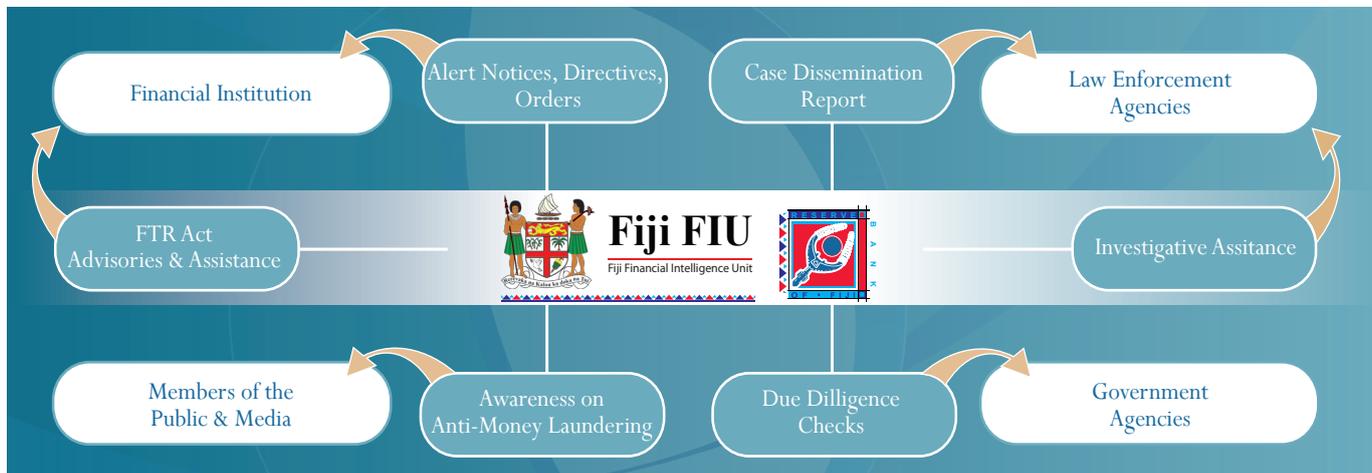
54 requests for due diligence and background checks were handled by the FIU in 2009 compared to 41 requests in 2008. These checks were conducted on 117 business entities and 120 individuals¹² (Table 14).

Table 14: Requests for Background Checks from National Agencies 2009

Requesting Agency	Numbers of Requests	Number of Checks on Entities	Number of Checks on Individuals
Attorney General's Office/Ministry of Justice	2	3	4
Fiji National Provident Fund	2	2	9
Fiji Trade and Investment Bureau	32	86	84
Ministry of Finance	1	1	0
Reserve Bank of Fiji	11	11	19
Department of Energy	2	8	0
Others	4	6	4
TOTAL	54	117	120

Source: Fiji FIU

Figure 2: FIU Intelligence & Information Dissemination



Source: Fiji FIU

¹² A request for background check often includes names of more than one individual or entity

Fiji FIU’s Information Management System Online

The FIU’s Information Management System Online (FFIMSO) was officially launched in February 2009. Since the launch of FFIMSO, the FIU has registered 53 financial institutions and more than 100 users of the Online Data Delivery System (ODDS) (Table 15). ODDs is the online reporting component of FFIMSO. ODDs has enjoyed huge success in 2009 with a large majority of reporting institutions using the system as their preferred means of reporting to the FIU. The FIU continues to receive only few hard copy reports per month and these are also entered into the FFIMSO system by FIU.

Table 15: Financial Institutions Registered on FFIMSO

Sector	Number of Reporting Entities Registered
Banks	5
Foreign Exchange Dealers	8
Finance Companies	9
Law Firms	19
Insurance & Superannuation	7
Accountants	3
Securities and Brokers	1
Others	1
TOTAL	53

Source: Fiji FIU

The FFIMSO system receives over 35,000 financial transaction reports per month, with 70 percent of these reports being EFTRs (Figure 3). With an average of around 60 reports per month, STRs make up less than 1 percent of the total reports received by the FIU. As at the end of 2009 a total of over 550,000 financial transaction data was stored on the FFIMSO database.

Figure 3: Average number of Reports received by the FIU per month



Source: Fiji FIU

History of the FFIMSO System

FFIMSO was developed in 2006 in Australia under technical assistance from the Australian FIU, the Australian Transaction Reports and Analysis Centre (AUSTRAC). The development and testing team comprised of officers from AUSTRAC, Fiji FIU and the Reserve Bank of Fiji. Financial Institutions, in particular the banks, were advised of the rollout plan and were encouraged to begin work on the applications they would need to have in place in order to access the batch reporting facility of FFIMSO. Two key financial institutions were approached to partner with the FIU to test FFIMSO prior to rollout to the industry. The FIU worked closely with these financial institutions to test the reporting facilities of the system. After a comprehensive testing phase, FFIMSO system went Live in June 2008. FFIMSO was officially launched at the National AML Conference in February 2009.

The FFIMSO System

The FFIMSO system consists of two parts. An online reporting system called “Online Data Delivery System” (ODDS) and a Report Enquiry System called “TRAQ Enquiry System” (TES).

Online data delivery system (ODDS)

ODDS is the secure online reporting system accessible via the web address: www.odds.fijifiu.gov.fj. The site is available to anyone, and is completely web-based, no installation or special software is needed to access the system, other than an internet connection and a web-browser like Internet Explorer 5 or higher.

The users of ODDS are authorised by the FIU and includes financial institutions, businesses and firms who report financial transactions to the FIU. The ODDS website allows users to report transactions to the FIU on-line.

In addition to its online reporting capability, the ODDS website also provides users with a facility to upload upto 100,000 financial transactions in a single session. It has capacity to store millions of such reports.

The ODDS website is secure, employing username and password protected access and communicates with the ODDS server over an encrypted connection certified by “Thawte”, which is one of the leading certification authorities in the world. The ODDS website strives to ensure fast performance even on slower internet connections.

These reports go through a comprehensive “scrubbing” process before it becomes available on the back-end search system TES. Report scrubbing is also the process which handles compliance and checks for report completeness. Compliance violations are picked up in the scrubbing process and are viewable as a report in the back-end system by the FIU.

TRAQ Enquiry System (TES)

TES is the back-end enquiry system that the FIU uses to manage the large volume of financial transaction reports and data received from financial institutions via ODDS.

It is a Secure Report inquiry system only available to FIU staff and only on FIU premises under a very secure environment. TES provides the FIU with search capabilities allowing analysts to search for:

1. names;
2. addresses;
3. identification documents (including passports, drivers license and FNPF numbers); and
4. transaction reports on a person or persons of interest.

TES has advanced analysis tools like “Name Traversals” and “Customer Networking” which allow FIU analysts to identify relationships between individuals based on customers’ transaction history. TES also handles reporting Compliance with automated compliance and validation checking of reports received via ODDS. The system allows for compilation of non-compliance reports for reporting financial institutions based on reporting protocols and rules defined by the FIU.

Mission 4

*To provide timely and quality
information and advice to our
stakeholders.*

Provide Timely and Quality Information To Stakeholders

Financial Institutions and Industry Groups

The FIU continued to provide information and advice on AML/CFT policies and requirements during 2009 to financial institutions and industry groups through regular meetings, forums and seminars. The FIU also regularly liaised with the AML Compliance Officers to advise them on their institutions' compliance issues. The Compliance Officers meetings with the FIU in 2009 also provided a forum for informing Compliance Officers on important regulatory issues (Table 16).

Table 16: AML Compliance Officers Forums 2009

Month	Sector	Issues Discussed
May	Commercial Banks	Customer identification and verification requirements
	Finance Companies	
	Foreign Exchange Dealers	Identification and reporting of suspicious transactions
	Accounting Firms	
June	Law Firms	AML training issue
		Compliance programme for 2009

Source: Fiji FIU

Government Agencies

The Director of the FIU is a member of the National AML Council. In addition, staff of the FIU are members of the 3 AML Working Groups and a number of other interagency committees. The FIU provides advice and information on AML issues to Government agencies through the meetings

of the Council and these interagency committees.

Throughout 2009, the FIU also provided written updates and advice to a number of Government agencies as requested, on AML initiatives in Fiji.

Public Awareness

The FIU provided awareness to members of the public on AML issues during 2009 through its website, media interviews, formal press releases and annual publications, in particular the FIU Annual Report and Reserve Bank of Fiji Annual Report and Quarterly Review.

International Community

During the year, the FIU also liaised with international agencies such as the APG, Egmont Group and the World Bank, providing them information and advice on AML initiatives and programmes in Fiji. The Annual APG Plenary in 2009 was a key forum for updating the APG and the international community on major AML initiatives for the year and the progress made by Fiji in meeting the international AML standards. As a member of the Egmont Group, the FIU provided information to the Egmont Group Biennial census survey which was undertaken during 2009.



Mr. Aiyaz Sayed-Khaiyum
Attorney-General & Minister for Justice, Anti-Corruption, Public Enterprises, Industry, Tourism Trade & Communications; Officiating the opening of the inaugural National Anti-Money Laundering Conference in February 2009 in Suva. The Conference was organised by the FIU.

Mission 5

*To develop and
utilise skilled staff.*

Develop and Utilise Skilled Staff

Professional Development of Staff

Professional development of staff continued to be a priority for the FIU in 2009. During the year, staff attended two training workshops on AML/CFT issues (Pacific Regional Workshop on Analysis and Coordination and 2009 APG Typologies Workshop). Staff also attended a number of training programmes aimed at developing soft skills such as report writing.

2 FIU IT analysts attended a 2 weeks IT attachment programme at AUSTRAC, with funding and administrative assistance provided by AUSTRAC. This work attachment programme greatly enhanced the skills and knowledge of the 2 FIU staff on the FFIMSO system. Staff also attended various meetings and

conferences during the year (Table 17).

Ongoing and regular on-the-job training was also provided to staff during 2009. Staff also underwent six-monthly and annual performance assessments to assess work standards, identify areas for improvement and also acknowledge outstanding performance.

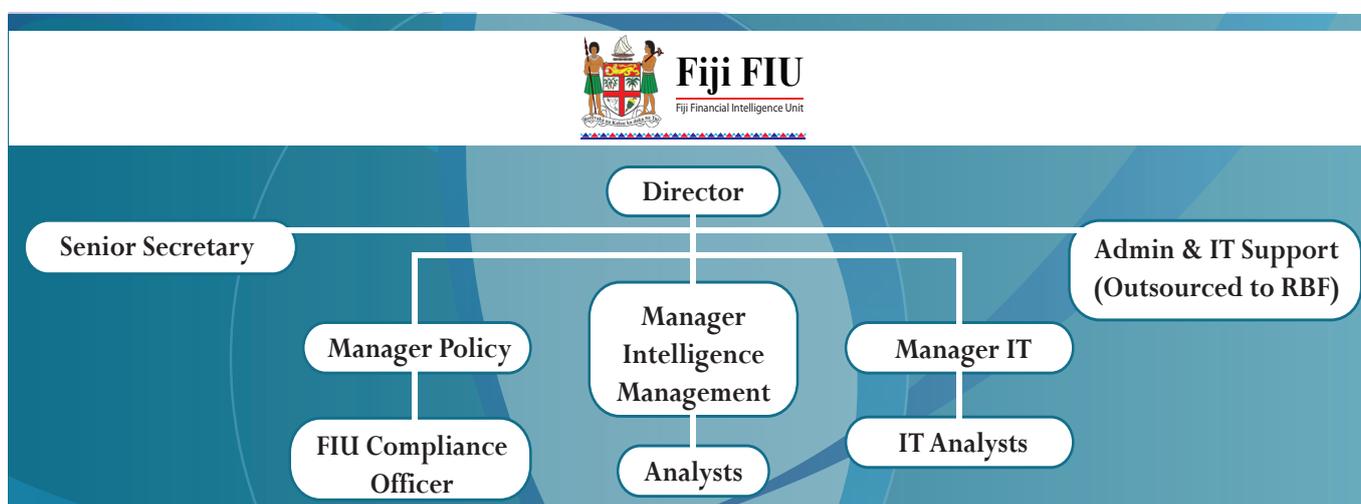
Structure of the FIU

The FIU has an approved structure of 11 permanent staff. As at the end of 2009, the FIU had 7 permanent staff and 2 staff on secondment from partner agencies (Fiji Police Force and FIRCA). This is an increase of one permanent staff from 2008.

Table 17: FIU Staff Training, Meetings and Conferences 2009

Date	Details	Particulars
31 March & 1 April	Data Bureau Refresher Course, Suva	5 staff attended this course on use of Data Bureau Ltd's database
31 March-3 April	Australian AML/CFT Conference, Sydney, Australia	1 staff attended as an international resource person
16-17 April	Report Writing Course, Suva	2 staff attended this course on report writing
22-29 May	Egmont Group Plenary, Doha, Qatar	1 staff attended this meeting
12-13 June	FIA Annual Congress, Nadi	1 staff attended this congress
13-15 July	Pacific Regional Workshop on Analysis and Coordination, Brisbane, Australia	3 staff attended this workshop on analysis and coordination
6-10 July	APG Annual Plenary Meeting, Brisbane, Australia	1 staff attended this meeting
27 July - 7 August	AUSTRAC IT Attachment, Sydney, Australia	2 staff attended this IT Attachment
9 October	Fire At Work Safety Training, Suva	1 staff attended this course on fire safety
25-28 October	APG Typologies Workshop, Siem Reap, Cambodia	1 staff attended this typologies workshop
6 November	In-house Analysis Training provided by UNODC Mentor, Suva	8 staff attended this training
28 November	Attorney-General's Conference, Sigatoka	1 staff attended this conference
7-18 December	World Bank/APG Mutual Evaluation Honiara, Solomon Islands.	1 staff participated in this mutual evaluation visit as a financial evaluator

Source: Fiji FIU



Source: Fiji FIU

Administration and Funding

Funding & Expenditure

The Reserve Bank of Fiji continued to provide the administration and full funding support of the FIU in 2009. The FIU's total expenditure for 2009 was \$589,310 compared to \$440,926 in 2008 (Table 18).

Table 18: FIU Funding & Expenditure

	2007	2008	2009
Operating Expenditure ¹³	\$401,770	\$440,926	\$586,246
Capital Expenditure	0	0	\$3,064
TOTAL	\$401,770	\$440,926	\$589,310

Source: Reserve Bank of Fiji

The 2009 expenditure of the FIU is incorporated into the 2009 financial statements of the Reserve Bank of Fiji and is audited as part of the Reserve Bank's 2009 annual accounts.

Indirect Assistance

The FIU also received indirect funding assistance from FIRCA and the Fiji Police Force through the secondment of their staff with the FIU in 2009. The salaries of these seconded officers were fully funded by their respective agencies.

AUSTRAC provided technical IT assistance to the FIU in the form of the 2 weeks IT attachment programme for the FIU IT analysts. Technical assistance was also received from the UNODC during the year.

The FIU received indirect assistance for training purposes in 2009. The FIU was invited to participate in 2 technical training workshops which were fully funded respectively by AUSTRAC and the APG.

The FIU acknowledges the support and assistance provided by these partner agencies and donor agencies in 2009.

¹³ The Reserve Bank provides additional financial support for the FIU in the terms of office space and overhead costs.

Appendices



Fiji FIU
Fiji Financial Intelligence Unit



Appendices

Appendix 1: Guidelines Issued by the FIU

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

Source: Fiji FIU

Appendix 2: Policy Advisories Issued by the FIU

Reference	Subject	Purpose of Advisory	Issue Date
1/2007	Customer Due Diligence of Existing Customers' Accounts	To explain how and when due diligence is to be applied to existing customers of financial institutions	15 March 2007
2/2007	Customer Due Diligence of Customers Who Have Insufficient or No Official Identification Documents	To provide further guidance on how due diligence is to be applied to new customers who have insufficient or no official identification documents	11 April 2007
3/2007	Identification and Verification of a Customer's Signature	To provide further guidance on how to identify and verify a customer's signature	26 April 2007
4/2007	Identification and Verification of Occasional Customers	To provide further guidance on how to identify and verify occasional customers	14 June 2007
5/2007	Risk Based Approach	To provide guidance on how to apply the FTR Act and Regulations on a risk based approach	22 June 2007
6/2007	Application of Exemption Provisions for Reporting of Cash Transactions	To provide guidance on how to apply the exemption provisions relating to cash transaction reporting requirements	9 July 2007
7/2007	Record Keeping	To provide further guidance on the record keeping requirements of the FTR Act	11 July 2007
1/2008	Identification and Verification of Customers of Insurance Providers	To provide further guidance to insurance companies, brokers and agents on their obligations to identify and verify their customers' identity.	23 Jan 2008
2/2008	Identification and Verification of Clients and Beneficiaries of Employer Funded Group Life Insurance Policies	To provide guidance on how insurance companies and intermediaries can apply the identification requirements to clients of employer funded group life insurance policies.	24 Nov 2008

Source: Fiji FIU

Glossary

ABIF	—	Association of Banks in Fiji
AML	—	Anti-Money Laundering
AMLAT	—	Anti-Money Laundering Assistance Team
APG	—	Asia Pacific Group on Money Laundering
AUSTRAC	—	Australian Transaction Reports and Analysis Centre
BCR	—	Boarder Currency Report
CDR	—	Case Dissemination Report
CFT	—	Combating the Financing of Terrorism
CMDA	—	Capital Markets Development Authority
CTR	—	Cash Transaction Reports
DNFBPs	—	Designated Non-Financial Business and Professions
EFTR	—	Electronic Funds Transfer Report
FX	—	Foreign Exchange
FATF	—	Financial Action Task Force
FICAC	—	Fiji Independent Commission Against Corruption
FCA	—	Finance Companies Association
FFIMSO	—	Fiji FIU information Management System Online
FIRCA	—	Fiji Islands Revenue and Customs Authority
FIU	—	Financial Intelligence Unit
FTR	—	Financial Transaction Reporting
IDR	—	Information Dissemination Report
IMF	—	International Monetary Fund
LTA	—	Land Transport Authority
MOA	—	Memorandum of Agreement
ODDS	—	Online Data Delivery System
RBF	—	Reserve Bank of Fiji
STR	—	Suspicious Transaction Report
TES	—	TRAQ Enquiry System
UNODC	—	United Nations Office on Drugs and Crime

Selected Key Events in 2009

January

- 1 A FIRCA staff was seconded to the FIU
- 29 Launching of RBF/FIU 2009 Work Plan

February

- 4 Meeting of the National AML Council
- 18 National AML Conference, Holiday Inn

March

- 18 National AML Council Strategic Planning Meeting
- 19-20 IMF Risk Assessment Project Visit
- 31 Mar -3 Apr Anti-Money Laundering and Counter Terrorism Financing Conference, Sydney

April

- 6 New FIU IT personnel commenced duties with FIU

May

- 5 First AML Supervisors Working Group Meeting
- 7 Compliance Officers' Forum - Commercial Banks
- 12 Compliance Officers' Forum - Finance Companies
- 19 Compliance Officers' Forum - Foreign Exchange Dealers
- 21 Compliance Officers' Forum - Accounting Firms
- 22 Released Guideline on Reporting of Cash Transactions of \$10,000 and above by Paper
- 22- 29 Egmont Plenary Meeting
- 26 Fiji FIU admitted as a member of the Egmont Group

June

- 9 Compliance Officers' Forum - Law Firms

July

- 6-10 APG Plenary Meeting and Technical Assistance Forum
- 10 Signed MOA with Indonesian FIU
- 13-15 Pacific FIU Analyst Workshop
- 27 Jul - 7 Aug AUSTRAC IT Attachment

August

- 20 Released Guideline on Customer Identification and Verification
- 26 Released 2008 FIU Annual Report

September

- 7-9 Targeted AML Compliance Examination of Licensed Foreign Exchange Dealers
- 24 FIU Interactive Planning Workshop

October

- 5 Signed MOA with Land Transport Authority
- 25-28 APG Typologies Workshop, Cambodia
- 26 Oct - 6 Nov UNODC Assessment of the FIU's Administrative Arrangements

November

- 3 Signed MOA with the Fiji Independent Commission Against Corruption

December

- 7 - 18 FIU's participation in the World Bank and APG Mutual Evaluation of the Solomon Islands
- 18 Signed MOA with Data Bureau Ltd

Press Releases

Press Release No: 03/2009
Phone : (679) 3313 611
Fax : (679) 3301 688
Date: 02 February 2009
E-mail : info@rbf.gov.fj
info@fjifiu.gov.fj

National Anti-Money Laundering Conference

A national anti-money laundering (AML) conference organised by the Financial Intelligence Unit (FIU) will be held on 18 February 2009 at the Holiday Inn in Suva.

The theme of the conference is “Protecting Fiji from Money Laundering”.

The Director of the Fiji FIU, Mr. Razim Buksh said that the conference will bring together key stakeholders from the public and private sector to discuss and exchange views and ideas on strategies for protecting Fiji from money laundering. The conference is targeted at leaders and senior management of:

- financial and non-financial entities that are covered by the Financial Transactions Reporting Act;
- regulators of financial institutions;
- government law enforcement & prosecutorial agencies;
- media organisations & tertiary academic institutions.

The conference will have distinguished speakers including the Attorney General and Minister for Justice Public Enterprises, Electoral Reform and Anti-Corruption Mr. Aiyaz Sayed-Khaiyum, the Governor of the Reserve Bank of Fiji Mr. Savenaca Narube, the Permanent Secretary for Justice Mr. Pio Tikoduadua, the Director of Public Prosecutions Mr. Josaia Naigulevu, the Chief Executive Officer of the Fiji Islands Revenue & Customs Authority Mr. Jitoko Tikolevu and the Director the Fiji FIU Mr. Razim Buksh. There will also be speakers from the private sector. The conference will discuss a wide range of issues related to the conference theme.

This conference is the first of its kind for Fiji, and the Fiji FIU hopes that it will become a regular forum for bringing together industry leaders and government officials engaged in national AML initiatives and programs. More than 150 officials are expected to participate.

Razim Buksh
Director Financial Intelligence Unit

FIU launches FFIMSO, an online electronic reporting system and data management tool

18 February 2009

The Fiji Financial Intelligence Unit (FIU) today launched a new reporting system called FFIMSO or the Fiji FIU Information Management System Online.

FFIMSO is an online application that is hosted by FIU and provides reporting entities with a reliable mechanism to submit reports securely through the internet.

Mr. Razim Buksh, Director of the FIU said, “this secure, online tool will facilitate the reporting of financial transactions for the many financial institutions that are obliged to do so under the Financial Transactions Reporting Act. It will also simplify the reporting process for reporting entities and ensure that the FIU receives the highest quality information for the detection and deterrence of money laundering and terrorist financing activities in Fiji.”

FFIMSO was launched this morning by the Attorney-General and Minister for Justice Mr. Aiyaz Sayed- Khaiyum at Fiji’s 1st National Anti-Money Laundering Conference which was held at the Holiday Inn, in Suva.

Press Release No: 22/2009
 Phone : (679) 3313 611
 Fax : (679) 3301 688
 Date : 27 May 2009
 E-mail : info@rbf.gov.fj
info@fjifiu.gov.fj

Financial Intelligence Unit Joins Egmont Group

Fiji's Financial Intelligence Unit (FIU) was admitted yesterday, 26 May 2009, as the 116th member of the Egmont Group by the Heads of FIUs at the 17th Egmont Group Plenary Meeting that is being held in Doha, Qatar.

The Egmont Group is an association of FIUs from various jurisdictions which was first formed in 1995. It has membership of FIUs from around the world.

Fiji's membership of the Egmont Group means that it will be provided with access to the Group's Secure website for information sharing and gathering of intelligence. As a full member, the Fiji FIU will now be involved in the decision making process as set out in the Egmont Charter.

The Director of the Fiji FIU, Mr. Razim Buksh said from Doha that Fiji's Egmont membership would further strengthen the cooperation, networking and sharing of intelligence at international level with counterpart FIUs in the fight against serious criminal activities, including money laundering offences. The Fiji FIU is authorized under the Financial Transactions Reporting (FTR) Act to share information with its counterpart FIUs relating to suspect financial transactions.

The goal of the Egmont Group is to provide a forum for its member FIUs to improve support to their respective governments in the fight against money laundering, terrorist financing and other financial crimes. Mr. Buksh said that one way of achieving this was to establish a secure system that promotes international cooperation in the reciprocal and timely exchange of financial intelligence information. Successful investigation and prosecution of complex crimes is becoming more and more dependent on the availability of timely intelligence.

The Fiji FIU made a formal application late last year to join the Egmont Group. The Malaysian and Indonesian FIUs jointly sponsored Fiji FIU's membership application of the Egmont Group. A high-level on-site assessment was carried out by the two sponsoring FIUs in December 2008 to ensure Fiji FIUs compliance with the Egmont Group and other international standards. Earlier this year the Egmont Group's outreach and legal working groups recommended that Fiji FIU's application be considered for full membership.

Mr. Buksh said that this was a milestone achievement for Fiji and the Pacific Island region. Fiji is now fully compliant with the Financial Action Task Force Recommendation 26 on FIU.

The FIU was established in 2006 under the FTR Act to receive information relating to suspicious transactions, \$10,000 cash transaction reports and all international electronic funds transfer transactions. The FIU then analyses the information, develops intelligence and disseminates these to law enforcement agencies. The FIU receives an average of 320 suspicious transactions annually from various entities in the financial sector. The FIU has also received over 250,000 cash and electronic funds transfer transaction reports and 269 border currency reports since 2008 when the requirements were first implemented.

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

RESERVE BANK OF FIJI

Press Release No : 33/2009
Date : 21 August 2009
Phone : (679) 331 3611
Fax : (679) 330 1688
E-mail : info@reservebank.gov.fj or
info@fjifu.gov.fj

New Guidelines to Facilitate Customers' Access to Financial Services

The Financial Intelligence Unit (FIU) has issued a new Guideline on how to identify customers who conduct financial transactions in Fiji. The guideline will be used by financial institutions that are covered under the Financial Transactions Reporting (FTR) Act.

The Guideline puts in place comprehensive requirements on financial institutions to adequately identify and verify their customers when they establish a business relationship, open bank account or conduct financial transactions.

Mr. Razim Buksh, Director of the FIU said that these requirements are put in place to safeguard our financial system from misuse by money launderers and other criminals.

Financial institutions may now use the new Guideline and apply the customer identification measures on a risk based approach. This is to ensure that the customer identification procedures are not stringently applied "across the board" for all types of customers. Thus certain low risk customers may be subjected to less stringent procedures for identification by a financial institution whereas those customers that pose greater risk to money laundering and fraudulent activities will be subject to enhanced level of scrutiny.

Mr. Buksh said that low risk customers such as rural dwellers, farmers, micro-finance industry, students, senior citizens will now be able to seek financial services with less difficulty with only certain minimum ID documents.

The Guideline will enable financial institutions to meet the requirements of the FTR Act without hindering access to financial services by the ordinary citizens. Mr. Buksh said that this will also facilitate personal savings and will encourage participation in micro-finance activities in Fiji.

The Guideline can be accessed using the following link:

http://www.fjifu.gov.fj/docs/Guideline%20_Customer%20Due%20Diligence%20Aug%202009.pdf

RESERVE BANK OF FIJI

Press Release No: 35/2009
 Phone: (679) 331 3611
 Fax: (679) 330 1688
 Date: 26 August 2009
 E-mail: rbf@reservebank.gov.fj or
info@fjifiu.gov.fj

Financial Intelligence Unit Annual Report 2008

The Financial Intelligence Unit (FIU) released its 2008 Annual Report today. The report notes key achievements and performance of the FIU for 2008.

The FIU is responsible for administering and enforcing the Financial Transactions Reporting (FTR) Act, which is the primary legislation for preventing and detecting money laundering and other criminal activities in Fiji.

The Director of the FIU, Mr. Razim Buksh said that the FIU's main focus in 2008 was to work with the private sector and relevant government agencies to implement the various requirements of the FTR Act.

The FIU received 479 suspicious transaction reports from banks as well as from non-bank financial institution from all across Fiji. The FIU disseminated over 200 intelligence reports to relevant law enforcement authorities, the most number being to FIRCA for suspected tax evasion cases and to the Fiji Police Force for suspected money laundering and proceeds of crime cases.

The FIU continued to provide assistance to Government agencies to conduct background checks and during 2008 the FIU conducted checks on 61 entities and 120 individuals.

The FIU received over 133,000 cash transaction and electronic funds transfer transaction reports for the year 2008. Mr. Buksh said that the introduction of these two transaction reporting provisions in 2008 further strengthened Fiji's efforts to combat money laundering and terrorist financing.

Mr. Buksh said that local financial institutions devoted substantial resources in 2008 into implementing the FTR Act's many requirements, adding that these key initiatives were made possible by the strong effort put in by local financial institutions and businesses that are covered under the FTR Act and other relevant stakeholders.

Other key achievements for the FIU in 2008 were:

1. The establishment of the National Anti-Money Laundering Council which is responsible for coordinating national efforts to combat money laundering and to advise Government on policies and strategies to prevent or detect money laundering;
2. The introduction of the FIU's on-line secure electronic reporting and data management system which assists the FIU in collecting and analyzing huge amounts of financial transaction data.
3. Signing of Memorandum of Agreements with three partner agencies namely the Fiji Police Force, the Fiji Islands Trade and Investment Bureau and the Ministry of Justice. These MOAs have further strengthened the networking and exchange of information between these agencies.

Border currency reporting requirement was also introduced in early 2008 that requires travelers into and out of Fiji, to declare to if they are carrying currency of \$10,000 or above or its equivalent in foreign currency. The Fiji Islands Revenue & Customs Authority partnered with the FIU in introducing this requirement and a total of 198 reports were made by travelers in 2008.

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

RESERVE BANK OF FIJI



Fiji FIU

Fiji Financial Intelligence Unit

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Fiji FIU
Fiji Financial Intelligence Unit



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