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CASE STUDIES

The following cases studies identified by the FIU during 2016 highlights suspicious transaction indicators and money laundering typologies.

Money Laundering Cases: Success Stories in Fiji

University Student and Mother received funds stolen from an Australian company

Between April and May 2012, Indra Singh (the mother of Natasha Singh), befriended a "Steven Ham" on facebook and commenced an online romantic relationship. Natasha Singh managed her mother's facebook account and communicated with Steven Ham through her and her mum's facebook account and email. Steven Ham had reportedly promised Natasha Singh and her mother that he would marry Indra Singh (mother) and they would settle in the United States of America.

After eight months of chatting, Natasha Singh received \$72,128.74 into her bank account. Two transactions were received from an Australian company. The second transaction was recalled by the bank and the funds were frozen. Natasha Singh claimed that the funds were sent by her step father for purchase of a house in Fiji.

The bank referred the matter to the Fiji Police Force and investigations revealed that the Australian company had not sent the funds to Natasha Singh.

She transferred funds to her mother's bank account. She withdrew funds and remitted funds to different beneficiaries in South Africa upon instructions from Steven Ham. She also used her mother and her friends to send funds to these beneficiaries in South Africa. Natasha Singh also used her boyfriend to seek approval to send funds.

Singh stated that she was blackmailed by Ham that the funds which she was sending overseas to different beneficiaries was for the treatment of his son who was dying. His son was reportedly residing in South Africa. There were telephone conversations between Steven Ham, his son and Natasha Singh. She was also asked to remit funds to beneficiaries in South Africa as he claimed that he had a business in South Africa and some funds were for payment of his workers.

Natasha Singh spent a portion of the funds received to buy groceries.

On 4 November 2016, Natasha Singh was convicted for one count of "Possession of Property suspected of being proceeds of crime". Natasha Singh was sentenced to eight months imprisonment suspended for two years. Any offence committed

within the two year period would incur charges under the Sentencing & Penalty Decree.

Refer to the FIU website for court judgment: <http://www.fijifiu.gov.fj/Pages/Money-Laundering-Conviction/State-vs-Natasha-Nilma-Singh.aspx>.

Government Employee colludes with bank officer to facilitate Money Laundering

Nitesh Kumar was employed by the Registrar of Titles Office. He became friends with a Kapil Samy who was an employee at ANZ Bank. Kapil Samy was responsible for attending to company searches and titles searches for bank customers.

Nitesh Kumar provided his ATM card and PIN number to Kapil Samy who deposited \$9,888.67 (239 transactions) from 22 April 2009 to 12 April 2010 into Kumar's bank account.

There was no evidence that Kumar had directly benefited from the offending. Kapil Samy, the co-accused was already given a suspended sentence.

Nitesh Kumar was sentenced to two years imprisonment and will be suspended for three years.

The Court also ordered Kumar to pay a fine of \$2,000.00.

On 8 July 2016, Nitesh Kumar was convicted for one count of "Money Laundering".

Refer to the FIU website for court judgment: <http://www.fijifiu.gov.fj/getattachment/Pages/Case-Laws/ML-Case/2016/State-vs-Nitesh-Kumar-Sentence.pdf.aspx>

Sophisticated and high degree of planning to create fictitious tax records leads to imprisonment of FRCA officials for money laundering offence

Mukeshwar Narayan Singh between 1 May 2005 and 30 November 2009 derived \$102,843.50 by creating fictitious records of 27 tax payers on the FRCA database. Each tax payer was allocated a tax identification number. The tax payers lodged tax returns under salary and wage earner category. The 27 tax payers shared the same postal address of P.O. Box 1671, Nabua. The same postal address of the tax payers triggered internal investigations by FRCA. The tax returns lodged showed that certain amount was deducted as income tax.

Sakiusa Vakrewa who was an auditor with FRCA had accessed the tax payer accounts and altered certain information. FRCA refunded the deductions and issued refund cheques which were posted to the address: P.O. Box 1671, Nabua.

The refund cheques were collected by Mukeshwar Singh. 56 refund cheques were encashed by Mukeshwar Singh. The names of the fictitious tax payers were the acquaintances of Mukeshwar Singh and he used their identity details by lying to them.

The significant degree of planning and execution over a long period of time and the fact that the sum of \$102,843.50 was not recovered by FRCA were considered as aggravating factors.

Mukeshwar Singh was convicted for one count of money laundering and was sentenced to seven years imprisonment and not eligible for parole until he completes five years and six months imprisonment term.

Refer to the FIU website for court judgment: <http://www.fijifiu.gov.fj/getattachment/Pages/Case-Laws/ML-Case/2016/State-vs-Mukeshwar-Narayan-Singh-Sentence.pdf.aspx>

Sakiusa Vakarewa

Sakiusa Vakarewa was employed by FRCA as an auditor created 27 fictitious tax payers and tax identification numbers on FITS. Over a period of four and a half years, bogus tax returns were lodged under the fake TINs with false certification from certain companies for PAYE deductions. Sakiusa Vakarewa had manipulated the data under false tax payers and enabled tax refunds to be paid to bogus tax payers. Sakiusa Vakarewa together with his accomplice, Mukeshwar Singh collected these refund cheques and encashed them.

The significant degree of planning and execution over a long period of time and the fact that the sum of \$117,111.00 was not recovered by FRCA were considered as aggravating factors.

Sakiusa Vakarewa was convicted for two counts of money laundering and was sentenced to six years imprisonment and not eligible for parole until he completes four years and six months imprisonment term.

Refer to the FIU website for court judgment: <http://www.fijifiu.gov.fj/getattachment/Pages/Case-Laws/ML-Case/2016/State-vs-Sakiusa-Vakarewa-Sentence.pdf.aspx>

Breach of Employers trust and defrauding landowners leads trio in jail

Between 2009 and 2012, Josefa Saqanavere in his position as Acting Accountant Landowners Affairs headed the "Trust Unit" of the iTaukei Land Trust Board (TLTB). Josefa Saqanavere was heading a unit consisting of six distribution clerks.

The Trust Unit was responsible for paying iTaukei landowners lease money on a monthly basis via their TLTB computer system. It was the responsibility of the Trust Unit to pay the iTaukei landowners lease money on time and ensure the correct amount was paid.

Josefa Saqanavere together with his work associate, Tuimoala Raogo and another distribution clerk stole a total of \$309,124.50 from the iTaukei landowner's lease money. The funds were deposited into the bank account of Tuimoala Raogo. The funds were withdrawn and used by themselves. In the process, the three tampered with the TLTB computer system and created numerous fraudulent TLTB cheques.

The same modus operandi was repeated by Josefa Saqanavere and Savenaca Batibawa and the same distribution clerk. Josefa Saqanavere and the distribution clerk tampered with the TLTB computer system data and created numerous TLTB fraudulent cheques to steal \$329,777.76 of iTaukei landowners lease money. Savenaca Batibawa provided his brother's two bank accounts to deposit the stolen funds into. The three then withdrew the money and used it on themselves.

A total of \$638,902.26 worth of landowner's lease money was stolen and laundered by the 3 accused and not a single cent was recovered.

All three of the accused were convicted of five counts of money laundering and were sentenced to thirteen years, non-parole period of twelve years imprisonment.

The sentence was to deter future TLTB staff who handle TLTB trust money and iTaukei landowners lease money from committing any such criminal offence.

Refer to the FIU website for court judgment: <http://www.fijifiu.gov.fj/getattachment/Pages/Case-Laws/ML-Case/2016/State-vs-Josefa-Saqanavere-Sentence.pdf.aspx>

Bank employee sentenced for money laundering

On 9 July 2015, Fazeel Razid Ali stole a sum of \$65,000.00 from HFC Bank. Between 9 to 13 July 2015, Fazeel Ali as a treasury administration clerk at HFC Bank dishonestly appropriated \$110,000.00 from the bank. He was responsible for the sale of currency and also dealing with telegraphic transfers and payments for the bank.

On 9 July 2015, he created a fake email correspondence between him and Wing Sang Fiji Limited for purchase of foreign currency. Based on the fake email correspondence, the request

created by him was approved. Ali used the approval to request a bank cheque for FJ\$65,000.00. The bank cheque was payable to Morris Hedstrom Money Express branch at MHCC, Suva, a licensed foreign exchange dealer. Ali collected the cheque and cashed it at the MH Money Express branch at MHCC and obtained AU\$41,275.00. He kept the money in his possession.

On 13 July 2015, he created another fake email between himself and a "Hazreh Prasad" of United Apparel claiming to be for sale of foreign currency. He then forwarded the email to a work colleague to prepare a bank cheque. He collected the bank cheque and cashed it at MH Money Express outlet at MHCC branch. He obtained US\$21,240.00. The Head of HFC Treasury detected the fraud and reported the matter to the Fiji Police Force. FJ\$72,170.27 was recovered from the stolen amount of FJ\$110,000.00. Fazeel Ali was convicted for two counts of theft and one count of money laundering and was sentenced to thirty four months in prison.

Refer to the FIU website for court judgment: <http://www.fijifiu.gov.fj/getattachment/Pages/Case-Laws/ML-Case/2016/State-vs-Fazeel-Rasid-Ali-Sentence.pdf.aspx>

Case Study: Breach of Employer's Trust by processing false cheque payment for staff wages

Katarine Gounden Fiu was employed in the finance office of Pacific Theological College from 1998 to 2006. In November 2012, the Director Finance and Administration at the College received a query from the auditors in relation to electricity bills. The Director Finance and Administration went to the finance office and found a large number of unopened envelopes and hidden documents. An investigation thus commenced.

The investigation revealed that from June-December 2006 Katarine Gounden Fiu was responsible for preparing cheques and requisitions for payment of wages for the staff of Pacific Theological College. Katarine Gounden Fiu was able to fraudulently obtain \$15,628.31 by substituting genuine bank deposit sheets with false bank deposit sheets. These deposit sheets were used to advise the bank which employee's accounts the wages and salary cheque should be divided amongst. Katarine Gounden Fiu inflated the amounts to be deposited into her account on four different occasions. On 17 April 2015 Katarine Gounden Fiu paid Pacific Theological College \$15,000.00 as restitution.

On 27 January 2016, Katarine Gounden Fiu plead guilty and was convicted of one count of money laundering and was sentenced to four years imprisonment and not eligible for parole until she completes one year imprisonment term.

Refer to the FIU website for court judgment: <http://www.fijifiu.gov.fj/getattachment/Pages/Case-Laws/ML-Case/2016/State-vs-Fiu-Katarine-Gounden,-Case-No-1370-2015-Sentence.pdf.aspx>

CASE STUDY: Alleged Breach of Immigration Permit Status

Two Asian nationals, Person C and Person W arrived into Fiji and were issued a "residence under assured income" permit. They both opened bank accounts with a local commercial bank. Both received large telegraphic transfer of FJ\$100,000.00 each from different remitters from China on the same date.

Once the funds were remitted, Person C attempted to remit FJ\$90,000.00 to China but the transfer was denied. He withdrew the funds on the next day stating that it was payment for goods supplied.

Person W also attempted to remit the same value of funds to China and was also unsuccessful. He withdrew the funds on the next day stating that he intended to purchase a motor vehicle.

It is questionable as to why the funds would be remitted offshore as soon as it was received into the bank account. It appears that there is a clear breach of the permit issued to Person C & Person W.

A report was issued to the Transnational Crime Unit at the Fiji Police Force and the Fiji Immigration Department to conduct further profiling.

Possible Offence:

- Money Laundering
- Immigration offences. Violation of permit status

Indicators:

- Attempt to remit funds received from offshore into a recently opened account immediately after funds were received.
- Reasoning provided by individuals to withdraw funds is not in line with the permit status granted to the individuals.

CASE STUDY: Millions remitted from local based entity to offshore entity which is not registered with the official Companies Registry.

The FIU received a STR linked to alleged trade based money laundering racket involving a 34 year old Chinese national, Person X and three entities.

The FIU conducted financial checks and established that between January 2014 to December 2015, a local based entity, Company A remitted approximately FJ\$7 million to Company O which was registered in New Zealand and Company P which is reportedly registered in China but supposedly conducting business operations from the same address as Company O in New Zealand.

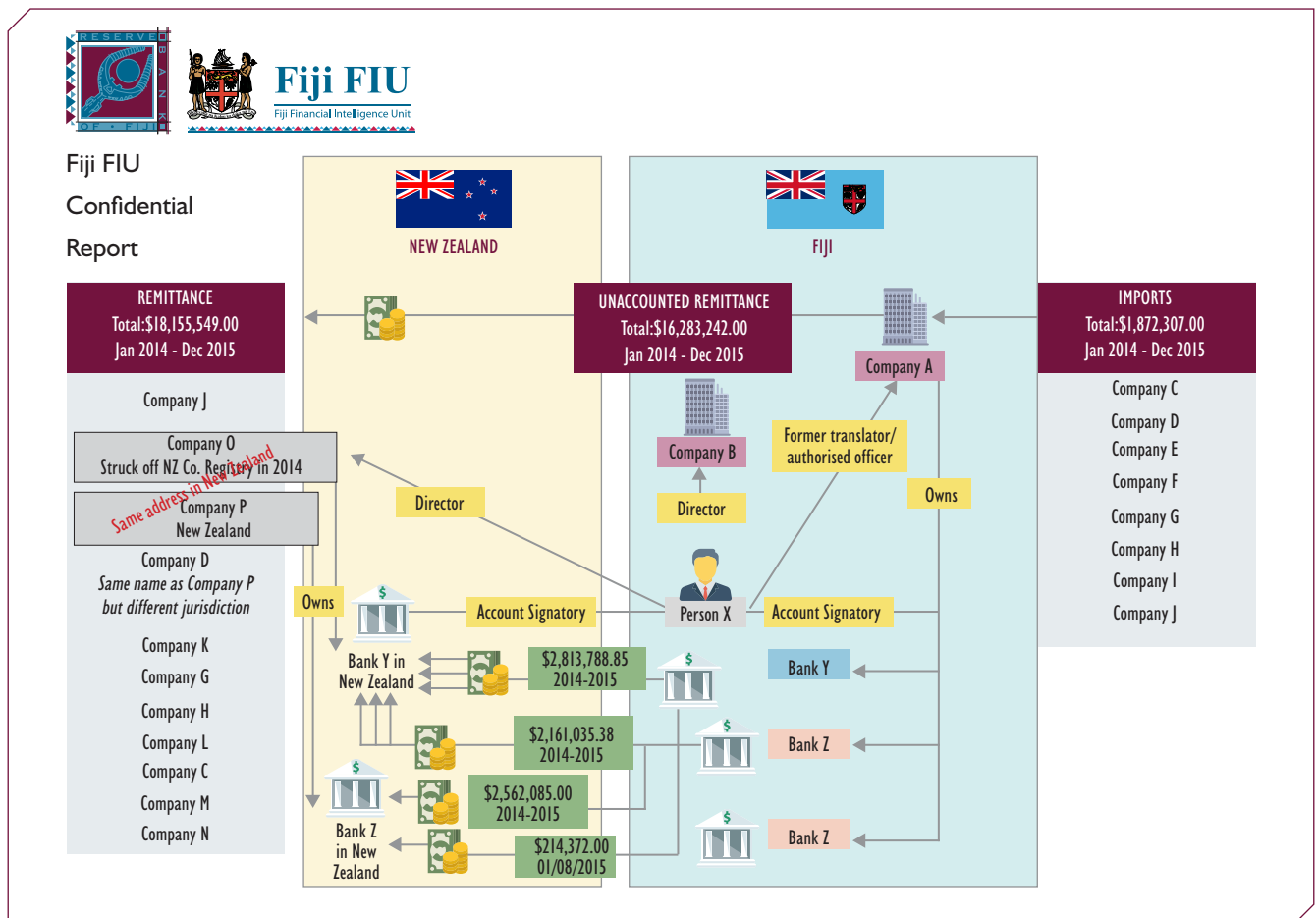
Further enquiries revealed that Company O was reportedly struck off the New Zealand Company Registry in July 2014.

Person X was previously brought to the attention of the FIU in 2015 in relation to illegal cash smuggling and alleged money laundering.

The FIU also established that Person X has adverse travel records in New Zealand.

The FIU conducted checks with the Customs agency and established that there were no records of imports recorded from Company O to Company A. There was approximately FJ\$4 million remitted from the bank account of Company A to Company O. It is unusual for such significant exchange of funds between the two companies without any apparent trade relationships established. The Fiji FIU established that Person X was the director of Company O in 2009.

A report was disseminated to the FRCA to investigate for alleged trade based money laundering.



Possible Offence:

- Trade based money laundering
- Customs related offences
- Tax Evasion

Indicators:

- Significant exchange of funds between local and overseas based entities without any apparent established trade relationships
- Remitting funds offshore to a company which was struck-off the Company Registry and maybe operating illegally

CASE STUDY: Alleged Trade Based Money Laundering Scam exposed by a Member of the Public

The FIU received a STR from a member of the public in March 2016 on Company A.

Person X & Y (foreigners) were reportedly using Person Z to set up a “construction company”, Company A in Fiji. The name of the company Person Z was trading as (XYZ) was similar to Company A.

The FIU conducted financial checks and established that Person X & Y were sending funds via three separate FX dealers to Person Z between Dec 2015 and March 2016 from Australia.

The FIU conducted checks with FRCA Customs and established that two excavators were sent from “Company B” in Australia to Person Z (T/A Company XYZ) in Fiji

The FRCA Customs officials interviewed Person Z and established that there may have been possible undervaluation of invoices for the excavators.

Moreover, the FIU established that the excavators were intended to be used for Company A's operations.

The FIU established that Company A was not yet registered with Investment Fiji & Registrar of Companies. It was only registered after the excavators came in the country and funds were exchanged between the parties.

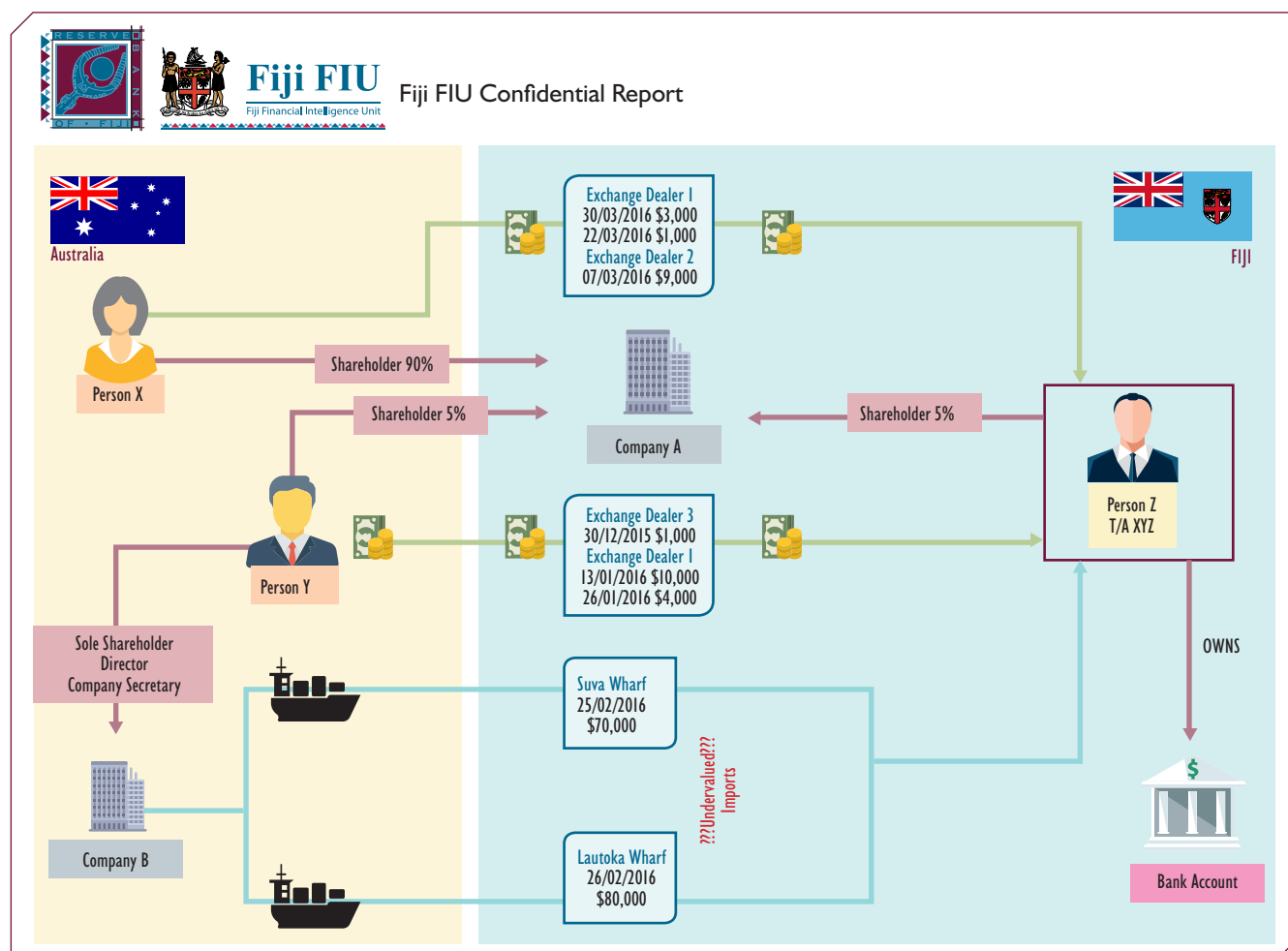
Suspicion: “Business transactions were conducted between the foreigners and Person Z without proper business registration”.

Possible Offence:

- Trade based money laundering
- Customs related offences

Indicators:

- Use of Person Z as a mule to facilitate alleged trade based ML.
- Engaging in alleged tax/vat evasion by Person Z and Company XYZ as funds sent from Australia to Person Z via FX Dealers could be business funds which were not remitted to the bank account of Person Z.
- Possible manipulation of invoices by understating the value of the machinery.



CASE STUDY: Internet Banking Fraud Combined with Advance Fee Fraud unveils widespread use of social media and gullible money mules

Between November 2015 and March 2016, the FIU received 8 suspicious transaction reports from two commercial banks whereby 27 bank account holders accounts were affected by fraudulent internet banking transfers. The total amount of funds fraudulently transferred via internet banking for both banks amounted to approximately \$54,000.00.

An interesting fraudulent pattern was observed by the FIU whereby approximately \$19,000.00 from the fraudulent internet banking transfers were initially deposited into local bank accounts which were subsequently remitted via foreign exchange dealers to beneficiaries offshore who had no apparent established relationships with the senders.

The nature of the fraud involved internet banking transfers combined with advance fee fraud (job scams, romance scams) utilising the social media and other electronic communication. The use of "money mules" to remit funds offshore is clearly evident in certain scenarios.

Possible Offence:

- Money Laundering
- Possession of property suspected of being proceeds of crime
- Fraud

Indicators:

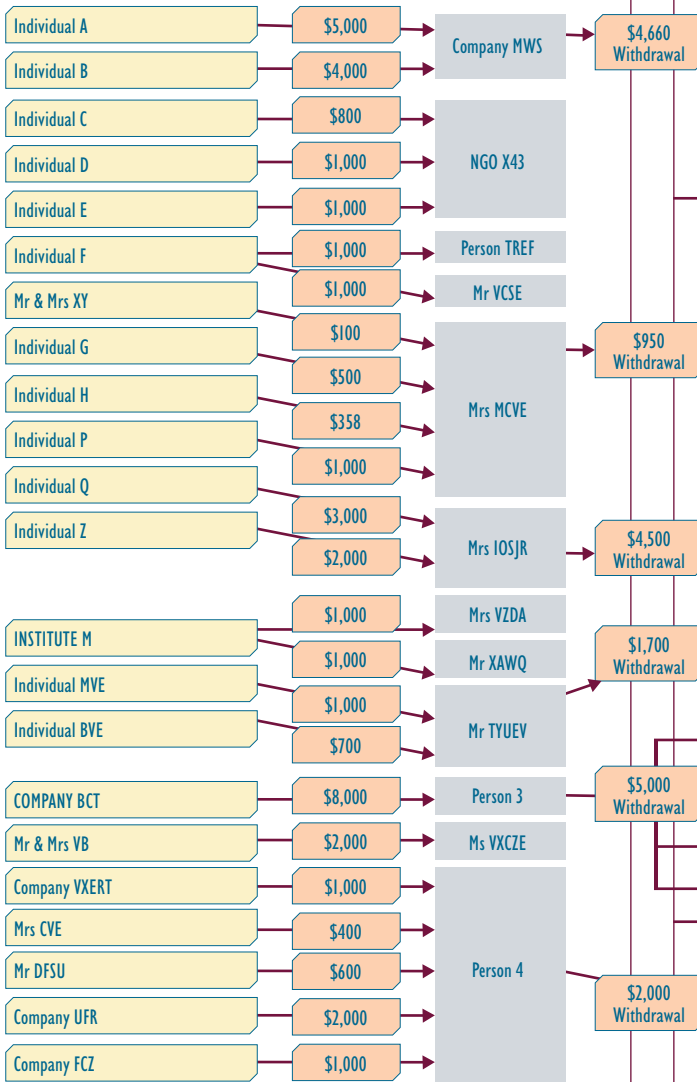
- Use of money mules to remit funds offshore
- No apparent relationship established between sender and beneficiary
- Fraudulent internet banking transfers
- Use of social media and electronic communication to facilitate fraudulent activity.



Fiji FIU
Fiji Financial Intelligence Unit

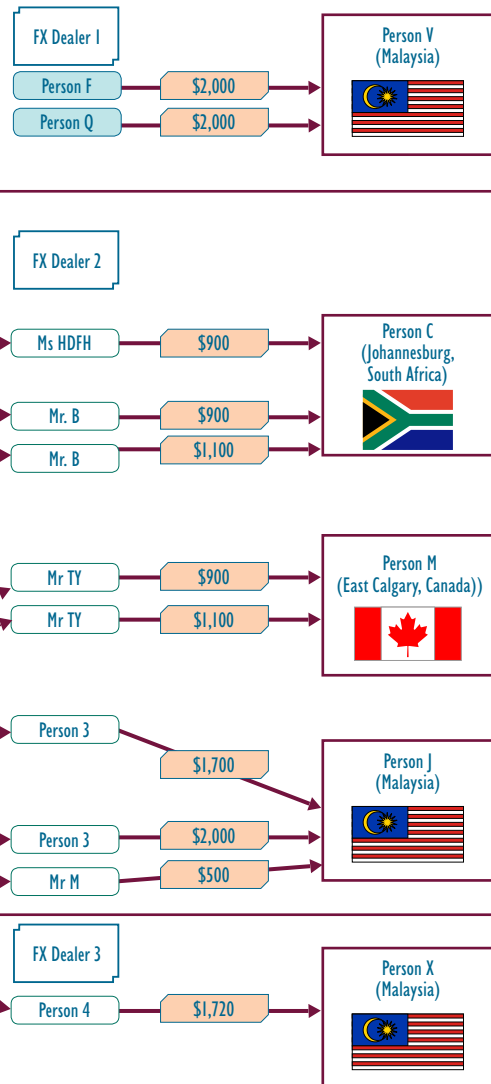
Fiji FIU Confidential Report

INTERNET BANKING FRAUD AT BANK A

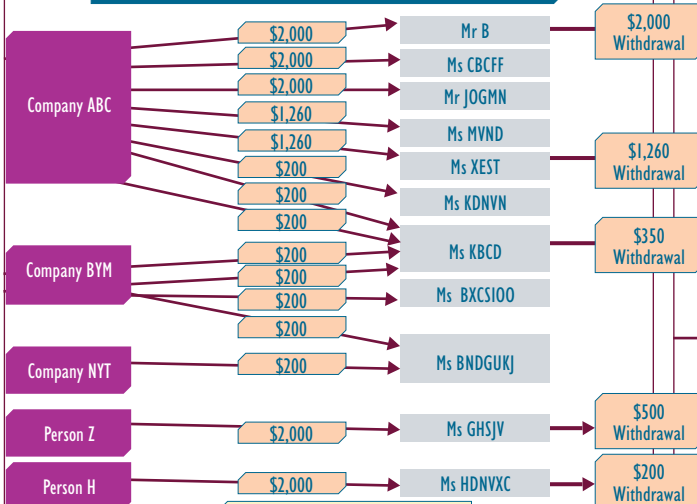


Timeline: 20/11/2015 - 07/03/2016

ADVANCED FEE FRAUD



INTERNET BANKING FRAUD AT BANK A



Timeline: 27/01/2016 - 08/02/2016

Number of Victim Accounts: 27
Number of Fraud Transfers: 15
Value of Fraud Transfers: \$19,070

CASE STUDY: Use of gatekeeper to potentially layer funds

The FIU received an STR from a commercial bank on two individuals, Person K and Person L.

Person K is an foreign national reported as one of the directors of Company J. Person K is reportedly a student. Person K arrived to Fiji on 1 February and departed Fiji on 5 February 2016.

Person L is an foreign national reported as one of the directors of Company J. Person L is reportedly retired. Person L arrived to Fiji on 1 February and departed Fiji on 5 February 2016.

The FIU conducted checks and established that Company J was incorporated and is registered in the Republic of Seychelles.

There was a mention of another entity, Company R which is reportedly based in Switzerland. Both Person K and Person L mentioned that they are expecting a transfer of 29 million EUROS from Company R to Company J's bank account in Fiji.

Person K and Person L engaged a local accounting firm in Fiji to assist with the opening of the bank account of Company J with a local commercial bank in Fiji.

On 5 February 2016, the local accounting firm requested that bank officers meet with Person K and Person L at the office of the accounting firm to open a foreign currency euro bank account. The local bank was informed of the 29 million euros transfer from Company R. On 11 February 2016, the local bank closed the bank account as there was insufficient documentation provided to open the account.

On 19 February 2016, Person K engaged another local bank to open a EURO account.

The FIU issued a case report to a foreign FIU for possible attempted layering activities by the individuals and associated entities.

Possible Offence:

- Money Laundering
- Fraud

Indicators:

- Use of accountant as a gatekeeper to facilitate alleged layering of funds
- Occupation of investors is unclear.

CASE STUDY: Alleged Layering of Funds by a 53 year old housewife via large telegraphic transfers sent from Australia

A former Fiji citizen aged 53 years was reported to the FIU for sending large telegraphic transfers from her bank account in Country P to her local bank account with Bank D in Fiji. Person M is reportedly engaged in domestic duties. Once the substantial amounts were transferred to bank account with Bank D, she withdrew FJ\$560,000.00 and deposited into her bank account held at Bank E.

It appears that Person M maybe layering funds originating from Country P.

A report was disseminated to the relevant foreign FIU for further profiling.

Possible Offence:

- Money Laundering
- Layering

Indicators:

- Client is engaged in domestic duties
- Telegraphic transfers of substantial amounts not commensurate with occupation
- Movement of funds between local bank accounts as soon as large amount of funds received from offshore.

CASE STUDY: Fake Airline Tickets generated by 53 year old Asian Businessman to obtain financial gain

A 53 year old Asian businessman, Person N and his associate, Person V allegedly falsified airline tickets with the intention of dishonestly obtaining US\$3,500.00 from a local commercial bank in July 2016.

We suspected that Person N may have two passports issued under his name.

A report was disseminated to the Fiji Immigration Department for further profiling and investigation.

Person N and Person V were charged with one count each of general dishonesty and remanded by the Magistrates Court.

Possible Offence:

- Obtaining financial advantage through deception
- General Dishonesty

Indicators:

- Intent to defraud authorities based on false documentation.